

Ostrów Mazowiecka, on 17th of October 2016

### **CURRENT REPORT NO. 40/2016**

**Subject:** confidential information-conclusion of credit agreement by subsidiary

The Management Board of FABRYKI MEBLI „FORTE” S.A. with its seat in Ostrów Mazowiecka (further referred to as FORTE or Company) hereby informs that on the 17th of October 2016 it obtained information from the subsidiary, that is TANNE Sp. z o.o. with its registered seat in Warsaw (further TANNE) on conclusion between TANNE and Powszechna Kasa Oszczędności Bank Polski S.A. with its seat in Warsaw (further: PKO BP) and Bank Gospodarstwa Krajowego with its seat in Warsaw (further: BGK) a credit agreement (further: Credit Agreement) in the maximum amount of 140.000.000,00 (in words: one hundred and forty million) Euro designated for covering part of costs of construction of chip board plant and on conclusion of hedging agreements (further: Hedging Agreements).

Interest rate of the credit is in accordance with the rate 3M EURIBOR increased by bank margins of the above banks. Credit repayment will take place in quarterly instalments starting from December 2018. Final repayment term of the credit will take place in October 2024.

Credit collateral for Hedging Agreement shall be provided in particular by:

- surety granted by FORTE up to the amount of EUR 105.000.000,00 for TANNE payables towards PKO BP stemming from Credit Agreement,
- surety granted by FORTE up to the amount of EUR 105.000.000,00 for TANNE payables towards BGK stemming from Credit Agreement,
- surety granted by FORTE up to the amount of EUR 18.564.000,00 for TANNE payables towards PKO BP stemming from Hedging Agreement,
- surety granted by FORTE up to the amount of EUR 21.750.000,00 for TANNE payables towards BGK stemming from Hedging Agreement,
- Guarantee Agreement signed by FORTE,
- Agreement of subordination of claims to which FORTE is entitled with reference to TANNE to PKO BP and BGK stemming from Credit Agreement and Hedging Agreements.
- establishing by FORTE, as guarantee provider for the Banks of limited rights in the form of financial pledges and registered pledges on shares of TANNE owned by FORTE,
- submission by FORTE towards PKO BP a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings from entire property of the Company up to the amount of EUR 105.000.000,00 related to guaranteeing Credit Agreement,
- submission by FORTE towards BGK a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings from entire property of the Company up to the amount of EUR 105.000.000,00 related to guaranteeing Credit Agreement,
- submission by FORTE towards PKO BP a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings from entire property of the Company up to the amount of EUR 18.564.000,00 related to guaranteeing Hedging Agreement,

- submission by FORTE towards BGK a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings from entire property of the Company up to the amount of EUR 21.750.000,00 related to guaranteeing Hedging Agreement,
- submission by FORTE towards PKO BP a declaration of subjecting to execution pursuant to art. 777 § 1 point 6) of the Code of Civil Proceedings from shares subjected to registered pledge set towards PKO BP as pledge administrator (to secure claims stemming from Credit Agreement) up to the amount of EUR 210.000.000,00
- submission by FORTE towards PKO BP a declaration of subjecting to execution pursuant to art. 777 § 1 point 6) of the Code of Civil Proceedings from shares subjected to registered pledge set towards PKO BP as pledge administrator (to secure claims stemming from Hedging Agreements) up to the amount of EUR 40.314.000,00,
- establishing for PKO BP as pledge administrator a registered pledge on a set of items and rights forming part of company TANNE,
- conclusion of management agreement over the company TANNE or lease agreement of TANNE company in case of seeking by PKO BP, as pledge administrator, enforcement of pledge item with items indicated by PKO BP in a manner specified within the pledging agreement as well as granting powers of attorney in line with the pledging agreement,
- establishing limited rights in the form of mortgages on the property right of TANNE to property located in Suwalki, consisting of the plot of land no. 32812/6,
- conclusion and performance of agreement of cession of rights from agreements, for the benefit of PKO BP as assignee and agent on collaterals of TANNE (present or future), transfer of monetary rights and claims on account of documents in relation to which it is a party or beneficiary,
- establishing by TANNE of limited rights in the form of financial pledges and registered pledges on rights from bank accounts opened and maintained for TANNE as well as granting proxies for management and conduct of regulations in relation to accounts open and maintained for TANNE,
- conclusion and execution by TANNE of agreement on subordination of claims owned by creditors towards TANNE, creditors of Banks stemming from Credit Agreement and Hedging Agreements,
- conclusion and execution by TANNE of direct agreements with PKO BP (acting for the Banks as agent on collaterals) and TANNE clients,
- submission by TANNE towards PKO BP a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings regarding financial obligation of TANNE towards PKO BP stemming from Credit Agreement on repayment of all debts towards PKO BP related to the credit up to the amount of EUR 105.000.000,00.
- submission by TANNE towards BGK a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings regarding financial obligation of TANNE towards BGK stemming from Credit Agreement on repayment of all debts towards PKO BP related to the credit up to the amount of EUR 105.000.000,00.
- submission by TANNE towards PKO BP a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings regarding financial obligation of TANNE towards PKO BP stemming from Hedging Agreement up to the amount of EUR 18.564.000,00
- submission by TANNE towards BGK a declaration of subjecting to execution pursuant to art. 777 § 1 point 5) of the Code of Civil Proceedings regarding financial obligation of TANNE towards BGK stemming from Hedging Agreement up to the amount of EUR 21.750.000,00

Credit obtained by TANNE will enable realization of the development of the approved by the Supervisory Board Development Plan of production capacity of FABRYKI MEBLI „FORTE” S.A. until 2021, assuming ie. construction of production plant of wood-based panels.

**Legal basis:** art. 17 sec. 1 MAR-confidential information.