

# CYFROWY POLSAT S.A.

Current report No. **26/2017**

Report Date: **5 December 2017**

Subject: **Announcement of a tender offer to place subscriptions for the sale of shares in Netia S.A. by Cyfrowy Polsat S.A.**

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") reports that on 5 December 2017 the Company announced a tender offer to place subscriptions for the sale of 119,349,971 ordinary bearer shares, each with the nominal value of PLN 1.00, issued by Netia S.A. ("**Netia**") carrying the right to 119,349,971 votes at the General Meeting of Netia, representing 34.24% of the Netia share capital and 34.24% of the total number of votes at the General Meeting of Netia (the "**Tender Offer**").

The Tender Offer has been announced under the conditions precedent formulated in clauses 29 and 30 of the Tender Offer document. After one of the conditions precedent reserved in the Tender Offer is satisfied, that is after the General Meeting of Netia adopts a resolution on a decrease in the share capital of Netia by PLN 13,102,314.00 through the redemption of 13,102,314 treasury shares held by Netia, representing 3.76% of the share capital of Netia (the "**Capital Decrease**") and registration of the Capital Decrease by the competent registry court before the end of the subscription period for the sale of the shares under the Tender Offer, the Tender Offer will concern 110,702,444 shares of Netia carrying the right to 110,702,444 votes at the General Meeting of Netia, representing 33% of the share capital of Netia and 33% of the total number of votes at the General Meeting of Netia.

The Tender Offer has been announced pursuant to Article 73 Section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 (consolidated text in *Dziennik Ustaw* of 2016 item 1639, as amended).

The Tender Offer price for one share of Netia is PLN 5.77 (five zloty and 77/100).

Unless the subscription period for the sale of Netia shares in response to the Tender Offer is prolonged, the subscription period for the sale of Netia shares will commence on 30 January 2018 and end on 5 March 2018.

Due to the restrictions arising under the existing finance documents of the Company (the "**Finance Documents**"), which permit the Company to acquire a limited number of Netia shares under the Tender Offer, Netia shares will be acquired by the Company and its affiliate – Karswell Limited with its registered office in Nicosia, Cyprus ("**Karswell**"). In the Tender Offer Karswell intends to acquire Netia shares, which cannot be acquired by the Company due to the restrictions imposed by the Finance Documents, that is no more than 84,687,926 shares of Netia carrying the right to 84,687,926 votes at the General Meeting of Netia, representing 24.30% of the total number of votes at the General Meeting of Netia and 24.30% of the share capital of Netia. After one of the conditions precedent reserved in the Tender Offer is satisfied, that is the Capital Decrease is effected and registered by the competent registry court before the end of the subscription period for the sale of the shares under the Tender Offer, Karswell intends to acquire no more than 76,040,399 shares carrying the right to 76,040,399 votes at the General Meeting of Netia which will represent 22.67% of the total number of votes at the General Meeting of Netia and 22.67% of the share capital of Netia.

In this respect, on 5 December 2017 the Company and Karswell concluded the Agreement on the Joint Acquisition of Shares in a Tender Offer and Preliminary Share Purchase Agreement (the "**Acquirer's Agreement**"). Immediately after the conditions precedent for the Acquirer's Agreement have been satisfied, i.e. specifically immediately after amending the Finance Documents or their replacement with other agreements in a manner making it possible for the Company to acquire all shares under the Tender Offer, Karswell shall sell all the shares to the Company acquired for the price paid by Karswell for shares under the Tender Offer. Karswell shall receive an additional premium for

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the period between the settlement date on which Karswell acquired the last share under the Tender Offer and a date on which the shares acquired by Karswell under the Tender Offer will be sold to the Company (the “**Interim Period**”) in an amount equivalent to the average weighted cost of financing of the Company’s capital group provided by financial institutions, prorated to the specific portion of the price paid by Karswell for shares under the Tender Offer for each day of the Interim Period. The premium is intended to compensate the burden related to committing Karswell’s working capital to the Tender Offer.

Additionally, during the Interim Period Karswell shall exercise the voting rights attached to the Netia shares acquired in the Tender Offer as instructed by the Company. Other significant terms and conditions of the Acquirer’s Agreement are summarized in the Tender Offer document.

Also on 30 November 2017 the Company executed, with one of the significant shareholders of Netia, i.e. FIP 11 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Warsaw (the “**Shareholder**”), a preliminary agreement under which the Shareholder undertook to place a subscription in the Tender Offer to sell no less than 37,325,134 shares held thereby during the first two days of the subscription period. The Shareholder, unconditionally and irrevocably, undertook that it would neither withdraw from, nor cancel its subscription to sell shares in Netia in the Tender Offer, also if a tender offer for the sale or exchange of shares in Netia is announced also by another entity prior to the end of the subscription period for the sale of the shares under the Tender Offer.

The Tender Offer has been announced for the purpose of implementing the transaction announced by the Company in its current report No. 23/2017 of 4 December 2017.

The full Tender Offer document has been published in the relevant Polish Press Agency service.

*Legal basis: 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.*

Signed by:

/s/ Tobias Solorz

Tobias Solorz

President of the Management Board