

Current report no. 46/2019

Date of issue: 2019-12-23

Abbreviated name of the Issuer: DEKPOL S.A.

Subject: Conclusion of a preliminary property sale agreement and general contracting agreement with Kallisto 14 Sp. z o.o..

Legal basis: Article 17 Section 1 MAR – confidential information.

Content of report:

The Management Board of Dekpol S.A. ("Issuer", "Seller", "Contractor") informs that on 23rd of December 2019, concluded with Kallisto 14 Sp. z o.o. ("Buyer", "Ordering Party") a conditional preliminary sales agreement ("Preliminary Agreement"), under which the parties undertook to conclude, under certain conditions, a promised agreement for the sale of land property built-up with a building in Swarożyn with a total area of approx. 14.6 hectares ("Real Estate") and rights to project documentation ("Final Agreement"). The Real Estate includes land property with a total area of 12.7 hectares, owned by the Issuer ("Property 1") and adjacent land property with an area of 1.9 hectares, which the Issuer intends to purchase from a natural person ("Property 2").

In order to conclude the Final Agreement, the Seller undertook, among others to built on Real Estate 1, a warehouse and office building ("Building 1") as part of the implementation of the first stage of the Real Estate investment and to obtain by 1st of August 2020 a decision authorizing the use of Building 1 and to be purchased by 15th of May 2020 Real Estate 2, with the proviso that the purchase will be possible after the Purchaser has obtained the final building permit for Building 1 by 31st of January 2020 and the authorized entity has not exercised its pre-emptive right to Real Estate 2.

The selling price of the Real Estate built with Building 1 and rights to project documentation is approx. 8% of the Company's Capital Group revenues for 2018. The price will be increased by the value of outlays arising from the implementation of the second stage of the Real Estate investment, referred to in the remainder of this report, incurred before conclusion Final Agreement.

The Final Agreement will be concluded after fulfilling the conditions referred to below, no later than by 17th of August 2020. The conclusion of the Final Agreement will take place subject to the prior issue by the public administration body of an unconditional decision to permit the use of Building 1 and the constructed public road and the purchase by the Seller of Real Estate 2 and disclosure as an owner in the relevant land and mortgage register. If as at 17th of August 2020 the conditions are not met, each party is entitled to request the conclusion of the Final Agreement after the abovementioned conditions no later than 31st of December 2020. If the above conditions are not met by 31st of December 2020, the parties will not be obliged to conclude the Final Agreement. The Preliminary Agreement contains provisions regarding the Buyer's withdrawal from the Preliminary Agreement by 30th of June 2021, including cases of delays or breaches of the Seller in the performance of its obligations.

At the same time, in order to implement the second stage of the investment in Real Estate, the Issuer concluded today with the Ordering Party a conditional agreement on performance in the general contracting system of "design and build" construction works as well as construction and installation works together with the supply of materials and equipment ("GC Agreement"), the result of which is to be turnkey execution of two warehouse, production and office facilities with social and office

facilities at 7R Park Tczew in Swarzędz together with accompanying infrastructure (" Building 2 "and" Building 3"). Under the GC Agreement, the Issuer undertook to develop designs - replacement and executive construction, and to obtain all required approvals and permits to carry out the works, including the decision to change the building permit and obtain the final occupancy permit for Building 2 and Building 3.

The completion date for each of the buildings was set at 7,5 months from the time when the Ordering Party informs the Contractor of the start of works related to the building. The deadline may be changed by mutual agreement of the parties in the cases specified in the GC Agreement. The Contractor's flat-rate net remuneration for the construction of both buildings is approximately 4% of the sales revenue of the Dekpol Capital Group for 2018. The remuneration may change in the cases specified in the GC Agreement, including, among others, as a result of excluding by the Ordering Party part of the works or ordering additional or replacement works.

The GC Agreement enters into force as soon as the conditions are met in the form of the Purchaser acquiring the Contractor's title to Real Estate 1 from the Contractor in performance of the provisions of the Preliminary Agreement and the execution of either Building 2 or Building 3 by the Ordering Party. The above conditions are reserved in favor of the Ordering Party.

The GW Agreement contains provisions regarding contractual penalties due to the Ordering Party in the case of, among others the Contractor's failure to meet the deadlines for carrying out the works or delay in completing the removal of defects or faults. In addition, the Issuer is obliged to pay to the Ordering Party a contractual penalty of 12% of remuneration in case of withdrawal from the GC Agreement through the fault of the Contractor. The total amount of contractual penalties may not exceed 15% of the remuneration. The parties have the right to demand supplementary damages in excess of the amount of reserved contractual penalties to the full amount of damage suffered. The GC Agreement contains provisions regarding the right of withdrawal by the Ordering Party from the GC Agreement, including no later than 30th of May 2021 when the Contractor fails to meet the deadlines for the works indicated in the schedules or until 31st of January 2021 for important reasons specified in the GC Agreement. The Contractor is entitled to entrust the performance of part of the scope of the subject matter of the GC Contract to subcontractors.