

Current report no. 7/2017

Date prepared: 19.01.2017

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: Conclusion of an agreement concerning a change of the conditions of financing for the Polimex-Mostostal Group

Legal basis: Article 17(1) of 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

The Management Board of Polimex-Mostostal S.A. having its registered office in Warsaw (hereinafter referred to as the "**Company**") informs that on 19 January 2017 the Company, Polimex Energetyka Sp. z o.o., Naftoremont - Naftobudowa Sp. z o.o., Mostostal Siedlce Spółka z ograniczoną odpowiedzialnością Sp. k. (hereinafter referred to as "**Mostostal**") (hereinafter referred to as the "**Debtors**"), and Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Bank Ochrony Środowiska S.A., PKO Parasolowy FIO, Unifundusze SFIO, Unifundusze FIO, Bank Millennium S.A., Agencja Rozwoju Przemysłu S.A. (hereinafter referred to as "**ARP**") and Bankowe Towarzystwo Kapitałowe S.A. (hereinafter referred to as "**BTK**") (hereinafter jointly referred to as the "**Creditors**") and Towarzystwo Finansowe "Silesia" Sp. z o.o. (hereinafter referred to as "**TFS**") concluded an agreement concerning a change of the conditions of financing for the Polimex-Mostostal Group (hereinafter referred to as the "**Agreement**").

The aim of the Agreement is for the Creditors to give relevant approvals in order to make it possible: (i) for the Company to obtain recapitalisation and for a related agreement on the scope of amendments to contracts binding the Company and its Creditors to be concluded, (ii) for TFS to acquire 146 convertible bonds from ARP (iii) for the Company to issue new convertible bonds.

The Agreement specifies terms and conditions regarding:

(i) the consent of the Creditors for a change of the terms of the issue of Class B ordinary bonds held by ARP and the terms of the issue of Class A convertible bonds held by ARP and BTK, about which the Company notified in current report no. 152/2014. The changes will cover among other things: the redemption date, also in the case of redemption through the purchase of bonds for redemption (due on 31 July 2020, 31 July 2021 and 31 July 2022), interest payment date, catalogue of information obligations, cases of early redemption, and securities. The changes are due to be introduced by 31 March 2017.

(ii) the consent of the Creditors and the Company for the issue by the Company and acquisition by TFS of 26 new convertible bonds and the acquisition of 3 new convertible bonds by BTK together with a declaration of submission to enforcement proceedings addressed to TFS and BTK. In accordance with the Agreement, the Company undertakes to propose the acquisition of bonds in return for cash contributions by 30 September 2017. The terms of the bond issue will be generally compatible with the terms of the convertible bond issue. The redemption date will fall on 31 July 2022, the total nominal value of bonds issued will amount to PLN 14,500,000 and the interest rate will be determined on the basis of the WIBOR rate and margin. The bonds will be secured.

(iii) the consent of the Creditors for Mostostal to conclude a contract concerning the extension of the forward financing of Mostostal provided by Powszechna Kasa Oszczędności Bank Polski S.A. and Bank Polska Kasa Opieki S.A. pursuant to Mostostal's Credit Contract, about conclusion of which the Company notified in current report no. 6/2016. The changes are due to cover among other things: the debt repayment date (due to fall on 31 December 2021), interest rate, capital expenditure and schedule. The changes are due to be introduced by 31 March 2017.

(iv) the consent of the Creditors and the Company for the acquisition of 146 convertible bonds by TFS, accession of TFS to the Contract between the Creditors (about conclusion of which the Company notified in current report no. 139/2014) and the Company's lodging a declaration of submission to enforcement proceedings to TFS;

(v) the consent of the Creditors for the acquisition of 6,000,001 shares of the Company held by SPV Operator by ENEA S.A. having its registered office in Poznań, Energa S.A. having its registered address in Gdańsk, PGE Polska Grupa Energetyczna S.A. having its registered address in Warsaw and PGNiG Technologie S.A. having its registered address in Krosno (hereinafter referred to as the "**Investors**");

