ERBUD S.A.

Topic:

Signing of an important agreement for construction works
Legal basis: Article 56 section 1 item 2 of the Bid Law - current and periodic information

Content of report:
The Executive Board ERBUD S.A. based in Warsaw informs that on 18 March 2009 was signed a conditional contract for building works.
A company Braaten + Pedersen plus Partners Sp. z o.o. based in Gliwice, registered under KRS number 0000183670, with share capital of PLN 16,669,000 is the investor and party ordering.

The subject of the contract is construction of a commercial & entertainment center in Bytom having an gross area of approximately 57,350 square meters and consisting of 4 parts: shopping gallery including fitness/Fantasy Park, supermarket, restaurants area and cinemas.

The contract value amounts to PLN 186,518,999 net.

Date of commencement: 7 days from the date of entry into force of the agreement.
Date of completion: November 15th, 2010.

Erbud S.A. will grant the investor a performance bond amounting to PLN 19,691,900 and the five-year guarantee for remedying defects and faults in the amount of PLN 9,845,950, which will be reduced to PLN 3,938,379.98 after 3 years.

Within 14 days from the date of entry into force of this agreement the Investor will make an advance payment of PLN 7.5 million net to the General Contractor. An advance repayment guarantee provided by the bank will be a security of advance repayment. The advance will be repaid to the Investor in 6 equal instalments by deduction from invoices issued from May to October 2101.

In connection with the Investor’s obligations to future tenants, the contracting parties have agreed the following penalties:

- in the event of a failure to complete the works within the time for completion, a contractual penalty equal to 0.15% of the contract price per each calendar day of delay will be payable by the contractor to the Investor;
- in the event that the contractor fails to deliver the supermarket to the Investor - PLN 5,000 per each calendar day of delay;
- in the event that the contractor fails to deliver the cinema to the Investor - PLN 10,000 per each calendar day of delay;

- in the event that the contractor fails to deliver the area to major tenants - PLN 2,000 per each calendar day of delay;
- in the event that the contractor fails to deliver the other commercial area:
  - shops having the area not exceeding 100 m^2 - PLN 7 per one square metre
  - shops having the area between 100 and 160 m^2 - PLN 5 per one square metre
  - shops having the area exceeding 160 m^2 - PLN 7 per one square metre;
- in the event that the contractor fails to deliver the restaurants - PLN 3,000 for each restaurant per each calendar day of delay;
- in the event that the contractor fails to deliver the offices - PLN 5 per one square metre per each calendar day of delay;
- in the event that the contractor fails to deliver the Fantasy Park - PLN 2,000 per each calendar day of delay.

The total amount of the penalties shall not exceed 10% of the contract price.

The Agreement shall have effect upon its signing, subject to the expiry in case of lack of acceptance of the terms and conditions of this contract by the Supervisory Board of AS Borgestad Properties AS (the principal shareholder of the Investor) by 24 March 2009.