

Current report no. 29/2020

Date of issue: 2020-10-22

Abbreviated name of the Issuer: DEKPOL S.A.

Subject: Conclusion of agreement on construction works – expansion of production plant of Danfoss Poland in Grodzisk Mazowiecki

Legal basis: Article 17 Section 1 MAR (Market Abuse Regulation) – inside information.

Content of report:

Management Board of Dekpol S.A. (“Issuer”, “General Contractor”) announces, that on 22nd of October 2020 concluded with Panattoni Development Company Sp. z o.o. Sp.k (“Property Developer”) an agreement on construction works of the investment called “Expansion of production plant of Danfoss Poland in Grodzisk Mazowiecki – construction of a storage-production building along with office-social facilities and accompanying infrastructure” (“Agreement” and “Investment” respectively).

Investment will be carried out in three stages: Stage 1 covering construction of car parks for approximately 600 passenger cars, with completion date falling in January 2021, Stage 2 covering construction of production building with office and social spaces along with the car park, utilities connections, internal roads, exit and other accompanying infrastructure (Investment Phase 1) together with demolition of the existing car park, excluding Phase 1, with completion date in March or April 2021 (depending on possibility of obtaining the so-called early access) and Phase 3 covering expansion of production plant with office and social facilities from Investment Phase 1 along with remaining accompanying infrastructure and four docks (Investment Phase 2), subject to obtaining a final construction permit for Investment Phase 2 by 30th of June 2021 with completion date in November 2021. If by 31st of July 2021 the investor for whom the investment will be carried out, will not obtain and the Property Developer will not provide General Contractor with construction permit under Phase 3, General Contractor and Property Developer have the right to withdraw from Agreement with regards to Phase 3 within dates falling on August and September 2021, respectively.

The Issuer’s flat-rate net remuneration for execution of Stages 1-3 specified in Agreement was set at approximately 7% of revenues of the Issuer’s Capital Group for 2019 (converted according to the EUR exchange rate at 22nd of October 2020), while remuneration for execution of Stages 1-2 specified in Agreement amounts less than 90% of the value of the Agreement.

Agreement contains provisions regarding contractual penalties, among others in the event of delays in execution of a given Stage and the Property Developer has right to withdraw from Agreement for reasons specified in the Agreement. In the event of withdrawal from Agreement, Property Developer will be entitled to contractual penalty in the amount of 6% of net remuneration, while Property Developer is not entitled to charge a penalty for withdrawing from the Agreement and penalty for delay for reasons attributable to General Contractor. It is possible to charge only one type of penalty, at the discretion of the Property Developer. Contractual penalties relating to delays may not exceed 12% of net remuneration for a given construction Stage.