



GRUPA PBG

**CURRENT REPORT FILED WITH  
THE POLISH FINANCIAL SUPERVISION AUTHORITY**

DATE: February 25th 2016

Subject: [Amendment to significant agreement executed by a subsidiary of RAFAKO S.A., change and creation of security interests in assets of RAFAKO S.A. and its subsidiary](#)

Text of the report:

Current Report No. 3/2016

The Management Board of RAFAKO S.A. of Racibórz (the “**Company**” or “**RAFAKO**”) hereby announces that on February 24th 2016 E003B7 Sp. z o.o. (the “**SPV**”) (a wholly-owned subsidiary of RAFAKO) concluded with (i) Powszechna Kasa Oszczędności Bank Polski S.A. (“**PKO BP**”), (ii) Powszechny Zakład Ubezpieczeń S.A. (“**PZU**”), (iii) Bank Gospodarstwa Krajowego (“**BGK**”) and (iv) mBank S.A. (“**mBank**”, and jointly with PKO BP, PZU and BGK – the “**Guarantors**”) an annex (“the **Annex**”) to the agreement of April 16th 2014 for the provision of bank and insurance guarantees to the SPV (the “**Agreement**”) in connection with the project involving development of new coal-fired generation capacities at TAURON Wytwarzanie S.A. (the “**Employer**”) – construction of a supercritical 910 MW power generation unit at the Jaworzno III Power Plant – Power Plant II (the “**Jaworzno Project**”) performed by RAFAKO and the SPV, as reported by the Company in Current Report No. 18/2014.

Under the Annex, mBank undertook to issue, in favour of the Employer, (i) an advance payment bank guarantee of PLN 48,000,000 and (ii) a performance bond bank guarantee for the Jaworzno Project (the “**Main Contract**”) of PLN 126,334,000, subject to the conditions precedent stipulated in the Agreement.

As a result of concluding the Annex and in connection with the change of the form of performance bond relating to the Main Contract, after the guarantees issued by mBank have been posted, the amount of PLN 40,000,000 deposited in cash by Rafako to secure performance of the Main Contract, as reported by the Company in Current Report No. 22/2014, will be returned to the Company.

In order to secure the Guarantors’ (including mBank’s) claims under legal recourse arising from the guarantees and performance bonds provided by the Guarantors, RAFAKO and the SPV made changes to the security reported by the Company in Current Report No. 18/2014, and created security interests for the benefit of mBank identical to those created for the benefit of PKO, BGK and PZU, including in particular creating or changing the scope of the following security: (i) a surety for the SPV’s liabilities under the Agreement, valid until April 17th 2028, provided by RAFAKO in favour of the Guarantors; (ii) a registered pledge over assets comprising the SPV’s business; (iii) a registered and financial pledge over SPV shares representing 100% of the SPV’s share capital and conferring the right to 100% of voting rights at the SPV’s general meeting, held by RAFAKO, and (iv) registered and ordinary or financial pledges over the SPV’s and RAFAKO’s bank accounts and receivables

connected with the Main Contract; as well as RAFAKO's and the SPV's statements on submission to enforcement.

All the registered pledges secure claims up to a maximum amount of PLN 1,300,000,000.

On February 24th 2016, the Company and the SPV concluded with the Guarantors relevant agreements or annexes concerning the security. The registered pledges established or changed under the agreements will take effect upon their entry in the register of pledges. None of the Guarantors is RAFAKO's related party or an entity managing or supervising RAFAKO.

In addition, as part of the security interests, Rafako also concluded an annex to the agreement of October 29th 2014 on creation of a registered pledge over movables and rights of the Company, reported by the Company in Current Report No. 47/2014. Under the annex, the scope of the pledge was extended so that, in addition to existing and future receivables of PKO, BGK and PZU, it also secures receivables of mBank, as providers of performance bond and advance payment guarantees for the Company in connection with the Main Contract. Also, the maximum security amount was changed to PLN 1,300,000,000.

The change to the registered pledge under the aforementioned annex will take effect upon its entry in the register of pledges.

Accession to the Agreement by mBank, provision of the advanced payment guarantee and change of the form of performance bond to a bank guarantee will improve the cash flows on the Jaworzno Project.

The Agreement is considered a reportable significant agreement as the aggregate value of the guarantees and performance bonds exceeds 10% of the RAFAKO Group's revenue generated in the last four quarters.

Legal basis: Art. 56.1.2 of the Public Offering Act.

Agnieszka Wasilewska-Semail, President of the Management Board  
Jarosław Dusiło, Vice-President of the Management Board