

Current report no. 16/2016

Date of issue: 2016-07-06

Abbreviated name of issuer: Dekpol S.A.

Subject: Conclusion of agreement on construction works with Arkony Sopot Sp. z o. o.

Legal basis: Art. 17 sec. 1 MAR (Market Abuse Regulation) – inside information

Content of report:

Management Board of DEKPOL S.A. ("Company", "General Contractor", "Issuer") informs that on 6 July 2016 has been concluded agreement with Arkona Sopot Sp. o.o. ("Investor") on construction works, the aim of which is the execution of investment by Company involving reconstruction and extension of residential building and construction of pension building in Sopot with accompanying works ("Agreement").

For the execution of Agreement, Investor will pay the Company a total net fixed remuneration in the amount of no more than 10% of consolidated net sales revenues of Dekpol Capital Group for the year 2015. According to the Agreement, General Contractor needs to obtain decision on use permit for investment no later than on 31 December 2017.

For each day of delay in execution of Agreement and in carry out of particular works, the Company is obliged to pay the Investor a contractual penalty equal to 0,1% of net remuneration for each day of delay. In case of delay in removal of defects within prescribed time General Contractor shall pay the Investor 0,5% of net salary for each day of delay, and for the delay in deadlines appointed by Investor on removal of other irregularities and deficiencies in the total amount of 0.05% of net salary for each day of delay. In addition, the Company is obliged to pay a contractual penalty in the amount of min. 3% in case of withdrawal from the Agreement by Investor for reasons attributable to the Issuer and due to failure in execution or improper execution of the Agreement by General Contractor. Investor and General Contractor may, on a general principles to claim damages exceeding the amount of contractual penalties. Total maximum amount of contractual penalties, charging the Issuer is limited to 15% of net remuneration foreseen in the Agreement.