ERBUD S.A.

Current Report No. 79/2010
Date of Report: 2010-12-02

Topic:
Concluding a significant contract for the construction of a city sports and event hall in Szczecin
Legal basis: Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

The Management Board of ERBUD SA announces that on 2 December 2010 the Issuer entered into an agreement with the Municipality of Szczecin to construct a city sports and entertainment hall located at Szafer St. in Szczecin, incl. accompanying facilities. The Issuer is a leader of the consortium set up with the following companies: MAXI-STAR Sp. z o. o., based in Uściskowiec and PUHP MAXI-STAR Konstruktor Zakład Pracy Chronionej, based in Uściskowiec.

The total contract value:
Gross: PLN 139,891,023.68;
Net: PLN 114,664,773.40.

The value of the works due for completion by Erbud SA
Gross: PLN 117,219,590.40;
Net: PLN 96,081,631.74.

The hall is scheduled to be finished within 36 months from the site delivery.

The agreement provides the following penalties:
- 0.02% of the accepted net contract price per day for works delayed
- 0.004% of the accepted net contract price per day for delay in remedying defects or faults
- 10% of the accepted net contract price for withdrawing from the contract for reasons attributable to the Contractor.

The consortium will provide the following guarantees to the awarding entity:
- 3% of the contract price, i.e. PLN 4,196,730.71, valid no later than to 28.01.2014.
- 30% of the performance bond (i.e. PLN 1,259,019.21) will be released within 15 days after issuance of the execution and acceptance certificate, but no later than on 12.03.2017.