ERBUD S.A.

Current Report No.06/2017
Report date: 2017-01-26

Topic:

Signing of a significant contract for construction works valued at PLN 53,468,654.49m net – Building of a four-star hotel complex in Świnoujście on Żeromskiego St.

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

Content of report:

The Management Board of Erbud SA (the "Issuer") informs about concluding a significant contract on the following terms and conditions.

Contract: Building of a four-star hotel complex consisting of three buildings, including site development, on plots 5/12, 5/2, 5/3 and 179/8 in Świnoujście, Żeromskiego St., and obtaining occupancy permit for these buildings.

Investor: Platinum Resort Sp. z o.o. ul. Bolesława Chrobrego 2/5, 72-600 Świnoujście.

Completion period: 6.01.2017 - 31.07.2018.

Volume: 61,425.00 m³.

Gross area: 15,119.00 m².

Range of works: Civil engineering works to build a three hotel building complex, incl. required in-building and on site facilities along with development works.

Contract value: PLN 53,468,654.49.

Site location: Świnoujście, Żeromskiego St.

Performance Bond: insurance guarantee of 5% of the net Contract Price for 18 months.

Defects Liability Bond: insurance guarantee of 1.5% of the net Contract Price for 60 months.

Penalties:

a) For delay in completion of contractual Works - PLN 20,000 for each day of delay.
b) In the event of failure to timely achieve the scheduled Milestone – PLN 1 500 for each day of delay. The settlement shall be made on a quarterly basis. In case of meeting the deadline within a period of a quarter, and always in case of timely completion of Works, such penalties will be cancelled.
c) For delay in removing defects found upon acceptance inspection or during warranty period – PLN 1 500 for the delivered and accepted work for each day of delay, starting from the date set for defects removal.
d) For causing a disruption of carrying out the Works for reasons attributable to the Contractor – PLN 1 500 for each day of the disruption.
e) For delay in the delivery of CAR insurance and of Performance Bond - PLN 1 000 for each day of delay.
f) For any breach of health and safety principles – PLN 1 000 for each single case identified by the Customer.
g) For termination of or withdrawal from the contract for reasons attributable to the Contractor – 10 % of the Contract Price.

The maximum total amount of penalties: 10% of gross Contract Price.

Warranty periods:
- construction: 60 months from the final acceptance;
- MEP works: 36 months from the final acceptance;
- equipment: 24 months from the final acceptance.