ERBUD S.A.

Current Report No.53/2016
Report date: 2016-07-21

Topic:

Signing of a significant contract for construction works with a value of PLN 83m - 5-star DOBOSZ HOTEL BLUE in Świnoujście

Legal basis:
Article 17 section 1 of the MAR – confidential information

Content of report:

The Management Board of ERBUD SA (the "Issuer") announces that on 20 July 2016 a construction contract was signed under the following terms and conditions:

Contract subject: Construction of the 5-star DOBOSZ HOTEL BLUE in Świnoujście.

Investor: DOBOSZ Hotel Blue Spółka Komandytowa seated in Police, 1 Wróblewskiego St.

Completion period: 0.07.2016 - 30.06.2018.

Scope of work: Construction of the 5-star DOBOSZ HOTEL BLUE located in Świnoujście, Uzdrowiskowa St., corner of Zdrojowa St., incl. site development works and service infrastructure.

Contract value: PLN 83,0m.

Site location: Świnoujście, Uzdrowiskowa St., corner of Zdrojowa St.

Performance Bond: Insurance guarantee of 5% of the net contract price provided for 24 months.

Defects Liability Bond: Insurance guarantee of 1.5% of the net contract price provided for 60 months.

Penalties:

- 0.02% of the net contract price for the delay in completion of Works;
- 0.02% of the net contract price for in case of failure to timely remove defects found during the Final Acceptance or during the guarantee/warranty period;
- 0.02% of the net contract price for causing suspension of Works for reasons attributable to the Contractor;
- 10% of the net contract price for the termination of or withdrawal from the contract for reasons attributable to the Contractor.

Penalties limit: 10% of the net contract price

Periods of warranty:

- for building works: 60 months from the date of Final Acceptance;
- for MEP works: 60 months from the date of Final Acceptance;
- for built-ins, work method, furnishings and equipment: 24 months from the date of Final Acceptance.