

**LARQ S.A.**

**CURRENT REPORT 9/2017**

**Subject:**

Execution of Loan Agreement by the Issuer's Subsidiary

**General Legal Basis:**

Article 17 (1) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

**Text of Report:**

The Management Board of LARQ S.A. of Warsaw (hereinafter: the "**Issuer**") hereby informs that, on 15 March 2017, the Issuer's subsidiary – NEXTBIKE POLSKA Sp. z o.o. of Warsaw (hereinafter: "**NEXTBIKE**") executed a multi-product loan agreement with ING Bank Śląski S.A. of Katowice as the lender, whereunder NEXTBIKE was granted a revolving facility limit up to PLN 15,000,000 for funding the current business operations of NEXTBIKE and for refinancing the series B bonds (the "**Facility**").

The Facility interest rate was set at the 1M WIBOR reference rate plus the lender's margin.

The tenor of the Facility ends on 7 March 2022, however, drawing period ends on 28 February 2018.

The security for repayment of the Facility consists of: (i) joint contractual mortgage up to PLN 12,000,000 created on the Issuer's title to separate ownership of the premises located at Tamka Street in Warsaw; (ii) unconditional assignment of claims under NEXTBIKE contracts as listed in the agreement; (iii) registered pledge on the pool of fixed assets owned by NEXTBIKE, i.e., public bike systems located in Warsaw, up to 150% of the Facility amount plus the assignment of rights under the insurance policy; and (iv) statement of submission to execution.

NEXTBIKE has pledged to the lender that it will comply with the Facility terms and conditions as set forth in the Rules of Rendering Lending Services and Other Credit Risk-Prone Services to Corporate Customers which sets forth the rights and duties of both NEXTBIKE and the lender. Moreover, NEXTBIKE agreed, among others, to: (i) refrain from paying any dividend out of net profit, irrespective of the amount of dividend payments, without the lender's approval; (ii) refrain from making any changes in its organisation, ownership or scope of business without a prior written approval from the lender; (iii) channel all receipts generated from all contracts funded therewith via bank accounts maintained by the lender; (iv) refrain from lending to any third party without a prior written approval from the lender; (v) maintain its financial ratios at the level specified in that multi-product agreement.

The remaining terms and conditions of the agreement do not deviate from those commonly used in this type of agreements.

**Report Date:**

15 March 2017