

Current Report No. 28/2014

Drawn up on: 26 November 2014

Subject: Concluding a package of significant agreements in connection with establishing security for a credit agreement with Bank Polska Kasa Opieki S.A.

Legal basis: Article 56 par. 1 pt. 2 of the Public Offering Act – current and periodic information

With respect to Current Report No. 16/2004 concerning the conclusion of a credit agreement (“Credit Agreement”) with Bank Polska Kasa Opieki S.A. (the “Bank”) to finance the develop of a telecommunications network based on LTE as well as HSPA+ technology, the Management Board of Midas S.A. (the “Company” or “Midas”) announces that the Company, together with the subsidiaries Aero 2 Sp. z o.o. (“Aero2”), CenterNet S.A. (“CenterNet”) and Mobyland Sp. z o.o. (“Mobyland”, and together with the Company, Aero2 and CenterNet jointly referred to as the “Borrowers”, and the Borrowers together with the Bank hereinafter jointly referred to as the “Parties”), entered into the following package of agreements on 25 November 2014 in order to establish the security for the Credit described in the Credit Agreement:

- 1) Agreements for a registered pledge on shares of CenterNet and shares of Aero2 and Mobyland, concluded by the Company with the Bank, by virtue of which the Company will establish a registered pledge in favour of the Bank on all shares belonging to the Company of the aforementioned subsidiaries of Midas (“Registered Pledge on Shares Agreements”);
- 2) Agreements for a registered pledge on collections of rights and items, concluded personally by each of the Borrowers with the Bank, by virtue of which each of the Borrowers will establish, in favour of the Bank, a registered pledge on a collection of items and rights belonging to a given Borrower, constituting an economic whole (“Registered Pledge on Collections Agreements”);
- 3) Agreement for the assignment of rights under policies, concluded by Aero2 with the Bank, by virtue of which Aero2, as of the day of conclusion of that agreement, transferred its receivables to the Bank arising from insurance contracts, with respect to policies concerning assets constituting the subject of the security for the Credit (“Assignment of Rights under Policies Agreement”);
- 4) Agreement for the assignment of rights under trade agreements, concluded by Mobyland with the Bank, by virtue of which Mobyland, as of the day of conclusion of that agreement, transferred its receivables to the Bank arising from agreements for wholesale sale of data transmission services concluded by Mobyland with Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o. (“Assignment of Rights under Trade Agreements Agreement”);
- 5) Agreements concerning conditional UAE powers of attorney, concluded by each Borrower (excluding the Company) with the Bank, by virtue of which each of the Borrowers (excluding the Company) granted power of attorney authorising the Bank to act on behalf of a given Borrower before the Polish Office of Electronic Communications (“Agreements concerning Powers of Attorney”).

The aforementioned agreements do not incorporate any provisions on contractual penalties or suspensory conditions or conditions subsequent. The Company assumed the criterion of 10 per cent of equity as the criterion for considering the agreements referred to in items 1)-4) above as significant. Apart from the issues described below, the clauses of the agreements concerned do not differ from those commonly used in agreements of such type.

Moreover, on 25 November 2014 each Borrower granted power of attorney to the Bank for accounts, authorising the Bank to manage and make dispositions with regard to open bank accounts kept for a given Borrower, and signed declarations on voluntary submission to enforcement for up to PLN 300,000,000 pursuant to Article 97 of the Banking Law of 29 August 1997.

The subject of the Registered Pledge on Shares Agreements (hereinafter the "RPoSA") is obligating the Company to establish a registered pledge up to PLN 300,000,000, with the highest priority of satisfaction, on each of the assets referred to below, namely:

- a) 221,000 shares in Aero2 with a par value of PLN 50 each and a total par value of PLN 11,050,000, owned by the Company, giving entitlement to 221,000 votes at the Shareholders Meeting of Aero2, and constituting 100 per cent of the share capital of Aero2 and valued as at 30 September 2014 at PLN 548,444,000;
- b) 4,264,860 shares in CenterNet with a par value of PLN 17.30 each and a total par value of PLN 73,782,078, owned by the Company, giving entitlement to 4,264,860 votes at the Shareholders Meeting of CenterNet, and constituting 100 per cent of the share capital of CenterNet and valued as at 30 September 2014 at PLN 238,989,000;
- c) 204,200 shares in Mobyland with a par value of PLN 500 each and a total par value of PLN 102,100,000, owned by the Company, giving entitlement to 204,200 votes at the Shareholders Meeting of Mobyland, and constituting 100 per cent of the share capital of Mobyland and valued as at 30 September 2014 at PLN 178,770,000.

The Company will make every effort to enter the aforementioned registered pledges in the register of pledges as soon as possible after concluding the RPoSA. If, after the day of concluding the RPoSA, the Company takes up new shares in the subsidiaries Aero2, CenterNet or Mobyland, it will be obliged to establish, in favour of the Bank, a registered pledge on new shares, by concluding a new pledge agreement with the Bank (basically on the same terms as those of the RPoSA) within 14 business days from the day of receiving the court decision on entering the share capital increase in the National Court Register (and that decision becoming final) or acquiring new shares by the Company.

