

ERBUD S.A.

ERBUD S.A. Management Board Report
for the nine months ended
30 September 2017

Warsaw, 14.11.2017

1. Description of the organization of the ERBUD Group and changes in the structure

1.1 The Parent

The parent company of the Erbud Group is ERBUD SA (the "Parent Company, the “Issuer”) with its registered office in Warsaw at 1 F. Klimczaka Street.; NIP [VAT Reg. No.].: 879-017-22-53; REGON [Business Reg. No.]: 00572837300000; entered by the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register into the Register of Entrepreneurs under KRS No. 0000268667.

1.2 Consolidated related parties

In the first three quarters of 2017 and until the publication of the Financial Statements prepared as at 30 September 2017, the structure of the ERBUD Group as compared to 30 June 2017 and to the publication of the 1H 2017 Financial Statements changed as a result of the merger between PBDI S.A. (a subsidiary 90% owned by the Issuer) and the company Efektywność Energetyczna dla Polski Sp. z o.o. headquartered in Szczecin. PBDI S.A. acquired over 50% of shares in the above-mentioned entity and does not exercise any control there.

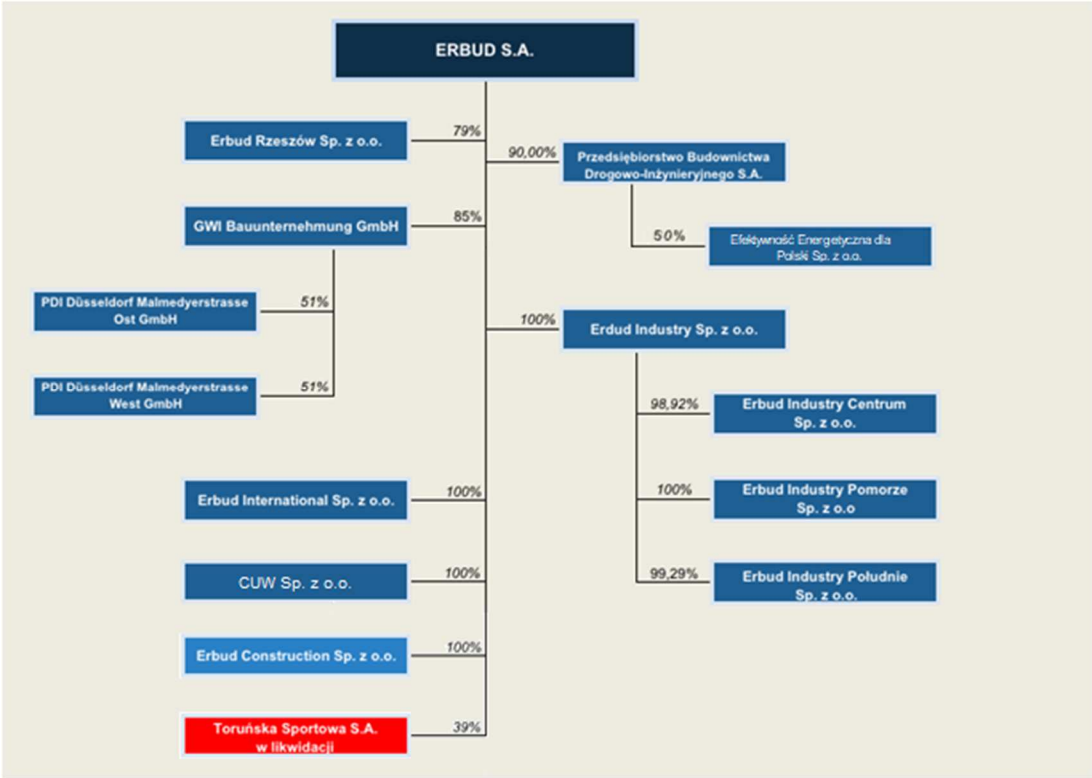
On 5 September 2017, PBDI S.A. made a declaration on joining the company Efektywność Energetyczna dla Polski Sp. z o.o. (hereinafter referred to as “EEP Sp. o.o”.); KRS No. 0000508473; and acquiring 3 340 newly created shares in it with a total value of PLN 167,000 (PLN 50 each one).
Currently, there is a judicial procedure pending related to the registration the change in the Articles of Association and increasing the share capital of EEP Sp. o.o. The aforementioned shares constitute 50% of the Company's share capital, and give PBDI S.A. the 50% voting rights in a General Meeting of Shareholders. The remaining shares in the Company belong to natural persons.

The EEP Sp. o.o. has been established to deal with comprehensive preparation, financing, carrying out and management of projects in the area of energy efficiency, renewable energy sources, street lighting, road engineering and infrastructure.
The core business of EEP Sp. z o.o. includes:

- Production and distribution of heat and cold using biomass, gas, waste, heat pumps and solar panels;
- Optimization of distribution of heat, cooling and hot water;
- Lighting optimization, incl. street lighting, using LED;
- Thermal upgrading of buildings;
- Energy Management Systems.

