

Current report No 10/2018

Date prepared: 12/03/2018

Abbreviated name of the issuer: POLIMEX-MOSTOSTAL

Subject: Execution of a substantive agreement by the Issuer's subsidiary

Legal basis: Article. 17(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

In reference to the current report No 9/2018, the Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw ("**the Company**") informs that today, an agreement by and between a consortium [composed of] AGAT S.A. with its registered office in Koluszki and Naftoremont-Naftobudowa Sp. z o.o. based in Płock (a subsidiary of the Issuer), as the general contractor of an investment ("**the Contractor**"), AND PERN S.A. with its registered office in Płock ("**the Purchaser**"), has been executed (the "**Agreement**"). The subject-matter of the agreement is: "Construction of 2 x 32000 m³ [liquid fuel] storage tanks, along with the infrastructure in the Fuel Base No 2 in Nowa Wieś Wielka" and "Construction of 2 x 32000 m³ [liquid fuel] storage tanks, along with the infrastructure in the Fuel Base No 1 in Koluszki" (the "Task"/"Order").

The remuneration for the completion of the Task will amount to PLN 130 million, while for Naftoremont-Naftobudowa Sp. z o.o.'s scope, it will amount to PLN 65 million. The remuneration is a lump sum compensation. The payment of the remuneration will be subject to completion of Milestones set out in the Agreement.

Under the Agreement the Contractor undertook to perform the Task by 30 April 2019.

Pursuant to the Contract, the Contractor shall grant to the Contracting Authority a warranty for the period of 18, 60 and 72 months depending on the object of the warranty. The warranty period for the relevant part of the object of the warranty starts from the date of signing a relevant acceptance certificate by the Contracting Authority. Notwithstanding the warranty, the Contractor shall grant the Employer a warranty for a period of 5 years, starting on the date of final acceptance [signing] (i) of the Task/Order or (ii) the corrosion-protection works.

The Agreement stipulates liquidated damages [LD/s], i.a. For (i) delays, for reasons attributable to the Contractor, in completion of the Task [Milestone], in the amount of 0.2% of the remuneration for a given milestone [stage], for each commenced day of delay; (ii) delay, or reasons attributable to the Contractor, in completion of each of the Tasks, in the amount of 0.2% of the remuneration for a given Task, for each commenced day of delay; (iii) delay in removing defects identified during acceptance inspection or during the warranty period, in the amount of 0.1% of the remuneration for a given Task [Milestone], Task or an individual work, for each commenced day of delay; (iv) withdrawal from the Agreement by the Contracting Authority or the Contractor, for reasons attributable to the Contractor, in the amount of 10% of the value of the Task. The total limit of all liquidated damages cannot exceed 35% of the net remuneration under the Agreement. Should the LDs fail to cover the damages incurred, the Parties have the right to seek damages under general provisions of the law. The Contracting Authority has the right to deduct [withhold] the amount of LDs owed from the remuneration. The Agreement stipulates substitute contracting in the case of improper performance of the Agreement, in particular delays.

In order to secure the Contracting Authority's claims against the Contractor accrued in connection with the performance of the Agreement, the Contractor is obliged to: (i) provide a bank or insurance guarantee to the Contracting Authority in the amount of 10% of the Remuneration, valid for the period, expiring 60 days after the expiry of the statutory warranty or warranty, or (ii) provide a security deposit in cash, to be held by the Contracting Authority for the period expiring 60 days after the signing of a post-warranty certificate by the Parties.

The Contracting Authority is under an obligation to provide CAR/EAR insurance for the construction and erection works, while the Contractor is obliged to provide a liability insurance policy up to the total guarantee amount, a minimum of PLN 50,000,000 concluded with an insurer approved by the Contracting Authority.

The provisions of the Agreement re: subcontracting and the manner of subcontracting agreements execution, changes in the amount of remuneration, manners of settlement, advance payment and securing thereof, copyrights and the possibilities of withdrawal from the agreement are typical for agreements of such type.

In connection with the Agreement by and between Naftoremont-Naftobudowa SP. z o.o., as leader of the Consortium, and AGAT S.A., a consortium agreement was concluded, which regulates i.a. (i) the rules of participation in the remuneration for the Tasks performed, (ii) the manner of Consortium representation, (iii) the manner of the required insurance contracts execution, (iv) rules on the liability of the parties, (v) Agreement performance manner. The consortium Agreement is typical for agreements of such type.