

Press release

3 February 2017

## Abadon Real Estate and AWBUD to join their forces

**Abadon Real Estate S.A. (ARE), owned by the Murapol holding, increased its equity interest in AWBUD S.A. and currently it holds 9.47 percent in the Company's shareholding. Moreover, ARE concluded a conditional investment contract for acquisition of 100% Petrofox Sp. z o.o. shares, an entity that currently has a majority stake in AWBUD S.A. After fulfilment of the conditions precedent and completing the transaction, Abadon Real Estate S.A. will indirectly take over control over AWBUD S.A.**

Abadon Real Estate S.A. strategic cooperation with Awbud S.A. will result in establishing a group concentrating over 40 business sections, an entity characterised by a diversified order portfolio and majority of orders from non-affiliated entities in two major areas of activity of the Abadon Real Estate Group – general contracting and trading in construction materials. Joined potential of both entities will also result in establishing one of the biggest team of architects, designers and investment preparation specialists in the market with extensive experience in execution of advanced projects on the real estate market.

“Our decision to establish cooperation with AWBUD Group is based on the belief that it will bring numerous benefits to Abadon Real Estate Group, both in the operating activities and the market position. AWBUD Group mode of operation perfectly fits our business model, and their scope of activities is an interesting supplement to our Group's competences. We are also aware that we have selected a trustworthy partner, who demonstrates high quality of services and enjoys good reputation on the market. We are sure that the cooperation will result in establishing an entity that offers the most complex service for companies from a broadly defined real estate market”, says Michał Sapota, President of Abadon Real Estate S.A. Management Board.

‘AWBUD Group is strongly recognisable on the market in such areas as industrial, commercial and general construction, including renewal of commercial facilities such as shopping centres or office blocks and projects in ecology. Reputable investors appreciate our competences, entrusting us with consecutive projects. In order to take another, milestone step in development, we decided to join our forces with Abadon Real Estate Group owned by the Murapol Holding. The objective is clear – we hope for dynamic but safe increase in the residential building area and, as a result, creation of one of the biggest construction groups in Poland’, adds Michał Wuczyński, President of AWBUD Management Board.

Abadon Real Estate S.A.'s joining forces with AWBUD S.A. will also allow to extend manufacture forces of Murapol Holding, which is one of the biggest housing developers in Poland. Partner S.A. and AWBUD S.A. which will render general contracting services in Abadon Real Estate Group, act in a slightly different market areas which will enable them to learn from each other and to benefit from each other's experiences. However, in this case, joining forces will not be a simple search for cost synergies or increasing the scope of activity. The strategic objective is to increase the offer's competitiveness and develop permanent value as an increase in effectiveness of basic operating processes performed for the benefit of the Group's customers.

“An extensive portfolio of open projects executed by the Murapol Holding will provide Abadon Real Estate Group and particular entities owned by the Group with stable orders, fostering development of effectiveness of their actions and enabling active competition for market orders. Furthermore, AWBUD Group competences in providing services for entities from the industrial sector is an additional opportunity for orders under joint transactions where the acquisition of attractive post-industrial land involves transferring the present infrastructure to new locations’, says Michał Sapota, President of Abadon Real Estate S.A. Management Board.

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'Close cooperation will allow us to use a common contractor facilities of both companies , i.e. an extensive base of AWBUD subcontractors and suppliers as well as Abadon Real Estate developed competences. For AWBUD, it will also be the possibility to cooperate at a larger scale in specialised concrete and installation works, and in the future, also development in the facility management area. The development of activity will also involve growth in employment. It is also important that the present and future AWBUD employees will have an opportunity to work in the Group that will offer diversified development possibilities, both in covered building sectors and different types of services, from general contracting and sub-contracting services, to developer projects management and facility management', adds Michał Wuczyński, President of AWBUD S.A. Management Board.

The concluded investment contract provides for active participation of the present management board and managerial staff of AWBUD Group in further development of both entities, which will provide a smooth optimisation of operational model of the extended Abadon Real Estate Group, while maintaining comprehensive stability of its current operations.

'Assumptions for the future corporate governance are an equally important element of the transaction. As a family, we want to maintain 15 percent of AWBUD block. What is more, we will still manage the company, I as the President of the Management Board and Andrzej Wuczyński as the Deputy Chairman of the Supervisory Board and we will also take part in managing Abadon Real Estate', adds Michał Wuczyński.

Intensified cooperation with AWBUD Group is the first step to implement the strategy of Abadon Real Estate Group, which assumes constant strengthening of the market position.

'Our objective for the near future is, at an initial phase of services – further strengthening of our team in designing and optimisation services, and at the final phase of services – development of the leading position in sale and commercial apartments and premises lease services and also in facility management. We are planning to achieve over 50 percent income share from non-affiliated entities in the above segments results', as sums up Michał Sapota, President of Abadon Real Estate Management Board.

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Abadon Real Estate S.A. (former name Variant S.A.) is the parent company in Abadon Real Estate Group, concentrating the constructing segment of the Murapol Segment. The entities forming the Group offer the comprehensive services in real property projects, starting from acquisition of land and more advanced, multi-dimensional due diligence and concepts, through realisation to the divestment. Murapol Holding is the leader of Polish market of residential premises, whose offer is available in 12 cities in Poland, in the next two cities, Murapol acquired plots of land and is preparing developer projects. The Group directs its offer also outside Poland, e.g. to Germany and Great Britain. In 2016, Murapol signed 3,042 contracts for the sale of apartments compared to 2,400 signed in the previous year. The plan for 2017 assumes sale of i.e. 4,000 apartments.

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AWBUD is a construction group specialised in complex services of investment projects that currently operates in 6 areas:

- commercial and general construction of (office blocks, public utility facilities, housing building).
- completion of industrial facilities (production and storage facilities),
- facility revitalisation (shopping centres, office blocks and public utility facilities, train stations),

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- projects in ecology areas (sewage treatment and pre-treatment plants, composting, sewage systems, head and power plants, biogas plants),
- installation works (delivery, assembly, start-up, sanitary and technical installations service),
- concrete works.

The team of about 450 highly qualified employees, including 100 engineers of different specialisations, combines experience and competences resulting from over 25 years of AWBUD activity on the Polish market and completion of more than 400 investments. AWBUD Group employees gained experience in the biggest international and Polish construction companies.

The Group performs works mostly in a general contracting. The contracts are solicited by regional offices located in Warsaw, Poznań, Wrocław and also the headquarters in Zawiercie, Silesian Province. Those are usually investment projects worth from PLN 10 to 100 million.

AWBUD Group has its own design studio. Own contractor resources provide support in contracts, in particular in the area of concrete and sanitary works.

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