ERBUD S.A.

Current Report No.36/2013
Date of Report: 2013-09-16

Topic:

Signing of a significant contract for construction works worth PLN 58,4m – Pilska Gallery
Legal basis: Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

On 16.09.2013, the Management Board of ERBUD SA (Issuer) has been informed of concluding a construction contract under the following terms and conditions.

1. Contract concluded on 13.09.2013
2. The Investor: Progress XX Sp. z o.o., 59-220 Legnica, ul. Złotoryjska 63.
3. Contract value: PLN 58,400,000
4. Contract subject: Construction of a retail centre and amusement park named Pilska Gallery located in Pila, Zygmunta Starego/Zakopiańska/14-Lutego
5. Site: Pila in the area of streets: Zygmunta Starego/Zakopiańska/14-Lutego.
6. Completion deadline: 30.09.2014.
7. Payment terms – The Employer shall pay the remuneration within 60 days from the receipt of each properly issued VAT invoice in 2013 and shall pay the remuneration within 30 days from the receipt of each properly issued VAT invoice in 2014, provided that the invoice shall be received by the 15th day of the month following the month concerned by the Works and Invoice, to the bank account indicated in the invoice.
8. Performance Bond: 10% of the net contract price, which is to expire 30 days after the date of the Final Acceptance Certificate.
9. Remedying Defects Warranty: 5% of the net contract price, valid up to 30 days after the expiry of the Certificate of Warranty Inspection which will be conducted after the warranty period for the Works or within 30 days after the date on which the Contractor has provided the Employer a bank guarantee securing the fulfilment of any obligations by the Contractor under the guarantee.
10. Other guarantees:
    "1. The Contractor hereby grants to the Employer a warranty for defects in the subject of the contract for the period of five years. The warranty period shall start from the day of the Final Acceptance Certificate. The guarantee shall not cover consumable materials and effects of normal wear.

    2 The warranty provided by the Contractor for plant and materials is the same the warranty of the manufacturer of plant and materials."
11. Penalties:

    "The Contractor shall pay penalty to the Employer:

    a) in case of delay in execution of Works beyond the Milestones set out in the contract in the amount of 0.3% of the aggregate net remuneration for each day of delay.

    If, despite the delay in respect of certain Milestones, the further Works are carried out according to the Schedule of Works, and the delay in the execution of the contract subject is fully overcomed, providing that it will not affect to meet other Milestones, the Employer shall, at the request of the Contractor, fully repay all deductions made due to the contractual penalty referred to above and the repayment of deductions will be effected after the Final Acceptance. If the Contractor does not catch up with the schedule, the Employer shall have the right to charge to the Contractor an additional penalty of 0.5% of the aggregate net remuneration for each day of delay in the

execution of the contract, counted from the date of Completion of the Works.

In the event of Tenants' claims arising from the delay in the commissioning of premises and delay in the opening of the building or Tenant's premises for reasons attributable to the Contractor, the Employer is entitled to recover their claims by the Contractor under the general rules.

The Employer shall pay penalty in the following circumstances:

a) in case of withdrawal by the Contractor or the Employer from the contract due to the Employer's fault, the Employer shall pay to the Contractor a penalty of 10% of the net remuneration.

Penalty clause provided for in this contract shall not preclude the Employer from claiming damages in excess of the contractual penalties.

The total amount of the penalties shall not exceed 10% of the net contract price payable under this Contract to the Contractor. "

12. Note:

"The scope of Work includes but is not limited to the works specified in the Building Permit Decision, preparation of detailed design, all relocations, all services and utilities, including resolving utility conflicts, construction of on-site and external road network with car parks, greenery and piloting tenants. One-storey building 8.75 m high (parapet wall) with the following parameters:

- Gross floor area: 29,177.66sq.m.
- Building volume (clear height):116.688,24cu.m."