

Current report no. 8/2016

Date prepared: 12.02.2016

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: Subsidiary company encumbering material assets

Legal basis: Article 56 (1) (2) of the Act on public offering – current and periodical information

With reference to current report no. 6/2016 dated 29 January 2016, pertaining to Polimex-Mostostal S.A. having its registered address in Warsaw (hereinafter referred to as the '**Company**') and its financial creditors (hereinafter referred to as the '**Creditors**') being a party to the agreement on the principles of the Company's financial debt management dated 21 December 2012 (hereinafter referred to as the '**ZOFZ Agreement**') executing an annex to the ZOFZ Agreement in relation to implementation of Stage 4 of Company reorganisation, and with reference to current report no. 7/2016 dated 12 February 2016, pertaining to the Company making a contribution in kind to Mostostal Siedlce Sp. z o.o., Sp.k. (hereinafter referred to as '**Mostostal Siedlce**') in the form of an organised set of tangible and intangible assets constituting an organised part of the business of the Company in the form of Mostostal Siedlce (hereinafter referred to as the '**Contribution in Kind**'), the Company hereby informs that on 12 February 2016

(a) subsequent to the Company making the Contribution in Kind, Mostostal Siedlce and Bank Polska Kasa Opieki S.A (hereinafter referred to as '**Bank Pekao S.A.**'), acting in the capacity of a mortgage administrator, entered into an agreement establishing a consolidated mortgage with a view to securing receivables due to Bank Pekao S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. (hereinafter referred to as '**Bank PKO BP**') from Mostostal Siedlce due to a fixed-term loan of PLN 150,000,000.00, provided by the foregoing banks pursuant to the loan agreement dated 29 January 2016 (please refer to current report no. 6/2016) (hereinafter referred to as the '**Fixed-Term Loan**') appropriated to refinancing of Current Loans (as defined below). Acting pursuant to the Agreement in question, Mostostal Siedlce established a consolidated mortgage of up to PLN 225,000,000.00 on the ownership of a developed real property, land, perpetual usufruct right to land (inclusive of the ownership of the buildings, structures and equipment thereon) and interest therein, located in Siedlce (hereinafter referred to as the '**Real Property of Mostostal Siedlce**'), acquired through the foregoing Contribution in Kind. Total value of principal receivables due to the Banks and secured with the mortgage amounts to PLN 150 million;

(b) upon the Contribution in Kind to Mostostal Siedlce, all the tangible and intangible assets being the subject matter thereof shall be the subject matter of a registered pledge on the set of tangible and intangible assets of Mostostal Siedlce, arising from the registered pledge agreement executed on 11 February 2016 by Mostostal Siedlce, acting in the capacity of a pledgor, and Bank Pekao S.A., acting in the capacity of a pledge administrator, with a view to securing receivables due to Bank Pekao S.A. and Bank PKO BP from Mostostal Siedlce due to the aforementioned Fixed-Term Loan. Total value of principal receivables due to the Banks and secured with the mortgage amounts to PLN 150 million;

(c) upon the Contribution in Kind, Mostostal Siedlce took over the following liabilities of the Company under relevant loan agreements:

- (i) part of the receivables due to Bank Pekao S.A., in the amount of PLN 50,000,000.00, due to the said Bank due to the loan provided to the Company pursuant to the Loan Agreement dated 26 July 2011 (as amended) (hereinafter referred to as the '**Pekao Loan**');
- (ii) part of the receivables due to Bank PKO BP, in the amount of PLN 6,557,746.06, due to the said Bank due to the loan provided to the Company pursuant to the Loan Agreement dated 16 December 2011 (as amended) (hereinafter referred to as the '**PKO BP Loan 1**');
- (iii) part of the receivables due to Bank PKO BP, in the amount of PLN 93,442,253.94, due to the said Bank due to the loan provided to the Company pursuant to the Loan Agreement dated 26 September 2008 (as amended) (hereinafter referred to as the '**PKO BP Loan 2**') (all the three facilities hereinafter collectively referred to as the '**Current Loans**');

(d) in connection with Mostostal Siedlce taking over liabilities under the Current Loans, upon the Contribution in Kind Mostostal Siedlce, Bank Pekao S.A. and Bank PKO BP executed relevant agreements amending the current mortgages on the Real Property of Mostostal in a manner that the said mortgages shall exclusively secure receivables due to Bank Pekao S.A. and to Bank PKO BP under the Current Loan taken over by Mostostal. Moreover, on 12 February 2016 Mostostal Siedlce and Bank Pekao S.A. executed an agreement establishing a consolidated mortgage on part of the Real Property of Mostostal Siedlce, not previously encumbered in favour of Pekao S.A., with a view to securing receivables due to Bank Pekao from Mostostal Siedlce due to the Pekao Loan. The mortgage was established based on the principle of equivalence with the current mortgage securing receivables due to Bank PKO BP due to the PKO BP Loan 1 and the PKO BP Loan 2. Total value of principal receivables due to the Banks and secured with the mortgage amounts to PLN 150 million;

(b) in connection with Mostostal Siedlce taking over under the Current Loans, upon the Contribution in Kind to Mostostal Siedlce, all the tangible and intangible assets being the subject matter thereof shall be the subject matter of registered pledges on the assets, and of registered pledges on the set of tangible and intangible assets of Mostostal Siedlce, arising from relevant registered pledge agreements executed on 11 February 2016 by Mostostal Siedlce, acting in the capacity of a pledgor, and Bank Pekao S.A., acting in the capacity of a pledge administrator, with a view to securing receivables due to Bank Pekao S.A. and Bank PKO BP from Mostostal Siedlce due to the aforementioned Current Loans, liabilities whereunder Mostostal Siedlce took over from the Company upon the Contribution in Kind. Total value of principal receivables due to the Banks and secured with the pledge amounts to PLN 150 million;

(f) moreover, in connection with the Contribution in Kind, Mostostal Siedlce established – in favour of Bank Pekao S.A. and Bank PKO BP – other customary collaterals aimed at securing financial debt, such as assignments to secure receivables under contracts, powers of attorney to bank accounts, registered pledges and financial pledges on bank accounts, to secure receivables due to the Banks under the Mostostal Loan Agreement and under the Current Loan Agreements.

Total book value of the encumbered Mostostal Siedlce assets amounts to PLN 309.0 million.

The assets provided for in this report have been considered assets of a material value due to the fact that the cost thereof exceeds 10% of consolidated revenues of the Company generated in the last four quarters of the year.

Legal basis: Article 56 (1) (2) of the Act dated 29 July 2005 on public offer and conditions of organised trade in financial instruments, and on public companies, and § 5 (1) (2), and § 7 of the Ordinance of the Minister of Finances dated 19 February 2009 on current and periodical information provided by issuers of securities and terms of deeming information required by the regulations of a non-Member State equivalent (Dz.U. [Dziennik Ustaw, Journal of Laws] of 2014, item 133).

Signatures of persons representing the Company:
Joanna Białas – Disclosure Requirements Coordinator