ERBUD S.A.

Current Report No.78/2016
Report date: 2016-10-20

Topic:

Concluding a contract for construction works valued at PLN 12.6 million with a subsidiary of VANTAGE DEVELOPMENT SA, the Group with which ERBUD SA (the "Issuer") entered during last 12 months into contracts with a total value of more than PLN 115 million.

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

Content of report:

The Management Board of Erbud SA informs that on 20 October 2016 it has been signed a construction contract on the following terms and conditions:

1. Contract to build "Dom Saski" concluded on 20.10.2016.
2. The Investor: VD spółka z ograniczoną odpowiedzialnością Mieszkania XV spółka komandytowa z seated in Wrocław.
3. Net contract value: PLN 12,550,000.
4. Contract subject: Four and five storey apartment building with an underground garage and retail area, incl. development works, on-site and in-building infrastructure, sidewalks, entrance to the underground car park, and mains and services (water supply and waste, storm drainage, central heating and low voltage system). Apartments in "builder's finish" condition, with the possibility of finishing by the standards required by the Investor.
5. Site location: Warszawa, Saska Kępa Estate, Praga Południe District, Stanów Zjednoczonych Av./ Międzynarodowa St.
6. Completion period: 20.10.2016 - 21.12.2017.
7. Performance Bond: PLN 1,255,000 i.e. 10% of the Contract Price - possibility of a bank or insurance guarantee valid until 21.12.2017.
8. Defects Liability Bond: PLN 627,500 i.e. 5% of the Contract Price guarantee - possibility of a bank or insurance guarantee provided for a period depending on the type of the work performed. The warranty period is five (5) years from the date on which the Taking-Over Certificate has been issued by The Investor.
9. Other guarantees: none.
10. Penalties:

    1.1. In case of failure to timely achieve the Milestones IX to X - 0.5% of the Contract Price for each day of delay in meeting each of the deadline (independently for each Milestone).

    1.2. In case of failure to timely remedying defects found during the execution of Works or by any acceptance, with the exception of the Final Acceptance - 0.1% of the Contract Price for each day of delay in meeting the contractual deadline for the removal of defects.

    1.3. In case of failure to timely remedying Material Defects - 0.1% of the Contract Price for each day of delay in meeting the Milestone X until the date it is removed.

    1.4. In case of failure to timely remedying Negligible Defects - 0.1% of the Contract Price for each day of delay in meeting the deadline of removal of such a defect as set out in the Final Acceptance Certificate until the date they are removed.

    1.5. In case of failure to timely remedying any Defect found during the warranty period - 3% of the value of the portion of the building the Defect concerns, but not less than PLN 1 000 for each day of delay in removing the Defect (the value of the portion of the building the Defect concerns will be calculated based on the Analysis of the Contractual Sum and Costs of Organizing).

    1.6. In case of delay in beginning the removal of a Defect having the nature of the failure found during the warranty period - 3% of the value of the portion of the building the Defect concerns, but not less than PLN 1 000 for each day of delay in beginning the removal of the Defect, counted from the day of delivery of Defect Notification (the value of the portion of the building the Defect the Defect concerns will be calculated based on the Analysis of the Contractual Sum and Costs of Organizing).