Currently, EEP Sp. o.o. in a consortium with PBDI S.A. participates in several public procurement procedures conducted in PPP procedures in the competitive dialogue mode.

The structure of the ERBUD Group as at 30 September 2017 and as at 14 November 2017:



As of 5 September 2017, the structure of the ERBUD Group was as follows:

a) *Subsidiaries included in the consolidated financial statements of the Group by full method:*

- Erbud International Sp. z o.o.
- GWI Bauunternehmung GmbH
- Erbud Rzeszów Sp. z o.o.
- Przedsiębiorstwo Budownictwa Drogowo-Inzynieryjnego S.A..
- Erbud Industry Sp. z o.o.
- Erbud Industry Pomorze Sp. z o.o.
- Erbud Industry Centrum Sp. z o.o.
- Erbud Industry Południe Sp. z o.o.

b) *Subsidiaries included in the consolidated financial statements of the Group by equity method:*

None

c) *Entities excluded from the consolidated financial statements due to the immateriality:*

- Erbud Construction Sp. z o.o.
- Toruńska Sportowa S.A. w likwidacji.

2. Standpoint of the Erbud's Management Board on meeting forecasts published in the prospectus in light of the results presented herewith

The Management Board of Erbud S.A. did not publish any projections or estimates for 2017

3. Shareholders of the Parent

List of shareholders owning more than a 5% stake in ERBUD S.A.

As at the date of publication of the Financial Statements, i.e. 14 November 2017 and as at the date of publication of the 1H 2017 Financial Statements i.e. 5 September 2017, a list of shareholders having directly or indirectly through subsidiaries at least 5% of the total number of votes at the Issuer's Annual General Meeting was as follows:

Shareholder	As at 14.11..2017		As at 30.09.2017		**As at 05.09.2017**	
	Number of shares and votes at AGM	Percentage in share capital and the total number of votes at AGM	Number of shares and votes at AGM	Percentage in share capital and the total number of votes at AGM	Number of shares and votes at AGM	Percentage in share capital and the total number of votes at AGM
Wolff & Müller Baubeteiligungen GmbH & Co. KG, incl. Wolff & Müller Holding GmbH & Co. KG	4 152 865	32.41%	4 152 865	32.41%	4 152 865	32.41%
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	2 136 260	16.67%	2 136 260	16.67%	2 136 260	16.67%
ING OFE	1 200 000	9.37%	1 200 000	9.37%	1 200 000	9.37%
Aviva OFE Aviva BZ WBK	1 183 146	9.23%	1 183 146	9.23%	1 183 146	9.23%
PKO OFE	715 279	5.58%	715 279	5.58%	715 279	5.58%
Dariusz Grzeszczak	773 900	6.04%	773 900	6.04%	773 900	6.04%
Adler Properties Sp. z o. o. controlled by Józef Adam Zubelewicz	412 087	3.22%	412 087	3.22%	412 087	3.22%
Józef Adam Zubelewicz	259 500	2.03%	259 500	2.03%	259 500	2.03%
Free Float	1 978 822	15.45%	1 978 822	15.45%	1 978 822	15.45%
Total:	**12 811 859**	**100.00%**	**12 811 859**	**100.00%**	**12 811 859**	**100.00%**

Compared to the date of publication of the 1H 2017 Financial Statements the structure of shareholders holding more than 5% of shares in ERBUD S.A. share capital did not change.

Over the period from 1 January 2017 to14 November 2017 there were following changes in the structure of shareholders holding more than 5% of shares in ERBUD S.A.:

On **24 March 2017**, the Issuer's Management Board received a notification from the Management Board Member, Mr. Józef Zubelewicz of the sale of 100,000 ordinary shares by an entity related to him - Adler Properties Sp. z o.o. Before the transaction Mr. Józef Zubelewicz owned directly and indirectly 771,587 shares, which represented 6.02% of the share capital and gave 777,087 votes at the AGM of ERBUD S.A., i.e. 6.02% of the total number of votes at the Annual General Meeting. After the transaction Mr. Zubelewicz holds 671,587 shares in ERBUD S.A. which represents 5.24% of the share capital and gives 671,587 votes at the AGM of ERBUD S.A., i.e. 5.24% of the total number of votes at the General Meeting

On 29 March 2017, pursuant to Art. 69(1) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, the Management Board of the Issuer has been notified by PKO BP Bankowy Otwarty Fundusz Emerytalny and PKO Dobrowolny Fundusz Emerytalny, represented by PKO BP BANKOWY Powszechne Towarzystwo Emerytalne Spółka Akcyjna, that following the settlement of the transaction of purchasing by PKO OFE 100,000 shares in Erbud S.A. based in Warsaw, which took place on 28 March 2017, the total share of the Funds in the total number of votes at the General Meeting of the Company exceeds the threshold of 5%.

Prior to the shareholding movement, the Funds altogether held 615,279 shares of the Issuer what represented 4.8024% of the equity and gave 615,279 votes at the Annual General Meeting, i.e. 4.8024% of total number of votes.

