03/08/2016

Current Report No. 56/2016

Topic:
Signing of a significant contract for construction works valued at PLN 36.1 m -Construction of a hotel building including a car park and on-site development works.
Legal basis:
Article 17 section 1 of the MAR – confidential information

Content of report:
The Management Board of ERBUD S.A. (the “Issuer”) announces that on 2 August 2016 a construction contract was signed under the following terms and conditions:

1. Contract concluded on 2016-08-02

2. The Investor: Mokotów Business & Airport Hotel Sp. z o.o., located in Warsaw 00-549, 18 Piękna Street.

3. Contract net value: PLN 36,111,145.90

4. Contract subject: Construction of a hotel building including a car park and on-site development works.

5. Site location: Warsaw, 7 Suwak Street, plot no.14 from cadastral district 0801

6. Completion period: Commencement of Works not later than within 7 days from the handing over the possession of the site by the Investor, what will take place not later than by the end of 30 August 2016. Obtaining the final decision granting building occupancy permit by the Contractor will take place not later than within 21 months from the day complete drawings for construction of the bottom slab are handed over to the Contractor.

7. Payment terms: 30 days from the date of delivery of a correctly issued invoice to the Investor

8. Performance Bond: 10% of the net contract price valid until the day of signing the Certificate of Contract Completion plus additional 30 days.

9. Defects Liability Bond: 5% of the contract price for the first 12 months, 2.5% of the contract price for subsequent 48 months

10. Other guarantees:

The Contractor provides a warranty to the Employer for the period of:

- 10 years for reinforced concrete structures
- for Devices and Equipment according to the manufacturers’ warranty periods for new products, but not less than 12 months
- 2 growing seasons for greenery
- 5 years - other

11. Penalties for the Contractor:

for exceeding the time limit for obtaining the final decision granting building occupancy permit - 0.1% of the contract price for each day of delay;

for an undue delay in performing warranty obligations - 0.1% of an adequate value of the element reported as defective, based on the Table of Net Remuneration Regulations, for each day of delay;

10% of the net contract price in case the Investor withdraws from the contract for reasons attributable to the Contractor.

Penalties limit:

10% of the contract price for all breaches of the contract.