

## **(Current Report No 120/2016)**

**November, 30<sup>th</sup> 2016**

### **Conclusion of a significant loan agreement by a subsidiary**

Legal basis: Art. 17 para. 1 of the Market Abuse Regulation - confidential information

The Management Board of LC Corp S.A. (the "Issuer") reports that today (i.e. on 30 November 2016) the Issuer's subsidiary – LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 21 Sp. k. having its registered office in Wrocław (hereinafter the "Borrower"), where the Issuer is indirectly (through its subsidiaries: LC Corp Invest XVII sp. z o.o. and Kraków Zielony Złocień Sp. z o.o.) the sole shareholder, concluded with an entity not related to the Issuer - mBank Hipoteczny S.A. having its registered office in Warsaw (the "Bank") a bank loan agreement up to the amount equivalent to EUR 23,700,000 (in words: twenty three million seven hundred thousand Euro) ("Loan agreement"), intended among others for financing or refinancing the net costs (VAT excluded) related to the construction of the office and service building 'Retro Office House' in Wrocław ("Investment loan").

Interest will be due on the granted loan at a variable rate on an annual basis, determined as the sum of the EURIBOR reference rate and the margins set on market terms. Commissions on the loan granted to the Borrower have been established on the basis of market conditions.

In accordance with the concluded Loan agreement, repayment of the debt arising from the Investment loan will be made until 30 May 2029.

The basic collateral for the Loan agreement in favour of the Bank consists in:

a mortgage with the highest priority of satisfaction established by the Borrower for the Bank up to the amount of EUR 35,550,000.00 on land property owned by the Borrower, located in Wrocław at ul. Bogusławskiego, Piłsudskiego and Komandorska, for which the District Court for Wrocław – Krzyki in Wrocław, 4th Land and Mortgage Register Department maintains land and mortgage registers No. WR1K/00276505/5, WR1K/00345775/3 and WR1K/00173674/8 ("Property");

a declaration of the Borrower on voluntary submission to enforcement up to the amount of EUR 35,550,000.00 pursuant to Art. 777 § 1 item 5 of the Code of Civil Procedure on account of all pecuniary obligations of the Company towards the Bank arising from the Loan agreement;

registered pledges on the rights to cash deposited on all bank accounts of the Borrower up to the maximum sum of the collateral in the amount of EUR 35,550,000.00;

an agreement on the transfer of claims from all agreements concluded by the Borrower related to the investment implemented on the Property;

a claims subordination agreement concluded by the Borrower with other subsidiaries of the Issuer - LC Corp Invest XVII Sp. z o.o., Kraków Zielony Złocień Sp. z o.o. and LC Corp Invest I Sp. z o.o. as subordinated creditors and the Bank as the superior creditor, including a security assignment for the benefit of the Bank of all subordinated claims in accordance with the above-mentioned agreement;

a support agreement concluded between the Borrower, the Bank and Kraków Zielony Złocień Sp. z o.o. – a subsidiary of the Issuer ("Guarantor"), pursuant to which the Guarantor will be among others required to provide financial support to the Borrower in the situations specified in this agreement;

a declaration of the Guarantor on voluntary submission to enforcement on behalf of the Bank up to the amount of EUR 4,500,000 pursuant to Art. 777 § 1 item 5 of the Code of

Civil Procedure on account of all pecuniary obligations towards the Bank arising from the above-mentioned support agreement;  
a registered pledge established for the benefit of the Bank by LC Corp Invest XVII Sp. z o.o. – a subsidiary of the Issuer, with regard to the rights and obligations pertaining to LC Corp Invest XVII Sp. z o.o. as the general partner of the Borrower as a collateral for the repayment of secured claims up to the maximum sum of the collateral in the amount of EUR 35,550,000;

The Borrower also informs that on 30 November 2016 it concluded with mBank S.A. having its registered office in Warsaw ("Hedge Bank") exchange rate and interest rate hedging agreements, which will be secured by a mortgage up to the maximum amount of PLN 32,985,000.00 established on the Property for the benefit of the Hedge Bank, with a lower priority of satisfaction than the mortgage indicated in item 1 above, and a declaration on voluntary submission to enforcement on behalf of the Hedge Bank up to the amount of PLN 32,985,000.00 pursuant to Art. 777 § 1 item 5 of the Code of Civil Procedure. Detailed terms of the agreement do not differ from those commonly applied to this type of agreements.

In the opinion of the Issuer, the information about the conclusion of the above agreement constitutes confidential information within the meaning of Art. 7 of the Market Abuse Regulation.