After the transaction, as at 28 March 2017, the Funds altogether hold 715,279 shares of Erbud SA what represents 5,5829% of the equity and give 715,279 votes at the AGM, i.e. 5,5829% of the total number of votes.

As on the day of publication of this report, the Parent Company had no information on the transactions, which in future may result in changes in the proportions of shares held by existing shareholders.

4. Shares of Erbud SA or rights to them (options) held by the ERBUD SA managing and supervising persons as at the report publication date, incl. changes in ownership over the period beginning on the releasing date of the previous interim report, i. e. from 05 September 2017

Related person	Relationship	As at 14.11.2017		As at 05.09. 2017	
		Number of shares and votes at AGM	Percentage in share capital and the total number of votes at AGM	Number of shares and votes at AGM	Percentage in share capital and the total number of votes at AGM
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Management Board Member	2 136 260	16.67%	2 136 260	16.67%
Adler Properties Sp. z o.o. controlled by Józef Zubelewicz	Management Board Member	412 087	3.22%	412 087	3.22%
Dariusz Grzeszczak	Management Board Member	773 900	6.04%	773 900	6.04%
Józef Adam Zubelewicz	Management Board Member	259 500	2.03%	259 500	2.03%
Agnieszka Głowacka	Management Board Member	4 077	0.03%	5 588	0.03%
Albert Dürr	Supervisory Board Member	28 000	0.22%	28 000	0.22%

On **12 October 2017**, the Issuer received a notification from the Management Board Member, Ms. Agnieszka Głowacka of the sale by her of 1 511 ordinary shares on the Warsaw Stock Exchange.
Before the transaction Mrs. Głowacka held 5 588 shares, which represented 0.04% of the share capital and the same number of votes at the Annual General Meeting of Shareholders. After the transaction Ms. Agnieszka Głowacka has 4,077 ordinary shares, which represents 0.03% of the share capital and the same number of votes at the AGM.

Members of the Management Board and the Supervisory Board do not have any Erbud's shares options.

5. Proceedings pending before court, authority responsible for arbitration or public administration as of 30 September 2017

a) Proceedings concerning liabilities or receivables of the Issuer or its subsidiary with a value of 10 percent of the Issuer's equity

Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin sp. z o.o. („MPL")

Defendant: ERBUD S.A., Warsaw

Date of submitting a lawsuit by ERBUD S.A.: 23 May 2014

The amount in dispute: PLN 34,381,374.64

On 12 May 2014, a lawsuit was served to the Company, in which the Employer requested the payment of PLN 34,381,374.64 as compensation plus statutory interest and litigation costs. Damage claimed by MPL includes losses incurred by the plaintiff and gains lost as a result of allegedly improper performance by ERBUD of the agreement No. PLM/K/96/2010 dated 14 September 2010 for construction of the Warsaw-Modlin Aitport and the shutdown of air traffic on the part of the runway.

On 11 October 2014, ERBUD replied to the lawsuit, requesting the dismissal of MPL's action in its entirety and to grant a reimbursement of proceedings costs. Furthermore, regardless of repudiating the plaintiff's claim. ERBUD filed a counterclaim against the MPL making the adjudication of the amount of PLN 19,892,366.30 plus statutory interest. The counterclaim includes repair costs of runway pavement on the Warsaw-Modlin Airport incurred by ERBUD.

On 2 March 2015, Erbud received a pleading in which MPL upheld its request and appealed to dismiss the counterclaim of ERBUD. In response, on 15 May 2015 the lawyers of Weil filed a letter (prepared together with experts from various fields), in which they maintained the standpoint of ERBUD, presented another arguments and responded the evidentiary and procedural issues.

On 3 July 2015, the lawyers of Weil applied to take evidence from information about the results of the audit conducted by the Supreme Audit Office regarding construction of an airport in Modlin, published in the June 2015.

The first hearings were held on 28 October 2015 and 10 February 2016. During the hearing, the first witnesses called by MTL were exanimated. Next examination dates are fixed.

In November and December 2015, parties exchanged next pleadings. Hearings of witnesses are held.

In view of complicated factual situation of the case and extensive evidence filed during the proceedings, including the likelihood of taking a number of evidence from the expert assessments, the first-instance sentence will probably be issued not earlier than after approx. three years after submitting the lawsuit by MPL.

Erbud also sticks to the assessment presented in the earlier memoranda, according to which the risk of awarding claims for the MPL is less than the chance of dismissal of the action. But even if the Court found the MPL's claim to be justified. The amount of compensation awarded would be significantly lower than the amount requested in the lawsuit by the MPL, because Erbud is able to challenge almost every element of damage reported by MPL.

