ERBUD S.A.

Current Report No.54/2016
Report date: 2016-07-21

Topic:

Signing of a significant provisional contract for construction works valued at PLN 103.8m - office building with retail area in Łódź

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:

1. Contract concluded on 2016-07-20.
2. The Investor: BACOLI PROPERTIES Sp. z o.o., ul. Książęca 19 lok. 3, 00-498 Warszawa.
3. Contract net value: PLN 103,832,103.17 (Fixed Contract Price).
4. Contract subject: construction of an office building with retail area located in Łódź at 155 Piotrkowska St.
5. Site location: Łódź, 155 Piotrkowska St.
6. Completion period: Commencement of Works within 5 working days from the date of receipt of Notifice to Proceed (but no later than on 31 August 2016); completion on 31 July 2018.
7. Payment terms: 30 days.
8. Performance Bond: 10% of the Fixed 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 Fixed Contract Price provided in the form of bank guarantee for 3 years from the Final Acceptance Certificate; after 2 years and 30 days reduced to 2% of the Fixed Contract Price.
10. Other guarantees:
    a) 36 months for mechanical, electrical and plumbing 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 for 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 Fixed Contract Price.
12. Notes:

    (1) The contract is concluded under the condition precedent that the two following conditions must be fulfilled jointly by the Investor no later than on 31 August 2016:

    a) The Investor shall deliver to the General Contractor a statement made by Financial Institution on the amount of granted funds, which must be not less than the net Fixed Contract Price. Any extension of the above term shall require that Parties must make an Annex in writing in order to be valid.

    and

    b) The Investor shall give the Contractor a Notice to Proceed within 5 business days from the date of receipt of the Notice.

    (2) The contract also includes the possibility of completing Fit-out Works within the Variable Price, calculated on the basis of unit prices.