ERBUD S.A.

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Topic:

Signing of a significant construction contract with PRW Sp. z o.o. - project Promenada Wrocławska
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 (the "Issuer") announces that on 28 May 2012 it concluded two construction contracts with PRW Sp. z o.o., a subsidiary of Vantage Development S.A. headquartered in Wrocław.
Performance of the Promenada Wrocławska as general contractor is subject to the contracts, the first of which relates to Stage 1 Phase 1 and the second to Stage 1 Phase 2.

The total value of the above said contracts is PLN 34,600,000.00 net. The contract for Stage 1, Phase 1 worth PLN 18,225,157.84 net is of the higher value. Both contracts together meet the criterion of a significant agreement.

Subject to contracts Stage 1 Phase 1 and Phase 2:
Under those agreements, Erbud SA as a contractor was required to construct comprehensive a residential building in Wroclaw within the scope of the project Promenady Wrocławskie 1 Housing Stage, including underground garage and the necessary technical infrastructure as well as land development of the property located on Rychtalska St. in Wrocław.

Significant terms of contracts Stage 1 Phase 1 and Phase 2:
Significant contract terms, including financial terms, do not differ from the commonly applicable.

Performance bond amounts to 15% of the net remuneration of each contract, of which 5% - retention money and 10% - bank guarantee.

Stage 1 Phase 1 and Phase 2 penalties:

Concluded agreements provide for similar penalties.
In the event of substantial and long-term delays in performance of the contract by Erbud SA or removing defects during the warranty period, the agreed contractual penalties for PRW Sp. z o.o. are limited to EUR 200,000, to 10% of the contract price.
In case of contract termination by PRW Sp. z o.o. or Erbud S.A. for reasons attributable to Erbud S.A., a contractual penalty for PRW Sp. z o.o. amounting to 10% of the contract price has been stipulated. PRW Sp. z o.o. is entitled to claim for compensation exceeding the penalty in line with general principles of the Civil Code.
For contract termination by PRW Sp. z o.o. or Erbud S.A. for reasons attributable to PRW Sp. z o.o., Erbud S.A. is entitled to contractual penalty amounting to 10% of the contract price.

The aggregate amount of all accrued penalties and discounts cannot exceed 15% of the contract remuneration.

Stage 1 Phase 1 conditions precedent:
If PRW Sp. z o.o. does not instruct Erbud S.A. to start the work at the latest by 30 September 2012, the contract expires as of 30 September 2012. The agreement includes also the conditions precedent regarding Stage 1 Phase 2 as in the next sentence referred to in the content. The commencement of the second part of the object, according to the contract Stage 1 Phase 2 depends on issuing the instruction to start works for Stage 1 Phase 1.
The Stage 1 Phase 1 is scheduled to be completed within sixteen months from the commencement of works.

Stage 1 Phase 2 conditions precedent:
If PRW Sp. z o.o. does not instruct Erbud S.A. to start the work at the latest by 31 December 2012, the contract expires as of 31 December 2012. This contract also expires in case of expiry of the Stage 1 Phase 1 contract, which may occur according to the conditions precedent specified for the contract Stage 1 Phase 1.