Plaintiff: ERBUD S.A. seated in Warsaw (Warszawa Branch)

Defendant: DSH – Dopravni Stavby. a.s., Brno. Czech Republic

Date of filing a lawsuit: 14 February 2013

The amount in dispute: PLN 26,923,644.16

As a result of the filed lawsuit for the payment, the District Court in Warsaw, XX Commercial Department, gave the file number to this suit. By decision of 30 April 2013, the court called ERBUD to make a prepayment to cover the costs of translation of documents. At the moment, in view of costs suffered by ERBUD due to substitute execution of repair works, it is being prepared a pleading extending the claim by PLN 19,451,174. By letter dated 27 April 2014 and delivered on 1 July 2014, the defendant made a counterclaim for PLN 5,651,633.The hearing took place on 6 November 2015. Both parties asked for the abolition of the hearing in order to continue voluntary arrangements. The compromise talks ended without a result. The proceeding has been resumed and hearings of witnesses are held.

Plaintiff: ERBUD S.A., Warsaw

Defendant: Bank Millennium S.A., Warsaw

Date of filing a lawsuit: 22 December 2010

The amount in dispute: PLN 71,065,496

In 2008, the Bank Millennium S.A. advised the Issuer (Erbud S.A.) concluding a transaction on currency options to protect euro-denominated contracts executed by the Issuer against an exchange rate risk. The Bank's offer resulted from the Issuer's need to adequate secure its situation. According to the Company the product was not optimally suited to the needs ERBUD SA. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure. At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures. During many talks, the Issuer presented its position to the Bank, which required execution of the transaction, including action for compulsory execution of claims. In order to reduce the amount of potential loss, the disputed transactions were restructured, and the Bank has been informed about future legal action to compensate damage resulting from the transactions of currency options. The restructuring details were announced by the Issuer in the Current Report No. 43/2008 of 21.11.2008, and in the financial statements for the year 2008. The Issuer has never agreed with the position of the Bank Millennium S.A. and therefore called the Bank twice to pay the amount of PLN 71,065,496, which consists of amounts collected by the Bank from the Issuer's bank account, lost benefits, and legal and financial advisors' fees. Accordingly, the Issuer has decided to enter a lawsuit for payment in order to compensate the damage suffered.

On 16 September 2016, the Issuer received from its legal advisers a notice of the judgement issued by the Regional Court in Warsaw. Under this verdict, the Court dismissed the claim of the Issuer in its entirety.

The sentence is not legally binding. Accordingly, an appeal was lodged against this judgment **O**n 4 November 2016. The verdict was challenged in its entirety. The allegations focus in particular on incorrect findings and conclusions by the Court of First Resort on faulty determination by the Court of the content of disputed transactions and misinterpretation of documents, including those confirming the transaction. Furthermore, the appeal cited the numerous verdicts of the District Court and Court of Appeal in Warsaw issued in similar cases, in which the courts delivered judgments beneficial for the customers of Millennium Bank being in a situation very close to the Issuer.

The above verdict has no impact on the Issuer's financial situation as the total loss connected with option transactions was settled in the year it incurred i.e. in 2008.

b) Two or more proceedings concerning payables and receivables with a total value respectively representing 10% of the Issuer’s equity, incl. the specifying the aggregate value of proceedings separately for payables and receivables and the Issuer's stance

The total value of other above-mentioned proceedings in which Erbud SA is the plaintiff amounts to PLN 32,120,684.99.

Plaintiff: ERBUD S.A. seated in Warsaw (Wrocław Branch)

Defendant: Kępska S.A., Warsaw

Date of submitting a lawsuit by ERBUD S.A.: 22 April 2014

The amount in dispute: PLN 9,877,132

ERBUD SA claims the payment for executed works from Kępska SA. By lawsuit of 22 April 2014, the plaintiff applied for awarding the amount of PLN 8,187,631.31 from Kępska SA.

In the suit Erbud SA also requested to secure further sum of PLN 1,414,500 by freezing debts on bank accounts, to which the defendant is entitled, and creating a forced mortgage on the real property located in Opole at 8 Kępska St. By decision of 12 August 2014, the District Court secured the claim amounting PLN 1,414,500 as requested by the plaintiff. The decision dated 4 September 2014, including an enforcement order was delivered to the plaintiff on 19 September 2014. The plaintiff submitted to the District Court in Opole, VI Department of Land Registry, an application for registration of the forced mortgage of PLN 1,414,500 on the basis of the aforementioned Court order. By decision of 15 December 2014, the District Court in Opole dismissed the plaintiff's request for registering the forced mortgage. In support of its ruling, the Court pointed out that the examination of the land register KW No. OP10/00085900/3 disclosed that the real estate entered into this register is in perpetual use of EMIR 75 sp. z o.o. seated in Warsaw, and not of Kępska SA. On 27 January 2015, the plaintiff applied for making enforceable against EMIR 75 sp. z o.o. the freezing order on claims for the establishment of forced mortgage. By decision of 30 January 2015, the District Court in Opole issued declaration of enforceability against EMIR 75 sp. z o.o. On 5 February 2015, ERBUD SA filed an application for registration of the mortgage into the land register. On 29 May 2015, the mortgage was entered in the land register. On 29 June 2015 (date of receipt by the Court was 1 July 2015), Kępska SA appealed to the Court of Appeal in Wrocław the sentence of the District Court in Opole for granting an enforcement declaration against EMIR 75 Sp. z o.o. By decision of 10 July 2015, the Appeal Court in Wroclaw changed the decision appealed and dismissed the application (it is a basis to delete the mortgage amounting PLN 1,414,500). There is no further right of appeal against the sentence.

