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Concluding significant agreements resulting in selling assets of significant value between the Issuer's subsidiaries

Current report No. 17/2016 of June 22, 2016
Wednesday, June 22, 2016

Legal basis: Article 56.1.2 of the Act on Public Offering current and periodical information

The Management Board of Polski Holding Nieruchomości S.A. ("PHN" or the "Issuer") hereby informs that companies belonging to the Issuer's Group – Warszawski Holding Nieruchomości S.A. ("WHN"), PHN SPV 33 Sp. z o.o. ("SPV 33"), Cuatro Sp. z o.o. ("Cuatro"), all based in Warsaw, and Dalmor S.A. ("Dalmor") based in Gdynia – concluded significant agreements resulting in the sale by WHN, Dalmor and SPV 33, and purchase by Cuatro, of shares in PHN 6 Sp. z o.o. based in Warsaw ("PHN 6") held by WHN, Dalmor and SPV 33.

By resolution of the Extraordinary General Meeting of Cuatro of June 21, 2016, the share capital of Cuatro was increased from PLN 55,000.00 to PLN 981,971,450.00 by creating 19,638,329 new shares with a nominal value of PLN 50.00 each, i.e. with a total nominal value of PLN 981,916,450,00, taken up by WHN against: in-kind contribution ("In-Kind Contribution 1") in the form of 26,739 ordinary shares in PHN 6, held by WHN, with a nominal value of PLN 50.00, constituting 76.77% of PHN 6 share capital and giving right to 76.77% votes at the General Meeting of PHN 6, whose fair value has been established at a total of PLN 981,916,434.90, and a supplementary financial contribution of PLN 15.10. As part of performing WHN's obligation to make a contribution to cover new shares in Cuatro's share capital, on June 21, 2016, WHN and Cuatro concluded an agreement transferring the shares constituting the In-Kind Contribution onto Cuatro ("In-Kind Contribution Agreement 1"). Ownership of shares constituting In-Kind Contribution was

transferred onto Cuatro upon signing the In-Kind Contribution Agreement.

By resolution of the Extraordinary General Meeting of Shareholders of Cuatro of June 22, 2016, the share capital was increased again from PLN 981,971,450.00 (taking into consideration the share capital increase made on June 21, 2016, although it has not been registered) to PLN 1,279,128,050.00 by creating 5,943,132 new shares with a nominal value of PLN 50.00 each, i.e. with a total nominal value of PLN 297,156,600.00, taken up by: (i) Dalmor against in-kind contribution ("In-Kind Contribution 2") in the form of 3,471 ordinary shares in PHN 6, held by Dalmor, with a nominal value of PLN 50.00 each, constituting 9.96% of PHN 6 share capital and giving right to 9.96% votes at the General Meeting of PHN 6, whose fair value has been established at a total of PLN 127,462,954.69, and a supplementary financial contribution of PLN 45.31; (ii) SPV33 against in-kind contribution ("In-Kind Contribution 3") in the form of 4,621 ordinary shares in PHN 6, held by SPV33, with a nominal value of PLN 50.00 each, constituting 13,27% of PHN 6 share capital and giving right to 13,27% votes at the General Meeting of PHN 6, whose fair value has been established at a total of PLN 169,693,550.46, and a supplementary financial contribution of PLN 49.54.

As part of performing the obligation of Dalmor and SPV 33 to make in-kind contribution to cover new shares in Cuatro's share capital, on June 22, 2016, Dalmor, SPV 33 and Cuatro signed agreements transferring the In-Kind Contribution onto Cuatro ("In-Kind Contribution Agreement 2" for Dalmor and "In-Kind Contribution Agreement 3" for SPV 33). Ownership of shares constituting In-Kind Contribution 2 and 3 was transferred onto Cuatro upon signing In-Kind Contribution Agreements 2 and 3.

As a result of performing In-Kind Contribution Agreements 1, 2 and 3, the ownership of all PHN 6 shares was transferred onto Cuatro.

Shares in PHN 6 held by WHN, Dalmor and SPV 33 constituted long-term investment, and contributing them to Cuatro as an in-kind contribution is an element of PHN Group's strategy, consisting in changing the Group's structure in order to improve its operational effectiveness.

Before increasing Cuatro's share capital, WHN held 100% of shares and voting rights at the General Meeting of Shareholders of that company. After registering the share capital increase, the shareholding and voting rights structure at the General Meeting of Shareholders of Cuatro will be as follows: WHN 76.77%, Dalmor 9.96%, SPV 33 13.27%.

Before the transaction, the shareholding and voting rights structure at the General

Meeting of Shareholders of PHN 6 was as follows: WHN 76.77%, Dalmor 9.96%, SPV 33 13.27%; after performing and registering the transaction, Cuatro holds 100% of shares and voting right at the General Meeting of Shareholders of PHN 6.

WHN has 90.31% of shares and voting rights at the General Meeting of Shareholders of Dalmor.

The Issuer has 97.89% of shares and voting rights at the General Meeting of Shareholders of WHN, and 100% of shares and voting rights at the General Meeting of Shareholders of SPV 33.

The value of the In-Kind Contribution and the price of shares in the increased share capital of Cuatro 5 taken up in exchange for that In-Kind Contribution exceeds 10% of the Issuer’s equity, so it meets the criterion of assets of significant value.

Legal basis:
Article 5.1.1 and 5.1.3 in relation with Article 7 and 9 of the Regulation of Minister of Finance of February 19, 2009 on current and periodical information published by issuers of securities and the conditions of recognizing information required by the regulations of non-member states as equivalent (Journal of Laws 2009 No. 33, item 259, as amended).

Signatures of the Company’s representatives:
Maciej Jankiewicz - President of the Management Board
Zbigniew Kulewicz – Vice-President of the Management Board

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