ERBUD S.A.

Current Report No. 19/2013
Date of Report: 2013-06-12

Topic:
Signing of a significant contract for the construction of an office building in Toruń
Legal basis: Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

Below is information about the contract conditions:

1. Contract concluded on 11/06/2013.
2. The Builder: "RYWAL-RHC Sp. z o.o. Branch Toruń, seated 87-100 Toruń, Polna St. 140 B,
3. Contract value: PLN 25,800,000.
4. Contract subject: construction of an office building named Kościuszko Business Point in Toruń at 73 Kościuszko St.
5. Place of performance: Toruń, 73 Kościuszko St.
6. Completion period: 14 months from the signing of the agreement, including one month (30 days) mobilization period.
7. Payment terms - 30 days after receipt by the Employer of a correctly issued invoice from the Contractor.
8. Performance Bond: 5% of the net value of the contract price, valid 30 days after the date of Take-over Certificate, issued in the form of insurance guarantee.
9. Remedying Defects Warranty 2.5% of the net value of the contract fee, valid for 14 days after the expiry of the guarantee and warranty, issued in the form of insurance guarantee.
10. Other guarantees: "Defects Notification Period for the Works performed shall be 36 months from the date of the Taking-Over Certificate for all the works executed by the Contractor. The warranty period is equal to the period for reporting defects. If the manufacturer or supplier warranty period exceeds 36 months, the Defects Notification period for the material, product or device is equal to the period of the warranty."
11. Penalties:

    "The Contractor shall pay liquidated damages:

    a) in the case of termination of the Contract for reasons attributable to the Contractor - 10% of the net contract price;
    b) in case of delay in execution of the Contract - 0.1% of the net contract price for each day of delay, but not more than 10% of the net contract price;
    c) in the case of a delay in the removal of defects - 0.1% of the net contract price for each day of delay, but not more than 10% of net contract price.

The Employer shall pay the penalty in the following circumstances:

a) in the case of termination of the Contract for reasons attributable to the Employer - 10% of net contract price;

b) for late payments - statutory interest under current legislation.

Notwithstanding the penalties outlined above, the parties shall have right to claim compensation on general principles, if the damage incurred exceeds the losses.

The parties may refrain from charging penalties.

The maximum amount of penalties in case of the delay: 10% of the Accepted Contract Amount (excluding VAT) specified in the Contract Agreement."