In response to the claim of 10 September 2014, Kępska SA applied for dismissal in its entirety and raised an objection to the off-set of mutual claims of the plaintiff and defendant due to improper performance of obligations by ERBUD SA under the contract for general contracting.

On 30 November 2015 ERBUD SA, expanded the action by PLN 1,689,500, what is the amount due to ERBUD SA as contractual penalty for withdrawing from the contract for reasons attributable to the Kępska SA.

From September 2015 to February 2016, there were hearings of witnesses of Parties. In July 2016, an expert opinion was delivered, which is favourable for ERBUD S.A. and confirms that the building was completed on time and has no material defects. By letter dated 18 July 2016, ERBUD S.A. appealed to the prepared expert's opinion.

By letter of 16 August 2016, Kępska also submitted allegations to the opinion and commissioned another expert to issue a new opinion. By letters of 7 and 25 November and 13 December 2016, the defendant applied for taking evidence in respect of new documents, including private opinions and technical expert opinions, and correspondence between the parties. In response to these requests, ERBUD S.A. pointed out that they were submitted to late and therefore were unacceptable. Moreover, some of them are irrelevant to the case.

At the hearing on 11 January 2017, the Court issued an evidence decision in which evidences from the documents presented by Kępska at the end of 2016 and an evidence from the additionally expert opinion were accepted. ERBUD S.A. lodged objections to the minutes and required the reissue of the evidence decision both with regard to the admission of the documents attached to the aforementioned pleadings as well as the evidence argument for the expert on the proof of "delay" of ERBUD S.A. in performance of the contract for construction works.

Expected date of closure of the proceeding before the Court of First Instance: 2017.

Plaintiff: ERBUD S.A. seated in Warszawa (Warsaw Branch)

Defendant: Akademia Muzyczna in Łódź

Date of filing a lawsuit: 20 December 2013

The amount in dispute: PLN 2,050,515

On 20 December 2013, ERBUD SA filed a claim for payment of PLN 1,895,430 as remuneration for construction works carried out by the plaintiff to the defendant under contract No. 694/U/AML/2012 of 20 December 2012, in accordance with the VAT invoice No. 519/13/W of 30 July 2013, issued by the plaintiff to the defendant. and payment of PLN 74,934.40 due to statutory interest on the amount of remuneration accrued from day on which the amount became due and payable (i.e. from 29 August 2013) till the date of filing a lawsuit (i.e. 20 December 2013), and PLN 80,150.37 as compensation for improper performance of Agreement No. 209/U/AMŁ/11 of 15 September 2011 by the Academy. ERBUD thereupon suffered injury in the form of increased site maintenance costs for a period longer than predicted in the above-mentioned agreement, i.e. from 01.06.2013 to 07.15.2013.

The defendant Academy of Music responded to the suit dated 23 January 2014 requesting the dismissal of the action in its entirety and raised the procedural objection to deduction of penalties.

The plaintiff filed pleadings dated 31.03.2014 and 22.05.2014, and the defendant pleadings of 04.04.2014 and 30.06.2014. Two hearings were held so far: on 29.08.2014 (one ERBUD's witness has been examined) and on 07.11.2014, where there case has been postponed due to the planned bringing by the defendant a counterclaim for payment of the remainder of contractual penalties. A hearing was held on 04.06.2015 and adjourned.

By decision dated 05.11.2015, the Court combined this case with the case No. I C 1944/14. Hearings of other witnesses are held. Currently, at the request of the Academy of Music, mediation proceedings are held in order to reach a settlement. The parties did not agree during the mediation, the proceedings will continue.

The total value of the other proceedings in which ERBUD S.A. is the defendant amounts to PLN 13,067,597.01.

Plaintiff: Akademia Muzyczna in Łódź

Defendant: ERBUD S.A. seated in Warsaw (Warsaw Branch)

Date of filing a lawsuit: 16 December 2014 (delivered to ERBUD SA on 27.03.2015)

The amount in dispute: PLN 4,135,790.96

State of affairs: Akademia Muzyczna applied for payment of contractual penalties due to Erbud's delay in meeting the deadline for completion of works. In response to a lawsuit the defendant appealed to dismiss the above claim in its entirety due to the lack of clause on accountability for exceeding the deadline. The plaintiff applied for hearing this case together with the case filed by ERBUD SA against Akademia Muzyczna, which is pending before the District Court in Łódź under ref. Act I C 2090/13. On 25.06.2015, the proceeding was suspended for three months. By decision dated 05.11.2015, the Court combined this case with the case No. C 2090/13 and then set the date of the hearing for 11.03.2016. The hearing has been adjourned to 08.08.2016 and held. Hearings of other witnesses are held.
Currently, at the request of the Academy of Music, mediation proceedings are held in order to reach a settlement. The parties did not agree during the mediation, the proceedings will continue**.**

6. Information about one or more transactions concluded by the Issuer or its subsidiary with related parties, if either individually or together they are significant and were concluded on non-market terms

In the period of three quarters of 2017, there took place transactions with related parties. Both the Issuer and its subsidiaries did not enter into any significant transactions with related parties and on non-market conditions. All contracts were of a routine nature and resulted from the statutory activities of the companies of the Group.

