

Current report No 78/2017

Date prepared: 27/09/2017

Abbreviated name of the issuer: POLIMEX-MOSTOSTAL

Subject: Bond purchase proposal and issuance of C-series convertible bonds

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

Further to current report No 7/2017 and current report No 29/2017, the Management Board of Polimex-Mostostal S.A., with its registered office in Warsaw (the "Company", the "Issuer"), informs that today, it has made an offer to Bankowe Towarzystwo Kapitałowe S.A., with its registered office in Warsaw ("**BTK**") and Towarzystwo Finansowe Silesia sp. z o.o., with its registered office in Katowice ("**TFS**") (BTK and TFS, jointly referred to as the "**Bondholders**") for the purchase of C-series bonds convertible to the U-series bearer shares ("**Bonds**") ("**Shares**"). Thus the Company fulfilled its obligations under the Agreement (as defined in current report 7/2017). The proposal of the Bond purchase has been accepted and the Bonds have been issued and paid for today.

The Company has proposed to BTK the purchase of 3 Bonds, while to TFS the purchase of 26 Bonds. The subject of issuance under the Agreement are 29 Bonds, without a document form, with a total nominal value of up to PLN 14.5 million. The nominal value and issue price of one bond is PLN 500,000.

The interest rate is variable based on the WIBOR 3M plus a margin, which may be increased if the company fails to make payments at Bonds maturity on time. The date of the payment of interest is the last day of March, June, September and December. The bonds will be redeemable on 31 July 2022, or on the first working day thereafter.

The bonds are secured and include mortgages on selected real properties of the Issuer and its subsidiaries, registered pledges on selected assets, rights and the assortment of assets or rights of the Issuer and its subsidiaries, and assignment on security of selected liabilities of the Issuer.

Proceeds from the issuance of the Bonds have been used for payment by the Issuer of commissions to TFS and BTK for a change in the conditions of issuance of the A-series bearer convertible bonds, revised on 20 January 2017, and made uniform on 20 June 2017, of which the Issuer had informed in current reports 11/2017 (in connection with 5/2017) and 55/2017, respectively.

The Bonds are convertible into the Shares under the conditions provided for in the Issuance Terms and Conditions, after 30 April 2020. The Bondholders are entitled to convert all or part of the Bonds into Shares. Conversion of the Bonds will be made after the fulfilment of the condition relating to a specified average EBITDA level, at the consolidated level of the Issuer's Group in the period of the last three fiscal years. Conversion price is equal to the Issuer's nominal share price. Should the Shares covered by the effectively made declaration regarding the conversion of the Bonds not be issued to the Bondholders within the stipulated deadlines, then at the written request of the Bondholder: (i) the Issuer will issue the Shares to the Bondholder in the form of a document on the terms set out in the Terms and Conditions; or (ii) non-monetary/in-kind benefits, i.e. the right to receive the Shares due to the Bondholder will be converted to a cash benefit. Cash benefit will be determined as the product of the two values: number of the Shares which were not issued within the time limit and the conversion price.

The Terms and Conditions of the Issuance of Bonds provide for the cases of a demand of immediate Bonds' redemption, in the following cases:

(I) delay in the fulfilment, within the time limit, in whole or in part, of the obligations arising from the Bonds, (ii) cessation of business operations by the Company or its specified subsidiaries, and the cases of early maturity in the event of adopting by the Bondholders' assembly of a resolution on the approval by the Bondholders of a demand for i.a.: (i) a breach of obligations under the Bonds, (ii) failure to implement of the objectives of the issuance, (iii) payment of dividends without a prior approval of the Bondholders' assembly.