Board Feerum S.A. with its registered office in Chojnów (the Issuer) informs that on December 22, 2016, the Issuer signed a contract with the National Food Reserve Agency based in Dar es Salaam (United Republic of Tanzania) (the "Purchaser") for the construction in the territory of the United Republic of Tanzania of five complexes of grain silos and storage facilities as well as revitalization of existing storage facilities belonging to the Ordering Party ("Agreement"). The total value of the Agreement is 33,137,791.81 USD (which is 139,277,051.18 PLN according to the average exchange rate of the National Bank of Poland of December 22, 2016). Pursuant to the Agreement, the Issuer is obliged to make grain silos, to produce designed silos, to transport silos to the locations specified in the Agreement located in the territory of the United Republic of Tanzania, assembly and start-up of silos, warranty service, training of the Employer's staff in the silo service, construction of storage facilities and the revitalization of existing storage facilities belonging to the Purchaser.

Implementation of the Subject of the Agreement, in accordance with its provisions, in relation to a given location will occur within 18 months ("Term of Contract") after obtaining all necessary approvals and permits, which according to Tanzanian law are necessary for the construction of grain silos, storage facilities and revitalization existing warehouse facilities belonging to the Ordering Party. The implementation of the Agreement will be financed in its entirety with funds from a loan granted by the Government of the Republic of Poland to the Government of the United Republic of Tanzania on the basis of the agreement of September 28, 2015 on granting a loan under tied aid ("Government Loan Agreement").

Pursuant to the Government Loan Agreement. The agreement requires acceptance, first of all, of the Government of the United Republic of Tanzania, and then of the Government of the Republic of Poland (condition precedent). The agreement comes into force after 15 days from the date of sending by the Ministry of Finance of the Republic of Poland a written acceptance of the Agreement to the Ministry of Finance of the United Republic of Tanzania. All payments for goods and services subject to the Agreement will be made subject to the conditions set out in the Government Loan Agreement and relevant agreements between Bank Gospodarstwa Krajowego and the Ministry of Finance of the United Republic of Tanzania. The first payment under the Agreement will be made in the form of an advance payment prior to commencement of deliveries in the amount of 15% of the Agreement value, in the amount of USD 4,971,111.77 ( 20,989,057.67 PLN according to the average exchange rate of the National Bank of Poland of 22 December 2016 year). The advance will be progressively accounted for in the course of the Agreement by deducting by the Ordering Party 15% of each invoice issued by the Issuer under the Agreement. The Ordering Party's claim for the advance payment will be secured by a bank guarantee which the Issuer will provide before making the advance payment.

The Issuer will receive subsequent payments under the Agreement in the total amount of 17,692,165.60 USD (ie 74.699.861,60PLN at the average exchange rate of the National Bank of Poland from 22 December 2016) after presenting documents regarding the transport of individual silo batches. The Issuer will be entitled to receive payments in the total amount of USD 7,166,342.26 (ie PLN 30,245,426.80 according to the average exchange rate of the National Bank of Poland from December 22, 2016) after signing the silo acceptance reports by the Employer. All the above amounts do not include taxes, duties or other similar charges, which each party will cover on its own.

The Employer will be entitled to retain an amount equivalent to 10% of each invoice issued by the Issuer, as a security for the proper performance of the Contract. The total amount retained by the Employer in the amount of USD 3,314,079,18 (ie PLN 13,992,705,11 according to the average exchange rate of the National Bank of Poland from December 22, 2016) will be returned to the Issuer in the middle after signing the final acceptance protocol, and in the remaining part, after after 365 days from the date of signing the final acceptance protocol. The remaining part of the retained amount may, however, be returned to the Issuer earlier, ie before the expiry of the above-mentioned 365 days if the Issuer provides the Ordering Party with a security in the form of a bank guarantee.
The proper performance of the Agreement is additionally secured by a bank guarantee for the performance of the Agreement up to USD 3,314,079,18 (that is PLN 13,992,705.11 at the average exchange rate of the National Bank of Poland of December 22, 2016) constituting 10% of the Agreement's value. In the event of a breach of the Agreement by the Issuer consisting in exceeding the Contract Performance Period in relation to a given location, the Ordering Party is entitled to charge a contractual penalty in the amount of 0.1% of remuneration for performance of the Agreement in relation to a given location for each day of delay, but not more than a total of 10% of remuneration for the performance of the Agreement in relation to a given location.

Any disputes that may arise in connection with the Agreement shall be submitted by the court of arbitration to the National Construction Council of Tanzania. Material law governing contractual relations is the law of the United Republic of Tanzania. The other terms of the Agreement do not differ from those commonly used in this type of contracts.