7. Information about sureties for borrowings, loans or guarantees provided by the Issuer or its subsidiary and guarantees received, issued at the request of subcontractors during the three quarters of 2017

Contingent liabilities due to guarantees and sureties granted are both sureties issued by the member companies of the ERBUD Group as well as guarantees issued by banks and insurance companies for the ERBUD Group's contractors to secure their claims against the Group in respect of construction contracts. In case the guarantee is used by the customer, banks and insurance companies are entitled to a refundable claim against the ERBUD Group.

Sureties provided

Guarantor	Debtor	Value in PLN '000	Subject	For	Expiry date	Type of surety and financial terms
ERBUD S.A.	GWI GmbH - subsidiary	12 927	EUR 1m overdraft + EUR 2m guarantee line	KBC	2017-12-31	Civil law surety. The Guarantor charges a fee for the surety of 1% p.a. of the surety value.
ERBUD S.A.	GWI GmbH - subsidiary	8 618	Overdraft	Commerzbank	2018-07-01	Gwarancja udzielona przez mBank na zlecenie ERBUD S.A. Poręczyciel obciąża spółkę opłatami naliczonymi
ERBUD S.A.	Erbud Industry Sp. z o.o. - subsidiary	2 690	Investment loan	BGŻ BNP Paribas S.A.	2023-04-30	Civil law surety. The Guarantor charges a fee for the surety of 1%of the surety value.
ERBUD S.A.	Erbud Industry Sp. z o.o. - subsidiary	2 990	Investment loan	BGŻ BNP Paribas S.A.	2022-09-17	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value.
ERBUD S.A.	Erbud Industry Sp. z o.o. – subsidiary	5 000	Investment loan	mBank S.A.	2018-01-31	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value.
ERBUD S.A.	Erbud Industry Sp. z o.o. - subsidiary	25 000	Credit line	BGŻ BNP Paribas S.A.	2027-09-17	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value.
ERBUD S.A.	Erbud Industry Centrum Sp. z o.o. - subsidiary of Erbud Industry Sp. z o.o	6 709	Investment loan	Credit Agricole Bank Polska S.A.	2020-08-28	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value.
Erbud Industry Sp. z o.o. - subsidiary of ERBUD S.A.	Erbud Industry Pomorze Sp. z o.o. - subsidiary of Erbud Industry Sp. z o.o.	2 000	Overdraft	BGŻ BNP Paribas S.A.	2028-01-16	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value.
ERBUD S.A.	GWI GmbH - subsidiary	10 342	Overdraft	PKO BP	2021-09-30	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value.
ERBUD S.A.	GWI GmbH - subsidiary	10 342	Guarantee line	PKO BP	2028-09-30	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value.

Sureties granted to ERBUD S.A.
as of 30 September 2017 and as of the date of publication

Guarantor	Debtor	Value in PLN '000	Subject	For	Expiry date	Type of surety and financial terms
PBDI S.A. and Erbud International	ERBUD S.A. - Parent	50 000	Multi-purpose line of credit and guarantee	PKO Bank Polski S.A.	2027-09-30	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value

Off-balance sheet liabilities in the form of financial guarantees (bank and insurance guarantees):

Liabilities arising from guarantees provided to third parties (in PLN '000)

Entity	Liabilities payment guarantee	Performance bond	Defects liability bond	Total contingent liabilities
Erbud S.A.				
30.09.2017	15 392	209 895	162 550	387 837
30.06.2017	24 850	215 965	456 685	697 500
30.09.2016	39 252	238 701	155 142	433 095
PBDI S.A.				
30.09.2017	1 270	20 830	15 678	37 778
30.06.2017	3 020	16 001	15 878	34 900
30.09.2016	2 280	8 545	14 082	24 907
GWI GmbH				
30.09.2017	7 256	18 681	37 492	63 429
30.06.2017	3 153	18 322	38 630	60 105
30.09.2016	0	17 678	30 385	48 063
Erbud International Sp. z o.o.				
30.09.2017	0	0	431	431
30.06.2017	0	0	1 120	1 120
30.09.2016	0	0	3 856	3 856
Erbud Industry Sp. z o.o				
30.09.2017	300	2 410	2 446	5 157
30.06.2017	2 600	2 303	2 446	7 349
30.09.2016	500	2 746	1 298	4 544
Erbud Industry Centrum Sp. z o.o.				
30.09.2017	600	1 944	1 406	3 950
30.06.2017	596	1 826	1 080	3 502
30.09.2016	0	458	1 201	1 659
Erbud Industry Południe Sp. z o.o.				
30.09.2017	22	632	873	1 527
30.06.2017	144	1 185	490	1 819
30.09.2016	215	262	402	879

