ERBUD S.A.

Current Report No.30/2017
Report date: 2017-06-27

Topic:

Conclusion of significant construction works contracts concerning the project “Dorzecze Legnickiej in Wrocław Phase 1A and 1B” with a total value of PLN 55.1 million.

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

Content of report:

The Management Board of Erbud SA (the “Issuer”) announces that on 27 June 2017 it entered into two contracts with a subsidiary of VD spółka z ograniczoną odpowiedzialnością Mieszkania XVII with its registered office in Wrocław, carrying out residential development project “Dorzecze Legnickiej” located in Wrocław at Małopanewska Street.
The total value of these contracts is PLN 55.1m net.

Under the first contract the Issuer is obliged to the comprehensive construction of residential buildings within the development Dorzecze Legnickiej Phase 1A along with the necessary technical and service infrastructure, land development, demolition of existing buildings and construction of an access road. The Phase 1A of will comprise 198 flats with a total area of 10,721 sq. m. The contract is valued at PLN 38.6 m net.

Under the second contract the Issuer is obliged to the comprehensive construction of residential buildings within the development Dorzecze Legnickiej Phase 1B, including the necessary technical and service infrastructure, and land development. The Stage 1B will consist of 90 flats with a total area of 4,771 m2. The net value of the contract is PLN 16.5 million.

Both contracts were concluded for the time necessary to fulfil by the Issuer all obligations arising from thereof, but not later than within 71 weeks after the date of delivery of the Notice to Proceed with the Works, which the Ordering Party may issue at the latest by 30 September 2017 for the Phase 1A and at the latest by 31 March 2018 for the Phase 1B.

Both contracts include a condition clause saying that if the Ordering Party does not issue the Notice to Proceed within the above said dates, the contract expires and the General Contractor shall not be entitled to the right to withdraw from the contract, to charge contractual penalties or to any other compensation claims. The contracts provide contractual penalties reserved for the Ordering Party; however, the total amount of all penalties cannot exceed 15% of the contractual remuneration. The Ordering Party is entitled to claim compensation for damage in excess of the contractual penalty under the general provisions of the Civil Code.