ERBUD S.A.

Current Report No.38/2014
Date of Report: 2014-09-29

Topic:

Signing of a significant contract for construction works worth PLN 70,272,383 net

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 29 September 2014 it was notified, that a construction contract has been concluded with the investor Promenady ZITA Sp. z o.o. (the "Company") on 25 September 2014.

The Company is a subsidiary of Vantage Development S.A.

Since 24 February 2014, i.e. since the date of release of the Current Report 38/2014, the Issuer entered with subsidiaries of Vantage Development SA into contracts with a total value of PLN 93,298,200.88.

The contract signed on 25 September 2014 with the Company Promenady ZITA Sp. z o.o. has the highest remuneration amounting to PLN 70,272,383.00.

The contract has been concluded for the period necessary to fulfil all obligations hereunder, with a deadline falling no later than 13 months after obtaining the occupancy permit, which should take place 66 weeks after the issue of Notice to proceed works. Under the contract, ERBUD as a contractor will complete the Promenady ZITA office building, phase A, C and D, incl. necessary infrastructure and site development.

An essential condition of the contract is to assure proper execution of the subject matter hereof, which consist in the right of the Company to retain "retention money" up to 5% of each invoice.

Other material contract terms, including financial ones, do not differ from those commonly used in this type of contract.

Penalties reserved to the Company in certain situations may exceed 10% of the contract price, provided that the aggregate amount of all liquidated damages shall not be higher than 15% of the contract price.

Pursuant to the agreement, the Company is entitled to issue instruction to proceed separately for each of phase A, C and D.

The contract includes dissolving condition that in the event the Company does not issue an instruction to proceed within the period by until 30 April 2015, at the end of the day the contract will expire for the phase for which the instruction has been not issued.

On the date of concluding the contract, the Company issued the notice to proceed works for phase C.