Erbud Industry Pomorze Sp. z o.o.				
30.09.2017	0	2 283	1 406	3 689
30.06.2017	0	2 283	1 555	3 838
30.09.2016	1 014	1 755	812	3 581
Erbud Rzeszów Sp. z o.o.				
30.09.2017	0	4 935	617	5 552
30.06.2017	0	3 699	517	4 216
30.09.2016	0	3 242	445	3 688
Total contingent liabilities as at 30.09.2017				509 642
Total contingent liabilities as at 30.06.2017				814 349
Total contingent liabilities as at 30.09.2016				524 272

Receivables from guarantees granted by third parties (in PLN '000)

Entity	Liabilities payment guarantee	Performance bond	Defects liability bond	Total contingent liabilities
Erbud S.A.				
30.09.2017	7 444	13 536	45 383	66 363
PBDI S.A.				
30.09.2017	0	4 018	8 479	12 497
GWI GmbH				
30.09.2017	0	0	0	0
Erbud International Sp. z o.o.				
30.09.2017	0	0	0	0
Erbud Industry Sp. z o.o				
30.09.2017	412	5 351	6 196	11 959
Erbud Industry Centrum Sp. z o.o.				
30.09.2017	0	0	0	0
Erbud Industry Południe Sp. z o.o.				
30.09.2017	0	0	66	66
Erbud Industry Pomorze Sp. z o.o.				
30.09.2017	0	0	0	0
Erbud Rzeszów Sp. z o.o.				
30.09.2017	146	124	587	857
Total contingent liabilities as at 30.09.2017				91 742

Loans granted by the Issuer and entities from the ERBUD Group as at 30 September 2017 and as at the date of publication of the Financial Statements for the first three quarters of 2017

Lender	Borrower	Date of loan	Sum in PLN '000	Date of repayment	Margin
Erbud S.A.	Budlex S.A.	2015-05-04	6 700	2017-12-31	4.60%
Erbud S.A.	GWI GmbH	2016-12-12	10 000	2017-12-31	4.80%
Erbud S.A.	GWI GmbH	2017-03-18	10 000	2018-12-31	4.80%
GWI GmbH	X2	2016-12-15	10 000	2017-12-31	5.00%
GWI GmBH	X2	2017-01-18	10 000	2018-12-31	5.00%
PBDI S.A.	Wento Operations Cyprus Limited	2014-12-01	3 500	2019-06-23	5.85%
PBDI S.A.	EEP sp. z o.o.	2017-08-30	33	2027-08-30	10%
PBDI S.A.	EEP sp. z o.o.	2017-09-01	200	2027-09-01	10%

8. Key events occurred over 1-3Q 2017 and significant events after 31.09.207.

W powyższym okresie nie nastąpiły żadne nadzwyczajne wydarzenia, które miałyby wpływ na sytuację finansową Emitenta.

9. Other information, which in the Issuer's opinion is important for the assessment of Company's HR-situation, assets, financial position and financial performance and their changes as well as information that is relevant for the assessment of the Issuer's ability to meet its obligations

9.1.1 Signed loan agreements and agreements for multi-purpose guarantee lines.

At the end of September 2017, the total debt of the ERBUD Group due to loans and borrowings amounted to PLN 187,497 thousand (including leasing of PLN 11,718 thousand), of which PLN 114,653 thousand as a short-term debt.

Additionally, the Issuer has debt due to the issue of B-series and C-series bonds for a total of PLN 55,950 thousand, of which PLN 3,950 are bonds on maturity as at March 26, 2018 and are recognised under the item "Current interest-bearing liabilities"

Debts potentially available to the Erbud Group under the concluded loan agreements and guarantee lines agreements amounted to **PLN 1 167 million, incl. EUR 6 million**.

The repayment of loans and borrowings granted by banks to the Group is secured by:

- conventional and capped mortgages on assets of the Group;
- assignment of rights under construction contracts;
- clauses on deductions from claims from bank accounts;
- blank promissory notes;
- assignment of cash deposits representing a contractual percentage of secured debt;
- Intra-Group civil law sureties.

