ERBUD S.A.

Current Report No.35/2016
Report date: 2016-05-04

Topic:

Signing of a significant provisional contract for construction works valued at PLN 60.8m - hotel and office building in Łódź

Legal basis:
Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

Below is information about contract conditions:

1. Contract concluded on 04-05-2016.
2. The Investor: BACOLI PROPERTIES Sp. z o.o., ul. Książęca 19 lok. 3, 00-498 Warszawa.
3. Contract net value: PLN 60,820,000.
4. Contract subject: construction of Hampton by Hilton brand hotel and office building on a plot located in Łódź at 155 Piotrkowska St.
5. Site location: Łódź, 155 Piotrkowska St.
6. Completion period: Commencement on 9 May 2016, completion on 31 January 2018.
7. Payment terms - 30 days.
8. Performance Bond: 10% of the contract price provided in the form of bank guarantee for the entire duration of Works plus an additional period of 60 days.
9. Defects Liability Bond:5% of the contract price provided in the form of bank guarantee for 3 years since the Final Acceptance Certificate; after 2 years and 30 days reduced to 2% of the contract value.
10. Other guarantees:
    a) 36 months for civil construction works and fit-out works;
    b) 5 years for roads, steel structures, reinforced concrete structures, facades, expansion joints, floors and stone cladding, subject to normal operation;
    c) 10 years for water penetration rating of the roof;
    d) for Devices and Equipment - according to the manufacturers' warranty periods for new products, but not less than 24 months;,
    e) 12 months for greenery;
    f) 36 months fit-out works since the date of commissioning by the Tenant or Employer.
11. Penalties: do not vary from standards commonly used for this type of contract. The sum of liquidated damages shall not exceed 10% of the contract price.
12. Notes: The final amount of the Contract will be agreed by Annex to the Contract until 30 June 2016, whereby if the Parties fail to reach agreement on the amount to 30 July 2016, this Contract applies only to the scope of Phase I worth PLN 8,820,000: resolving utility conflicts on plot cadastral number 4/4 and 4/7, cadastral district [71104] intended for the construction of Hotel "HILTON" buildings, located in Lodz, at Mickiewicza Av., between Piotrkowska St. and Kosciuszko Av., incl. exchange of transformer station, extension of heating system and additional drainage manhole in the north roadway of Mickiewicza Av. and its hookup.

The contract value exceeds 10% of the equity of the Issuer.

Specific legal basis:

Art. 5 sec. 1 point 3 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and conditions for recognizing as equivalent information required by laws of a non-member state.