ERBUD S.A.

Current Report No. 32/2013
Date of Report: 2013-08-23

Topic:

Conclusion of a significant contract to execute complete construction works for the building of Rajgród Wind Farm
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 informs that on 23 August 2013 the Issuer signed with the company Grupa PEP - Farma Wiatrowa 6 Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw at 169 Wiertnicza St, 02-952 Warsaw (the Investor) a contract to carry out complete construction works, including foundations for wind turbines, adapting access roads for overweight vehicles, upgrading of existing roads, construction of service roads and assembly platforms for the building of Rajgród Wind Farm.
As regulated under the Contract, the Issuer is a partner of a consortium with the company Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. based in Torun (Consortium Leader) that is a subsidiary 94.27 per cent owned by the Issuer.

Total net contract value: PLN 18,966,935.10 (say: eighteen million nine hundred and sixty-six thousand nine hundred and thirty-five, point one zero).

31 December 2014 is a deadline for achievement of the task by the consortium.

Payment terms: 30 (thirty) days from receipt of a correctly issued invoice.

Performance Bond: 10% of the contract price in the form of a bank guarantee or insurance guarantee for the duration of the contract.

Defects Repair Warranty: 5% of the Contract Price in the form of a bank guarantee or insurance guarantee for a period of 60 months from obtaining the Taking-Over Certificate.

Penalties:
- in the event of a failure to timely complete and take-over each Stage of Works Scope due to the Contractor's fault in the amount of 0.2% of the Stage of Works, for every day of delay in relation to the agreed deadlines;
- in case of delay in removal of defects attributable to the Contractor, in particular defects that make impossible the installation of wind turbines, or their start-up and commissioning - in the amount of 0.2% of the defective Scope of Work for each day of delay;
- in the case of termination due to the fault of the Contractor in the amount of 10% of the Contract Price;
- the sum of liquidated damages shall not exceed 30% of the Contract Price.

The value of the works scheduled for 2013 amounts to PLN 8,000,000 and for 2014 is PLN 10,966,935.10.

Each Party shall have the right to terminate the Contract if the Investor not confirms the obtaining bank financing. Other conditions of this Contract do not differ from the market ones.