**ERBUD S.A.**

*Current Report No.21/2017*
*Report date: 2017-05-17*

*Topic:*

Signing of a construction contract - building of the "Nowe Bielany 2" residential and retail complex with underground car park worth PLN 10,370,000 in Warsaw on Duracza St. (Phase 3)

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

*Content of report:*

The Management Board of Erbud SA (the “Issuer”) informs that on 16.05.2017 it entered into a construction contract with Grupo Lar Real Estate VI Spółka z ograniczoną odpowiedzialnością V Sp. Komandytowa.to build the "Nowe Bielany 2" residential and retail complex with underground car park. This is the second contract concluded within the last twelve months with a company from the Grupo Lar. The total value of contracts signed in the last twelve months is PLN 40,741,000.00.

The agreement referred to in this report is subject to the following terms and conditions:

1. Contract concluded on 16.05.2017.
2. Investor: Grupo Lar Real Estate VI Spółka z ograniczoną odpowiedzialnością V sp. komandytowa, 02-672 Warszawa, ul. Domaniewska 32.
3. Contract value: PLN 10,370,000.00.
4. Contract subject: "Nowe Bielany 2" residential and retail complex with underground car park in Warsaw on Duracza St. (Phase 3).
5. Site location: Warsaw, Duracza St.
6. Completion period: 21.05.2017 – 30.09.2018.
7. Payment terms: 30 days from the date of delivery to the Investor of a valid invoice.
8. Performance Bond: Bank guarantee of 5% of the net remuneration, valid until the date of signing the Completion Certificate plus an additional 60 days, i.e. for the period of 21.05.17 - 29.11.2018.
9. Defects Liability Bond: 2.5% of the net contract price, provided for 3 years. possible conversion into a bank or insurance guarantee
10. Other guarantees: The Contractor provides the Ordering Party a warranty for the period of:

    63 months – on MEP and installation works, incl. materials used; 15 years - on reinforced concrete structures; 10 years - on roof (insulation, structures), facades (except painting), isolation joints and stone facings; 5 years – on roads, sidewalks and car parks; for the equipment - as warranted by the manufacturer, but not less than 12 months, subject to use in accordance with the terms of the warranty; for greenery - 2 growing seasons, not less than 2 years.
11. Penalties: For the Contractor:
    - in case of failure to meet the deadlines specified in §3(3) Milestones - 0.2% of the net lump-sum remuneration payable for each Milestone, for each day of delay (altogether up to 10% of the net remuneration);
    - in case of failure to meet the deadlines for completion of building substructure and shall and core finish - 0.2% of the net remuneration for each day of delay (altogether up to 10% of the net remuneration);
    - for delay in removing defects - 0.05% of the net remuneration for each day of delay;
    - in case of the withdrawal from or termination of the contract for reasons attributable to the General Contractor - 10% of the net remuneration; for reasons attributable to the Ordering Party – the General Contractor is entitled to a contractual penalty of 10% of the net remuneration.