



Warsaw, 6 October 2016

Mr Wojciech Faszczewski  
President of the Board of Directors  
Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A.

Dear Mr Faszczewski,

Hereby, we present our opinion on the financial conditions of the invitation for shares of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. announced on 21 September 2016 by EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Warsaw ('Invitation').

Rubicon Partners Corporate Finance S.A. ('RPCF') were asked by the Board of Directors of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. ('PEPEES') to draw up an opinion ('Opinion') on the proposed financial conditions of the invitation for shares of Przedsiębiorstwo Przemysłu Spożywczego PEPEES S.A. announced by EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Warsaw, and in particular on whether the price for the shares proposed in the Invitation corresponds to the fair value of the shares of PEPEES.

For the purpose of this Opinion, it has been assumed (according to Article 28 Clause 6 of the Accounting Act of 29 September 1994) that "fair value is the amount for which an asset could be exchanged, and a liability settled, on an arm's length basis, between interested and knowledgeable, unrelated parties."

KRS No.: 00002008KO, District Court for the capital city of Warsaw,  
XII Economic Division of the National Court Register;  
Board of Directors: Grzegorz Golec – President of the Board of Directors,  
Elżbieta Kujawa - Vice President of the Board Of Directors, Piotr  
Karmelita - a Member of the Board of Directors; Share capital; PLN  
2,000,000.00

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RFCF would like to highlight that actual realisable prices in sales transactions or the quotations of the shares of PEPEES in the future may differ substantially from the estimated fair value of shares. There are many factors that can result in such a difference, including the motivations of the parties, the structure of transactions, the synergies for the buyer, the liquidity needs of entities selling shares, stock exchange conditions or the liquidity of the shares.

### **Summary of the facts concerning the Invitation**

On 21 September 2016, EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Warsaw, entered in the register of investment funds maintained by the Circuit Court in Warsaw, VII Civil Registry Division under number RFI 1000 ('Inviting Party'), represented by SATURN Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna with its registered office in Warsaw, entered in the register of entrepreneurs of the National Court Register kept by the District Court for the capital city of Warsaw, XII Economic Division of the National Court Register (KRS) under KRS No. 0000305034, announced the invitation for 24,951,269 non-certificated ordinary bearer shares with the nominal value of PLN 0.06 each, traded on the regulated market of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).

As at the date of the announcement of the Invitation, EPSILON Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Warsaw held 6,398,731 shares of PEPEES, which represented 6.74 % of the total number of PEPEES shares and of the total number of votes at the General Meeting of Shareholders of PEPEES.

As a result of the Invitation, the Inviting Party intends to acquire 24,951,269 shares of PEPEES, which represent 26.26 % of the total number of PEPEES shares and of the total number of votes at the General Meeting of Shareholders of PEPEES.

Following the termination of the Invitation, the Inviting Party intends to hold the total of 31,350,000 shares of PEPEES, which will represent 33.00 % of the total number of PEPEES shares and of the total number of votes at the General Meeting of Shareholders of PEPEES.

The price at which the Inviting Party intends to acquire the shares of PEPEES as a result of the Invitation is PLN 0.73 per share. Pursuant to the Invitation, the price is 26.88 % higher than the arithmetic mean of average daily trade volume-weighted prices from the period of 6 months preceding the announcement of the Invitation, during which

PEPEES shares were traded on the primary market of Warsaw Stock Exchange, amounting to PLN 0.57535 (57535/1000000).

Pursuant to the Invitation, within the period of 12 months prior to the announcement of the Invitation, the Inviting Party issued values of things or rights in exchange for PEPEES shares, where the value of the said things or rights was determined on the basis of the share price of PEPEES as at 29 December 2015 of PLN 0.54 (54/100).

The Invitation specifies that subscriptions will be accepted from 12 October 2016 until 2 November 2016. The expected date of the shares acquisition by the Inviting Party is 7 November 2016 and the expected acquisition transaction settlement date is 9 November 2016.

The Invitation is not dependent on the fulfilment of any conditions or the obtaining of any decisions or consents.

This Opinion refers to the aforementioned conditions of the Invitation and assumes that they will be fully maintained and will not be modified, and that there are no agreements or arrangements which may affect the financial conditions of the Invitation.

### **A summary of the analyses carried out by RPCF**

Pursuant to Article 80 Clause 2 of the Act of 29 July 2005 on the public offer and the conditions for introducing financial instruments to an organised trading system, and on public companies ("Public Offer Act"), the board of directors of a public company is obliged to present their position on whether the price offered in the Invitation reflects the fair value of the company, and previous stock exchange quotations cannot be the only measure of this value.

PEPEES is an entity conducting operations on a competitive potato processing market, and is primarily engaged in the production of potato starch. On this market, it competes with other European producers. PEPEES has a stable financial situation and access to significant credit lines that make it possible to finance working capital.



When preparing the Opinion, we took the following measures:

1. We analysed publicly available financial statements, including audited financial statements of PEPEES Group for 2015 and unaudited financial statements of PEPEES Group for the first half of 2016.
2. We discussed, with the Board of Directors of PEPEES, present and future activities of PEPEES, planned cash flows and net debt.
3. We analysed the published content of the Invitation.
4. We analysed the share price of PEPEES in the period preceding the Invitation and in the period following the announcement of the Invitation.
5. We analysed macroeconomic ratios and data concerning similar companies listed on Warsaw Stock Exchange.
6. We prepared other analyses that we deemed necessary to issue this Opinion.

In our analyses, we relied on the information provided or made available by PEPEES, without its verification and assuming it is true, accurate and complete.

### **Conclusion**

Given the reservations indicated in the Opinion, conditions of the Invitation and analyses, the purchase price for a single share of PEPEES proposed in the Invitation at the level of PLN 0.73 (seventy three grosz) **is significantly below the estimated range of the fair value of a single share of PEPEES.**

### **Reservations and restrictions**

The content of this Opinion is intended only for the Board of Directors of PEPEES and, pursuant to Article 80 Clause 3 of the Public Offer Act, the Board of Directors of PEPEES will be able to publish the full text of the Opinion.

This Opinion is not intended to be used by parties other than the Board of Directors of PEPEES and cannot be quoted, published in whole or in part, used for any other purpose without the written consent of RPCF.

This Opinion is not addressed to third parties and does not result in any RPCF's obligations to third parties.

This Opinion is not intended for shareholders of PEPEES and does not constitute a report on the formal valuation of the shares of PEPEES, does not constitute a recommendation regarding the subscriptions in the Invitation, and does not constitute any investment advice.

This Opinion relates only to the financial conditions of the Invitation and does not touch upon any non-financial aspects of the Invitation.

This Opinion presents only the conclusions of RPCF on whether the price offered in the Invitation corresponds to the fair value of PEPEES.

In our analyses, we relied on the information provided or made available by PEPEES, without its verification and assuming that it is true, accurate and complete, according to the best knowledge of PEPEES management. RPCF did not conduct any independent verification or audit, and did not confirm independently the information provided. In addition, RPCF used the information publicly available in the sources believed to be reliable.

This Opinion was issued according to the state of knowledge as at 6 October 2016 and is subject to Polish law.

Faithfully yours,

A handwritten signature in blue ink, appearing to read 'Golec'.

Grzegorz Golec,  
President of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Piotr Karmelita', written over a horizontal line.

Piotr Karmelita  
Członek Zarządu