

Current report no. 110/2012

Date prepared: 21.11.2012

Issuer's abbreviated name:

POLIMEX-MOSTOSTAL

Subject: Creation of mortgages as guarantee collateral

Legal basis:

Article 56 1 (2) of the Act on Public Offering – current and periodical information

The Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw at ul. Czackiego 15/17 (hereinafter referred to as the '**Company**') hereby informs that in connection with the granting on 20 November 2012 by Powszechna Kasa Oszczędności Bank Polski S.A. (hereinafter referred to as '**PKO BP**'), upon the order of the Company, of an advance payment reimbursement guarantee for the maximum value of PLN 268,140,000.00 (hereinafter referred to as the '**Advance Payment Reimbursement Guarantee**') regarding execution by the Company of a contract for the construction of a power unit for supercritical parameters, inclusive of auxiliary systems and structures, of the gross output of 1,075 MWe, concluded on 21 September 2012 between the Company and Hitachi Power Europe GmbH and Enea Wytwarzanie S.A., the Company and its following subsidiary companies: Polimex-Development Kraków sp. z o.o., Polimex-Mostostal Development sp. z o.o. and BR DEVELOPMENT sp. z o.o. (hereinafter jointly with the Company referred to as the '**Companies**') entered on 20 November 2012 into an agreement with PKO BP regarding creation of joint mortgages with a view to securing receivables due to PKO BP under the Advance Payment Reimbursement Guarantee, and a mandatory contract pursuant to which the guarantee was issued.

Joint mortgages were created on the Company's land, perpetual usufruct right to land (inclusive of ownership of buildings and appurtenances located thereon), and interests in the said rights (hereinafter jointly referred to as the '**Real properties**'). As of 31 August 2012, total book value of the Real properties to be mortgaged amounted to PLN 442.4 million.

There are no relationships between the Company, the Subsidiary Companies, members of the Management Boards or the Supervisory Boards thereof and PKO BP in favour of which the mortgages were created, or members of the Management Board thereof. The basis for the provision of the current report is the fact that the assets mortgaged are material assets (their value exceeds 10% of the Company's equity capital) and that the value of the mortgages created exceeded the equivalent of EUR 1 million converted in accordance with the average exchange rate of the National Bank of Poland as of the mortgage creation date.

Signatures of persons representing the Company:

Robert Kosmal – Merger and Takeover Department Manager