The subject of the Registered Pledge on Collections Agreements (hereinafter the "RPoCA") is obligating the companies Midas, CenterNet and Mobyland to establish a registered pledge up to PLN 300,000,000, and Aero2 to establish a registered pledge up to PLN 397,000,000 with the highest priority of satisfaction, on a collection of mobile items and rights ("Collection of Assets") constituting an organised economic whole of variable composition (within the understanding of the Act on the Registered Pledge and the Register of Pledges) of that Borrower.

As at 30 September 2014 the book value of the collection of assets of individual Borrowers was:

- a) for the Midas company PLN 0.18 million
- b) for the CenterNet company PLN 141.20 million
- c) for the Mobyland company PLN 102.14 million

d) for the Aero2 company PLN 435.39 million

The Borrowers will make every effort to enter the aforementioned registered pledges in the register of pledges as soon as possible after concluding the RPoCA. The registered pledges will remain in force irrespective of any possible changes to which the Collection of Assets of each Borrower might be subject. Each Borrower is obliged to take all reasonable steps and meet all formalities to ensure that the registered pledge has been established on each element of the Collection of Assets generated, transformed or acquired by a given Borrower after the date of concluding the RPoCA.

The subject of the Assignment of Rights under Policies Agreement (hereinafter the "ARuPA") is a transfer of receivables to the Bank, arising from the contracts – referred to in the ARuPA – to insure assets belonging to Aero2 and constituting (in accordance with the provisions of the Credit Agreement) security for the Credit. Moreover, Aero2 undertook in the ARuPA to unconditionally transfer to the Bank the receivables arising from each new insurance contract, on the terms specified in the ARuPA. The total estimated value of the receivables being transferred, calculated on the basis of the highest value of the guarantee amount of each of the insurance contracts referred to in the ARuPA, as on the day of making the transfer is PLN 425.3 million.

The subject of the Assignment of Rights under Trade Agreements Agreement (hereinafter the "ARuTAA") is a transfer of receivables to the Bank, arising from:

- 1) The cooperation agreement concluded on 15 December 2010 between Mobyland and Cyfrowy Polsat S.A. ("Cyfrowy Polsat"), by virtue of which Mobyland provides data transmission services to Cyfrowy Polsat in a wholesale model;
- 2) The agreement to provide telecommunications services on wholesale terms, concluded on 9 March 2012 between Mobyland and Polkomtel Sp. z o.o. ("Polkomtel"), by virtue of which Mobyland provides data transmission services to Polkomtel in a wholesale model.

Moreover, Mobyland undertook, in the ARuTAA, to make an unconditional transfer to the Bank of receivables arising from each new agreement for the wholesale sale of data transmission services, on the terms specified in the ARuTAA. The total estimated value of the receivables being transferred, calculated on the basis of the payment schedule arising from Order No. 3 to the Agreement to provide telecommunication services on wholesale terms, concluded on 9 March 2012 (published in Current Report No. 4/2014), as on the day of making the transfer is PLN 1,067.3 million.

The subject of the Agreements concerning Powers of Attorney (hereinafter the "AcPoA") is the granting of conditional powers of attorney by the Borrowers (excluding the Company) to each advocate or legal counsel as indicated by the Bank, to submit all motions to the President of the Office of Electronic Communications, as well as to carry out all procedural acts, on the terms specified in the Credit Agreement, connected with a change of beneficiary of each licence issued for a given Borrower pursuant to Article 122 of the Telecommunications Law ("TL"), and to act on behalf of the Borrower in the course of administrative proceedings concerning the aforementioned scope ("UKE Powers of Attorney"). Each UKE Power of Attorney is irrevocable and cannot be modified or amended while the AcPoA are in force without the prior consent of the Bank. Moreover, each Borrower will, at the Bank's request and within three business days, repay the Bank the amount of all costs and expenses (including legal service costs) incurred in connection with the enforcement or protection of rights or the security provided for in the AcPoA as well as with proceedings initiated by

the Bank or against it as a result of exercising those rights or accepting the security provided for in the AcPoA.

Moreover, in connection with the lack of existence, as on the day of signing the aforementioned agreements, of any financial debt which according to the provisions of the Credit Agreement should be subordinated to the Bank's receivables, the Parties lifted the requirement to provide a Subordination Agreement within the framework of a suspensory condition of the use of the Credit, described in Current Report No. 16/2014 under letter (e). For the avoidance of doubt, the Parties confirmed that lifting the requirement to provide a Subordination Agreement (as a suspensory condition of the use of the Credit) is only a one-off waiver by the Bank of rights connected with obtaining the documents necessary to pay the Credit and has no influence on other provisions of the Credit Agreement concerning the Subordination Agreement. The Parties also confirmed that lifting the requirement to provide a Subordination Agreement will only apply as long as no financial debt arises which according to the provisions of the Credit Agreement should be subordinated to the Bank's receivables.