

Current report no. 17/2019

June 12, 2019

Subject: entering with Accor into non-binding Head of Terms concerning sale of hotel service activity (Light Asset Business) and information on Orbis group real properties portfolio (Heavy Asset) valuation

Legal grounds: Article 17. 1 MAR – Confidential information.

In reference to the current report no. 15/2019 dated 29 May 2019, the Management Board of “Orbis” Spółka Akcyjna (the “Issuer”) hereby informs that today the Issuer signed with Accor S.A. with its register office in Issy-les-Moulineaux („Accor”) the non-binding Head of Terms, in which the parties agreed key terms of the planned disposal by the Issuer to Accor’s subsidiaries of the entire light asset business consisting of, in particular: (i) assets, agreements (including all management and franchise agreements), liabilities, employees and any other rights related to the services provided by the Issuer and its subsidiaries to managed / franchised hotels and (ii) entering into a long term hotel management agreements under which Accor’s subsidiaries, after the disposal, will manage all hotels owned and leased by the Issuer and its subsidiaries (“Light Asset Business”).

The price which shall be paid by Accor for purchase of the Light Asset Business amounts to PLN 1,218,360,000.00. The Issuer will seek for an independent valuation of the Light Asset Business to be prepared by an external appraiser on a debt-free, cash free basis as of 31 December 2018, the results of which in the form of a fairness opinion will be made public on or about 24 June 2019. .

The Parties envisage signing of the transaction within next few weeks and closing in the first half of October 2019, when the Light Asset Business is carved out from the Issuer and its subsidiaries and satisfaction of all conditions precedent, including the obtainment of positive tax rulings regarding the carve out of the Light Asset Business and the consent of the Issuer’s supervisory board and shareholders meeting for the sale of organized part of enterprise constituting the Light Asset Business, are fulfilled.

The Issuer also informs that it received today a valuation report of all hotels owned and leased by the Issuer and its subsidiaries (heavy assets). According to the report based on the discounted cash flow method a total gross asset value of the above hotel portfolio amounts to app. EUR 1,13 billion, considering that the valuation does not take into account overhead costs related to hotels operations (heavy assets) which is budgeted by the Issuer at a total of app. EUR 11 million per annum. In addition, the Issuer informs that it is also the owner of other non-hotel properties, the total value has been valued for app. EUR 50 million. The above valuations were performed by reputable independent appraisers that specialize in hotel properties. Preparation of the valuations were related with the Issuer’s decision on business lines splitting into a hotel service activity and activity related to ownership of real estate properties (asset heavy) which would allow the Issuer to focus on the asset heavy activity.

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“Orbis” S.A., 16 Bracka Street, 00-028 Warsaw, registered in the District Court for the Capital City of Warsaw, XII Commercial Division, National Court Register [KRS], Register of Business Operators no. 0000022622, share capital of PLN 92,154,016 (paid-up in full), tax identification number NIP 526-025-04-69