ERBUD S.A.

Current Report No.49/2013
Date of Report: 2013-11-29

Topic:

Signing of a significant conditional contract for construction works for PLN 31,7m
Legal basis: Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

On 29 November, the Management Board of the Issuer received a conditional contract executed by the Investor to construct the retail and office building MANGALIA in Warsaw as General Contractor. The agreement was signed under the following terms and conditions:

1. Contract concluded on 27.11/2013
2. The Builder: Arkady Sobieskiego Sp. z o.o. Spółka komandytowo-akcyjna, Al. Jana Pawła II 12, 00-124 Warszawa
3. Contract value: PLN 31,721,713.11
4. Contract subject: Construction of the retail/office building MANGALIA with a service area on the ground level, underground car park, incl. comprehensive site development on a plot registered under No. 3/3, precinct 1-05-15.
5. Site: Warsaw, Mangalii Street
6. Completion period: 16 months from the Commencement Date. The Commencement date shall be not earlier than the delivery of the Site to the Contractor but not later than four months from the date of signing the Contractor has been inform. The Employer may extend the above term for a further two months upon prior notifying the Contractor. The Site delivery shall occur after the loan agreement for financing the project has been signed by the Investor and will be confirmed by the handing-over document signed by the Employer.
7. Payment terms: up to 30 days after receiving a valid invoice by the Employer from the Contractor. Invoicing to 95% of the Contract Price, the remaining 5% subject to Final Acceptance.
8. Performance Bond: 5% of the net Contract Price, valid 30 days following the Final Acceptance Date, issued in the form of insurance guarantee.
9. Remedying Defects Warranty: 2.5% of the net contract price, provided for 3 years.
10. Other guarantees:
    a) 36 months for all executed Works and constructed roads under this Agreement, including elevators with equipment and software as well as low-voltage systems (BMS, SMS and linked) with equipment and software;
    b) 60 months for the facade;
    c) 10 years for steel and concrete structures, incl. slurry walls and its integrity, proofing of the roof and terraces, waterproofing, especially of ground floor slab and first level slab;
    d) 12 months for greenery;
    e) 36 months for Arrangements - from the date of commissioning the Works to the Tenant or the Employer.
11. Penalties: do not differ from the standard market ones and are limited to 10% of Contract Price.