ERBUD S.A.

Topic:
Conclusion of a major agreement for construction works
Legal basis: Article 56 section 1 item 2 of the Bid Law - current and periodic information

Content of report:

The Management Board of ERBUD SA announces that on 21 August 2009 entered into a contract for building works on the conditions described below:

1. Date of contract conclusion: 21.08.2009.

2. Investor: Turzyn Sp. z o.o., ul. Bohaterów Warszawy42/43, 71-342 Szczecin.

3. Net contract value: PLN 39,852,124.67.

4. Subject of the contract: construction of the TURZYN Shopping and Service Centre in Szczecin.

5. Place of works execution: 42/42 Bohaterów Warszawy St. in Szczecin.

6. Deadlines: 15 months from the date site delivery i.e., from 15 September 2009.

7. Terms of payment: 21 days.

8. Performance bond: 5% of the net contract price, i.e. PLN 1,992,606.34, starting from 21.08.2009. The guarantee of satisfactory and timely completion shall be released in the following manner:
   a) 50% - only if the following three conditions are met jointly:
   - signing a taking-over certificate;
   - issuing a guarantee card, which draft sample is the attachment No. 7;
   - obtaining by the investor a permit for use of the object, but not later than 2 months after the date of signature of the taking-over certificate.

   b) 30% - after removal of the defects listed in the taking-over certificate.
   c) 20%, less any costs incurred by the Investor for the removal of faults and defects, providing that all 3 conditions are met jointly:
   - the expiry of 1 year from the day, on which in accordance with § 27 item 2, the guarantee period shall begin to run;
   - removal of any identified defects before the end of one year from the date of which, according to § 27 item 2, the guarantee period shall begin to run;
   - signing a post-warranty taking-over certificate, after meeting the above two conditions.

9. Repair works guarantee

10. Other guarantees:
    1. The General Contractor shall grant a guarantee for the works performed for the following periods:
       a) construction, roofing, insulation and expansion joints - 60 months,
       b) other building and installation works - 36 months,
       c) equipment - according to the manufacturer's warranty but not less than 12 months.
    2. The guarantee period shall begin to run upon meeting all the following conditions:
       a) signing of a taking-over certificate without the I class defects,
       b) removal of the I and II class defects indicated in the taking-over certificate.

11. Penalties

1) If the General Contractor fails to comply with the deadline for works specified in § 24 item 1 of the agreement or the extended time for completion, in accordance with the procedures provided for in this agreement, the General Contractor shall be required from the Investor to pay a contractual penalty amounting to 0.05% of the net contract price, stipulated in § 30 for each day of delay, unless this delay does not exceed one month, and a penalty of 0.1% of the net contract price for each day of delay beyond that date.
2) Some dates called milestones have been highlighted in the schedule of works and financial schedule, which is an Annex No. 6 to this agreement. In case of failure to timely execution of the milestone the Investor has the right to charge the General Contractor with a contractual penalty amounting to 0.01% of the net contract price for each day of delay for the works covered by the milestone. The penalty shall be recognized against the final settlement. If in the course of further works the General Contractor makes up for the delay, the penalty will be cancelled automatically.
3) If the General Contractor does not meet the deadline for removing defects, the Investor may require the General Contractor to pay a penalty amounting to 0.05% of the net contract price, as defined in § 30 item 1, for each day of delay.
4) The total amount of contractual penalties, as referred to in this paragraph, for each of the Parties shall not exceed 5% of the net contract price fixed in § 30 item 1.
5) In the event that the General Contractor shall perform the subject of the agreement faultily or inconsistent with this agreement, the Investor will be able to notice the General Contractor to change the way of execution and appoint the deadline, taking into account the specificity of the agreement subject and the interest of the Investor.
   After the expiry of the deadline the Investor shall be able to terminate the agreement with immediate effect, and the General Contractor shall pay a contractual penalty amounting to 5% of the net contract price.
6) The General Contractor shall consent to the deduction of the amount of contractual penalties from payments made to him on the basis of invoices drawn up in accordance with § 30 of the agreement. The Investor shall also be entitled to receive the payable contractual penalties according to his choice - from the bank guarantee or guarantee deposit.

12. Notes

The shopping, service and office complex with a gross area of approximately 21,000 sq. m. in the centre of Szczecin. Food products part - a supermarket is ca. 1200 sq. m. Commercial and Service part - about 10,000 sq. m. The building consists of a two-level Turzyn Hall (level 0 and I), the Turzyn Shopping Gallery and catering premises at the level I.
There will be an office and service area, including spa & wellness centre on the level II. Ground car parks of about 400 places.
The object is located just next to another Shopping Mall with the Carrefour hypermarket.

Destination and utilization programme
General information: net area is 20,107.78 sq. m., including usable area (premises and offices) of 14,185.23 sq. m., and cubature is 122,520.17 m^3.

Value of the works falling for 2009 amounts to PLN 10,000,000.00 net.

The TURZYN Shopping Gallery is the next object of this type carried out by the Issuer; another are PIAST Shopping Gallery in Legnica, TWIERDZA Shopping Mall in Wrocław and two smaller centres in Kalisz and Piotrków Trybunalski.

The Issuer constructs also larger malls as for example AGORA in Bytom and VICTORIA Shopping Centre in Wałbrzych.