ERBUD S.A.

Topic:
Signing of a significant agreement with a subcontractor carrying out basement works - project AGORA BYTOM
Legal basis: Article 56 section 1 item 2 of the Bid Law - current and periodic information

Content of report:

On 6 April 2009, Erbud S.A. (hereinafter referred to as Customer) signed an important contract with FALCO Sp. z o.o., located at 46 Polna St., apt. 11, 00-644 Warsaw (hereinafter referred to as Contractor) for comprehensive and complete execution of the following works: earth work, reinforced concrete structure (both cast-in-situ and prefabricated), precast concrete and reinforced concrete units for the AGORA BYTOM project (carpentry, reinforcing, concreting), damp proof course, waterproofing and thermal insulation of foundation and basement works, including required excavations, removal, layers, vertical and horizontal movement of soil, covering, filling and soil compacting, replacement and conditioning of soil to the required carrying capacity, frames and substructures, reinforcement, assembly, fixing, system accessories, boards and corners, joints, insulations, seals, drilling, treatment, finishing, repairing and completing of surfaces, fillings, reconstruction, labelling, regulations, tests, arrangements, remedying defects and faults, preparatory accompanying, temporary and protecting works.

Net value of the contract:
lump sum remuneration: PLN 52,128,197.05 (say: fifty-two million one hundred and twenty-eight thousand, one hundred and ninety-seven and 05/100 PLN) increased by value added tax according to the applicable legal provisions.

Dates related to the agreement:
1. Site/operating field take-over is fixed as of 09.04.2009.
2. Commencement of the full range of contract works is fixed as of 31.03.2009.
3. Completion of the full range of contract works is fixed as of 28.02.2010.

Retention:
1. The Contractor will give retention money (contract performance bond and guarantee of remedying defects and faults during the five-year guarantee and warranty) in amount of 5.0% of the net contract remuneration in the form of deductions from contractor’s invoices.
2. A part of the security in the amount of 50% of the retention will be returned without interest after 30 days from the date of issuing by the Investor a certificate of completion of the full range of the investment project and after signing the Final Agreement, upon written request of the Contractor, however no later than by 31.01.2011.
3. The remaining 50% of the retention, in order to secure claims in respect of any defects and faults arising during the guarantee and warranty period, will be returned without interest by the Customer after 30 days from the expiry of the guarantee period, upon written request of the Contractor and submission of the following documents:
   a) a written confirmation made by the Customer’s Director of the Branch Office Torun, Monitoring Surveyors, Investor and Users on removing all the defects reported during the guarantee and warranty period;
   b) the Contractor’s statement, that not any bankruptcy proceedings against the Contractor is open, the insolvency of the Contractor or company’s dissolution has not been declared, not any part of the Contractor’s property has been seizured;
   c) obligation to remove all reported defects and faults in the other period covered by the

guarantee, in accordance with the provisions of the Agreement.

4. It is allowed by the Customer (decision on written request of the Contractor), that retention securing the removal of defects and faults during the guarantee and warranty period may be exchanged for the unconditional, irrevocable and payable on first demand bank or insurance guarantee (content of guarantee the guarantor required written approval of the Customer) in the amount of 2.5% of net contract price, valid 30 days longer than the period of guarantee and warranty, provided within a period of not less than 7 days from the expiry date of the contract performance bond.
   In the event of submission of the guarantee for a shorter duration than the period of guarantee and warranty, the Contractor is obliged to extend it each time for the remaining period, 30 calendar days before its expiry date without any further notice date. In case of failure of the valid guarantee, the Contractor will assume the retention. At the same time, 7 days before the expiry date of the warranty, the Contractor will provide the documents referred to in Article 7 item 3 of the Agreement, under the pain of assuming the guarantee security by the Customer.

Contractual Penalties:

1. The Contractor will pay contractual penalties to the Customer:
   a) in the event of failure to timely execution of the agreement subject - equal to 0.5% the net contract price as referred to in Article 5, item 1 for each day of delay, payable from any amounts due to the Customer from the Contractor, including retention money;
   b) in the event of failure to timely execution of each stages according to the time schedule for works agreed with the site manager of the Customer - equal to 0.25% the net contract price as referred to in Article 5, item 1 for each day of delay, payable from any amounts due to the Customer from the Contractor, including retention money;
   c) in the event of failure to timely remedying defects and faults - equal to 1.0% the net contract price as referred to in Article 5, item 1 for each day of delay, calculated from the date fixed for the removal of defects, payable from any amounts due to the Customer from the Contractor, including retention money;
   d) in the event of termination by the Customer, if it is due to a cause attributable only to the Contractor - equal to 10.0% the net contract price as referred to in Article 5, item 1, payable from any amounts due to the Customer from the Contractor, including retention money;
   e) in the event that the Contractor fails to perform provisions of Article 6 item 7, Article 9, Article 11, Article 15 item 8 of the agreement, equal to 10.0% the net contract price as referred to in Article 5, item 1, payable from any amounts due to the Customer from the Contractor, including retention money.

The parties limited the amount of contractual penalties up to 10% of the contract value.

2. The Customer will pay contractual penalties to the Contractor:
   a) in the event of termination by the Contractor, if it is due to a cause attributable only to the Customer - equal to 10.0% the net contract price as referred to in Article 5, item 1;
   b) in the event of late payment, in accordance with valid legislation.