(vi) the consent of the Creditors for the takeover of control by the Investors and recapitalisation of the Company on the terms and conditions specified in the share issue resolution concerning Class T shares, about which the Company notified in current report no. 64/2016;

(vii) the consent of the Creditors for the recapitalisation funds not to be allocated for the repayment of the

Creditors' claims against the Debtors;

(viii) the consent of the Creditors for the Company or its subsidiaries to take out new financing and to secure it on *pari passu* terms with securities established for the benefit of Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Banka Ochrony Środowiska S.A. and Bank Millennium S.A. - the creditors of the New Guarantee Line Contract, about which the Company notified in current report no. 132/2012. The Creditors have given their consent for the Company and its Subsidiaries, excluding Mostostal, to be granted new financing by, among others, Bank Gospodarstwa Krajowego (hereinafter referred to as "**BGK**") in the form of a guarantee line or otherwise, in the amount of PLN 240.000.000 in case of a positive outcome of negotiations regarding this financing and under specified conditions, including the establishment of security over assets.

The Creditors, the Company and the Debtors will undertake to change the terms of financing documents by 31 March 2017 provided that the conditions precedent are fulfilled, i.e.: (i) acquisition of 146 convertible bonds by TFS from ARP, (ii) acquisition of shares by the Investors from SPV Operator and (iii) recapitalisation of the Company (hereinafter referred to as the "**Conditions Precedent**").

The amendments to the contract regarding the terms of the Company's financial debt service specify the conditions of financing for the Company (hereinafter referred to as the "**Financial Debt Service Contract**"), about which the Company notified in current report no. 130/2012, and of the financing documents concluded with Bank Millennium S.A. The amendments are due to cover among other things: the debt repayment date (due to fall on 31 December 2019 equal to 50% of the debt amount, on 31 December 2020 equal to 33% of the debt amount, and on 31 December 2021 equal to 17% of the debt amount), interest repayment date, securities, catalogue of admissible resolutions, catalogue of admissible financing, catalogue of admissible financial debt and capital expenditure. The amendments are due to be introduced by 31 March 2017.

The amendments in the Contract between the Creditors are due to cover, among other things, provisions regarding Mostostal's credit refinancing, mechanism of early repayment and changes necessary to provide for the amendments due to be introduced into other financing documents by 31 March 2017. They are also expected to provide for the accession of TFS and BGK into the Contract between the Creditors. The amendments are due to be introduced by 31 March 2017.

The amendments to the New Guarantee Line Contract are due to cover among other things changes of procedures and mechanisms aimed at increasing the flexibility and availability of the guarantee line, as well as - from the moment of the accession of BGK to the New Guarantee Line Contract - the extension of the guarantee line availability period by 31 December 2021 and extension of the final expiry date for guarantees issued as part of the guarantee line and the final credit repayment date by 31 December 2023. The amendments are due to be introduced by 31 March 2017.

Independently from the execution of an annex to the Financial Debt Service Contract or agreements unconditionally changing the terms of the issue of Class A convertible bonds and the terms of the issue of Class B ordinary bonds, which are due to be concluded by 31 March 2017, the Creditors have undertaken not to demand that the Company repay their claims otherwise than in the amounts and on the dates specified in the Agreement. This commitment shall become effective upon the fulfillment of the last Condition Precedent.

The provisions include also: (i) commitment to conduct negotiations in good faith regarding the new revolving and guarantee financing granted to Mostostal, as well as to conclude treasury transaction on financing terms acceptable for Powszechna Kasa Oszczędności Bank Polski S.A. and Bank Polska Kasa Opieki S.A. and (ii) commitment of ARP not to invoke the grounds for early redemption listed in the Agreement provided that the Conditions Precedent are fulfilled.

The Agreement shall enter into force on the day of its signing by all the Parties.

Referring to current report no. 4/2017, the Condition Precedent indicated in the Investment Contract (as defined in current report no. 4/2017) has been fulfilled.

The Company will provide information about the conclusion of the aforementioned financing documents and the performance of individual provisions of the Agreement in separate reports.

Signatures of persons representing the Company:  
Magdalena Piekut - Department Manager