

Current report no. 65/2015

Date Prepared: 11 November 2015

Issuer's Abbreviated Name: Dekpol S.A.

Subject: Decision of the Management Board concerning the series E bond issue programme

Legal basis: Article 56, section 5, item of the Public Offering Act – information update

Content of the report:

With reference to information concerning the construction of an investment (a multi-family residential building with retail parts) on a plot of land at ul. Jaglana in Gdańsk ("Investment"), which has been provided up till now in current and interim reports, and in connection with the agreement on issuing the bonds of Dekpol S.A. ("Agreement") dated 10 November 2015 concluded between Dekpol S.A. ("Company", "Issuer", "Dekpol") and Pioneer Fundusz Inwestycyjny Otwarty and Pioneer Obligacji – Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty, investment funds (jointly referred to as the "Funds"), the Management Board of the Company announces that, on 11 November 2015, it adopted a resolution under which it decided to:

- accept the series E bond issue programme ("Issue Programme"), which provides for the issue by the Company of bonds other than convertible bonds or bonds with a priority right in four series ("Tranches") with the total nominal value of all the Tranches not exceeding PLN 40 million ("Bonds"),
- issue individual tranches of bonds bearing interest at the interest rate equal to WIBOR 3M plus margin as part of the Issue Programme,
- offer the purchase of particular Bond Tranches solely and exclusively to the Funds, on the terms and conditions specified in the Agreement, while the final wording of the purchase offer and the terms and conditions for the issue of given Tranche Bonds will be determined by separate resolutions of the Management Board.

Series E Bonds will be issued in four series ("Tranches") as bearer securities, not having the form of a document, secured, with the nominal value of one obligation amounting to PLN 1,000 and the total nominal value of all the bonds issued amounting to PLN 40 million ("Bonds"). Bonds will bear interest at an interest rate equal to 3M WIBOR plus the margin determined together with the Funds, and the redemption date of each Bond Tranche will fall not later than 48 months from the date when the first Tranche Bonds were allocated. The issue price of the Bonds will be equivalent to their nominal value. The Bonds will be issued in order to obtain funding for the construction of the Investment. The Agreement specifies the terms and conditions on which the Issuer will offer the subscription of Bonds issued by the Company to the Funds and the Funds will subscribe the Bonds. The Issuer is authorised and obliged to offer the purchase of individual Bond Tranches solely and exclusively to the Funds, in accordance with progress in implementing individual stages of the Investment schedule, on the terms and conditions precisely specified in the Agreement, i.e. in particular as of the day when the offer to purchase the Bonds of a given Tranche is submitted and as of the day when the Funds submit statements on the acceptance of the offer:

a) there can be no grounds for the earlier redemption of any Bond Tranche or series C Programme Bonds,

- b) mortgages established for particular Bond Tranches will have the highest and equal priority among themselves and mortgages established for series C Programme Bonds,
- c) neither (i) any other mortgage than the mortgages referred to in point b above nor (ii) any note about mortgages other than the above mentioned mortgages will be entered in the Land and Mortgage Register covering the Real Property,
- d) an escrow account contract ensuring the supervision of Dekpol's cash flow as part of the Investment will be in force,
- e) the Funds will be presented with documents from which the Issuer's right to use fully the project documents related to the Investment will arise as well as the right to conclude the contract referred to in item (v) below.

The Bonds confer the right to cash payments only. The Bondholder is entitled to request early redemption from the Issuer. The Issuer is entitled to early redemption of all or part of the Bonds. There may also be a situation where the Issuer is required to redeem the Bonds early. The Company will inform about the detailed terms and conditions of the issue of a particular Bond Tranche in separate reports.

The Bonds will be secured at least by (separately for each tranche):

- (i) establishing contractual mortgage under the right of perpetual usufruct of the real property at ul. Jaglana in Gdańsk, while mortgages established for particular Bond Tranches will have equal priority among themselves and the mortgages established to secure the series C Programme Bonds and the highest priority;
- (ii) submission by the Company for the benefit of each bondholder of a declaration of submission to execution pursuant to Article 777, section 1, item 5 of the Code of Civil Proceedings with regard to the obligations arising from the bonds of a particular Tranche;
- (iii) concluding a contract for an escrow account that will enable the Funds to control Dekpol's cash flow as part of the Investment, including the right to obtain all information concerning the escrow account from the Bank, in particular information concerning the current balance of the account;
- (iv) Dekpol's granting an irrevocable power of attorney as security in the form of a notarial deed to the mortgage administrator. The power of attorney will authorise its holder to submit, on behalf of Dekpol, a statement of intent whereby Dekpol, pursuant to Article 40, section 1 of the Building Law, expresses its consent for the transfer of the building permit decision regarding the Investment to another entity and to grant further power of attorney to the entity that will act as a mortgage administrator in lieu of the current administrator;
- (v) conclusion of a contract between Dekpol and the mortgage administrator under which the mortgage administrator will acquire the legal title (e.g. proprietary copyright or licence) to use fully the project documents related to the Investment, in particular related to conducting the construction process and sales, upkeep and maintenance of the Investment, including the modification of works included in the project documents and the right to execute derivative copyright as well as the possibility to dispose freely of that legal title for the benefit of other entities.