

Current report No 35/2019

Date of issue: 10/12/2019

Issuer short name: POLIMEX MOSTOSTAL

Subject: Conclusion of a significant agreement

Legal basis: Article 17(1) of the Market Abuse Regulation (MAR) – confidential information.

Content of the report:

The Management Board of Polimex Mostostal S.A. with the registered office in Warsaw (the “Issuer”) informs about the conclusion of an agreement (the “Agreement”) between Projekt Echo – 136 Sp. z o.o. Sp.k. with the registered office in Kielce (the “Ordering Party”) and the consortium comprising of the Issuer (as the consortium leader) and Polimex Infrastruktura Sp. z o.o. with the registered office in Warsaw (as the consortium partner) (jointly referred to as the “Contractor”). The subject of the Agreement is the construction of the shell of a residential complex on the Ordonia street in Warsaw (the “Assignment”).

The remuneration for the execution of the Assignment is flat rate and amounts to PLN 36,668,000.00 net in total. The remuneration will be payable in instalments after the completion of contractually specified stages of the Assignment. Pursuant to the Agreement, the Contractor is obliged to finalize the Assignment by 15 January 2021.

In order to cover any potential claims from the Ordering Party, the Contractor will pay the Ordering Party a deposit against defects, a security for the proper performance of the Agreement and a security for the period of the warranty and the guarantee.

The Agreement provides for contractual penalties and their total amount cannot exceed 10% of the contractual remuneration. The Agreement also allows for the possibility to impose a contractual penalty on the Contractor or on the Ordering Party in the amount of 7.5% of the remuneration as a result of a withdrawal from the Agreement by either Party for the reasons indicated in the Agreement. In the event of damage inflicted upon the Ordering Party that exceeds the allowed amount of the contractual penalty, the Ordering Party reserves the right to claim supplementary compensation up to 100% of the Contractor's remuneration.

Pursuant to the Agreement, the Contractor will grant the Ordering Party with a warranty for the subject of the Agreement for the period of 36 months, as well as provide appropriate guarantees for a period of 3 to 11 years, depending on the subject of the guarantee.

The Parties provided for a contractual entitlement to withdraw from the Agreement in specified cases both by the Ordering Party and the Contractor, and for the entitlement to suspend part of the Assignment or the whole Assignment following the decision of the Ordering Party.