EXTRAORDINARY INFORMATION

Budapest, 25 May 2016

Binding offer for the refinancing of the bank loans of the Győr project accepted

PannErgy Plc hereby advises the actors of the capital markets that the owner of two of its subsidiaries, DD Energy Ltd and Arrabona Geothermal Ltd involved in the implementation of the Geothermal Project of Győr has made a decision in support of the acceptance of the binding refinancing offer placed by one of the domestic commercial banks.

In the investment period of the project, when the borrowers had the only option to seek special funding that tolerated the given high risk profile, refinancing loans were furnished by EXIM Bank Ltd. At the start of financing, the lending conditions were aligned with one of EXIM Bank Ltd’s priority missions to back such projects with project-related bank funding in the initial period before the completion of implementation that would have been more difficult to realize with the application of conventional financing from commercial banks. Another strategic objective of EXIM Bank is to finance individual projects in the initial, high-risk periods, and with the progress of the investment enable the borrower and commercial banks operating in the market to contribute to funding in the given, now more mature projects.

Following its implementation, the Geothermal Project of Győr has proved that it is suitable for the establishment of conventional financing under favourable terms and conditions. In view of such funding, PannErgy conducted negotiations with several commercial banks, and as a result it was given a binding offer that was judged to meet its expectations in a complex decision-making system.

The amount of the new funding facility is approximately HUF 7 billion, which – in addition to the existing loans – covers the implementation of some major investment in Győr, mostly with bank financing. From the financing package, HUF 1.5 billion will be provided in Hungarian forint currency, whereas the remaining part will be denominated in euros. When establishing and dividing the loan package, PannErgy wanted to align the foreign exchange exposure of the loans

- 1 -
with the currency structure of the Group’s consolidated cash flow, where positions with the broadest possible hedging were to be formed.

The new funding is of variable interest base. This refinancing ensures approximately 4% (that is 400 base points) advantage in comparison with the currently effective conditions. PannErgy is considering swapping this variable interest rate for a fixed one in the future. The tenor of the new loan is 7 years, following a repayment profile aligned with the 10-year term of depreciation. The other conditions of the new financing are competitive in the light of the current loan.

The process of refinancing is continuing with the elaboration of the transaction and associated legal documentation. Of the closing of the refinancing transaction, PannErgy will promptly give further public disclosures.

This announcement is published in Hungarian and English languages. In the case of any contradiction between these two versions, the Hungarian version shall prevail.

_PannErgy Plc_