ERBUD S.A.

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Topic:
Signing of a significant contract for the construction of the Potęgowo - East Wind Farm with a capacity of 101.25 MW consisting of 38 wind turbines grouped into four wind farms: Karżcino, Wrzeście-Kępno, Bięcino, Głuszynko-Grapice, incl. accompanying infrastructure (i.e. building facilities, roads, energy infrastructure and low voltage systems) and power transfer system, i.e. 30/110 kV cable lines with associated network and 30/110 kV power take-off unit.
Legal basis:
Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:
Board of Erbud SA (the "Issuer") announces that on 19 January 2015 the Issuer entered with Potegowo Winergy sp. z o.o. with its registered office in Warsaw (00-633), 11 Polna St. (the "Employer") into a contract to build the Potęgowo - East Wind Farm with a capacity of 101.25 MW, consisting of 38 wind turbines grouped into four wind farms: Karżcino, Wrzeście-Kępno, Bięcino, Głuszynko-Grapice, including accompanying infrastructure (i.e. building facilities, roads, energy infrastructure and low voltage systems) and power transfer system, i.e. 30/110 kV cable lines with associated network and 30/110 kV power take-off unit.
The Issuer is a Partner of Consortium formed with PBDI SA based in Torun (the "Consortium Leader") - a subsidiary 94.27 percent owned by the Issuer and Electrum Sp. z o. o. based in Białystok (the "Consortium Partner").

The total net Contract value is PLN 198,600,000.00 (in words: one hundred and ninety-eight million, six hundred thousand Zlotys).
The value of Electrum sp. z o.o. works amounts to PLN 102,012,500.00 (in words: one hundred and two million, twelve thousand, five hundred Zlotys) net.

The project is scheduled to be completed within 12 months from the date of entry of the Contract into force.

The Contractor shall provide the Employer warranty for a period of five years from the date of signing the Final Acceptance Protocol.

Performance Bond (to cover claims for non-performance or improper performance of the Contract, including warranty claims, quality guarantee and any other Employer's claims against the Contractor under or in connection with the Contract) - 15% of the net Contract Price in the form of a bank or insurance guarantee.

The amount of the Performance Bond will be reduced as follows:

a) to 50% of the Performance Bond - after 60 (sixty) days from the date of signing the Final Acceptance Protocol;
b) to 30% of the Performance Bond - after 90 (ninety) days from the date of signing of signing the Final Acceptance Protocol;

c) to 0% of the Performance Bond - after 60 (sixty) days from the date of signing of signing the Final Acceptance Protocol (end of the warranty period).

The aggregate limit of liquidated damages and the liability of the Consortium against the Employer is 30% of the gross Contract Price of the Consortium.

This contract shall come into force subject to obtaining Instruction to proceed commencement of the Works from the Employer, which is conditioned by the fulfilment of all of conditions precedent listed below:

a) acquiring funding for the project by the Employer, i.e. signing by the Employer an agreement with a financial institution on financing the project;
b) the commencement of procurement completion of wind turbines by the supplier based on Instruction to proceed with the Works in accordance with the contract/s between the supplier and the Customer;
a) positive verification by the competent authority, so-called incentive effect in accordance with the European Commission Guidelines on State aid for Environmental Protection and Energy 2014-2020 (2014 / C 200/01).

In the case of non-fulfilment of the above conditions until 30 June 2015, this Contract shall terminate without any mutual claims of the parties in this respect.

Other terms and conditions of the Contract are at arm's length, the same as other market conditions for execution of such projects.