Loan agreements signed by the member companies of the Erbud Group as at 30 September 2017 and as at the date of publication of the Financial Statements for the first three quarters of 2017

Bank	Type of liability	Amount in '000	Currency unit	Interest rate	Date of repayment	Payment	Borrower
BGŻ BNP Paribas S.A.	Overdraft	3 000	PLN	WIBOR 3M + 1.5%	2018-01-02	In one amount	ERBUD S.A.
mBank S.A.	Overdraft	10 000	PLN	WIBOR 1M + 1.6%	2018-01-31	In one amount	ERBUD S.A.
PKO Bank Polski S.A.	Overdraft	20 000	PLN	WIBOR 3M + 1.7%	2020-06-30	In one amount	ERBUD S.A.
Alior Bank S.A.	Overdraft	10 000	PLN	WIBOR 3M + 1.6%	2018-09-04	In one amount	ERBUD S.A.
ING Bank Śląski S.A.	Overdraft	34 000	PLN	WIBOR 1M + 1.6%	2017-12-31	In one amount	ERBUD S.A. (34 000) PBDI S.A. (5 000) EIC Sp. z o.o.(4 000)
BZ WBK S.A.	Overdraft	5 000	PLN	WIBOR 1M + 1.5%	2018-10-31	In one amount	ERBUD S.A.
BGŻ BNP Paribas S.A.	Overdraft	5 000	PLN	WIBOR 1M + 1.2%	2018-01-02	In one amount	Erbud Industry Sp. z o.o.
mBank S.A.	Overdraft	5 000	PLN	WIBOR O/N + 1.3%	2018-01-31	In one amount	Erbud Industry Sp. z o.o.
BGŻ BNP Paribas S.A.	Investment loan	2 282	PLN	WIBOR 1M + 1.9%	2020-04-30	Instalment	Erbud Industry Sp. z o.o.
BGŻ BNP Paribas S.A.	Revolving loan	20 000	PLN	WIBOR 1M + 1.4%	2024-09-17	In one amount	Erbud Industry Sp. z o.o.
BGŻ BNP Paribas S.A.	Investment loan	2 444	PLN	WIBOR 1M + 1.9%	2019-09-17	Instalment	Erbud Industry Sp. z o.o.
Credit Agricole Bank Polska S.A.	Investment loan	4 691	PLN	WIBOR 3M + 1.7%	2020-02-28	Instalment	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	Revolving loan	4 000	PLN	WIBOR O/N + 1.25%	2018-07-28	Instalment	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	Revolving loan	2 000	PLN	WIBOR O/N + 1.25%	2018-07-28	Instalment	Erbud Industry Centrum Sp. z o.o.
Credit Agricole Bank Polska S.A.	Revolving loan	2 000	PLN	WIBOR O/N + 1.25%	2018-07-28	Instalment	Erbud Industry Południe Sp. z o.o.

Credit Agricole Bank Polska S.A.	Revolving loan	2 000	PLN	WIBOR O/N + 1.25%	2018-07-28	Instalment	Erbud Industry Pomorze Sp. z o.o.
BGŻ BNP Paribas S.A.	Overdraft	2 000	PLN	WIBOR 1M + 1.8%	2018-01-02	In one amount	Erbud Industry Pomorze Sp. z o.o.
mBank S.A.	Overdraft	200	PLN	WIBOR O/N + 1.9%	2018-09-06	In one amount	Erbud Rzeszów Sp. z o.o.
CommerzBank AG	Overdraft	2 000	EUR	4,39% p.a.	2018-05-31	In one amount	GWI GmbH
KBC	Overdraft	2 000	EUR	EONIA + 4%	For an unlimited period	In one amount	GWI GmbH
Bank PKO BP SA	Overdraft	2 000	EUR	EURIBOR 1 M + 2.1 %	2018-09-30	In one amount	GWI GmbH

Moreover, the above mentioned banks and insurance companies may grant performance bonds and guarantees to the Group.

The total value of available guarantee lines is:

Bank guarantee limits available to the Group as at 30 September 2017

Guarantor	Type of liability	Amount in '000	CU	Obliged entity
Alior Bank S.A.	Bid bond; performance bond; defects liability bond; repayment of advances; counter- guarantee	90 000	PLN	ERBUD S.A.
Alior Bank S.A.	Bid bond; performance bond; defects liability bond; repayment of advances; counter- guarantee	3 450	EUR	ERBUD S.A.
BGŻ BNP Paribas S.A.	Bid bond; performance bond; defects liability bond; repayment of advances; counter- guarantee	89 000	PLN	ERBUD S.A. (89 000) PBDI S.A. (8 000)
mBank S.A.	Bid bond; performance bond; defects liability bond	80 000	PLN	ERBUD S.A.
PKO Bank Polski S.A.	Bid bond; performance bond; defects liability bond	30 000	PLN	ERBUD S.A.
BZ WBK S.A.	Bid bond; performance bond; defects liability bond	45 000	PLN	ERBUD S.A.
HSBC Bank Polska S.A.	Bid bond; performance bond; defects liability bond	70 000	PLN	ERBUD S.A.
Credit Agricole Bank Polska S.A.	Bid bond; performance bond; defects liability bond	30 000	PLN	Erbud S.A. (30 000) Erbud Industry Centrum Sp. z o.o. (5 000); Erbud Industry Sp. z o.o. (2 000); Erbud Industry Południe (1 500); Erbud Industry Pomorze Sp. z o.o (2 500)
ING Bank Śląski S.A.	Bid bond; performance bond; defects liability bond	108 000	PLN	ERBUD S.A. (108 000) PBDI S.A. (23 000) Erbud Industry Centrum Sp. z o.o. (6 000)
mBank S.A.	Bid bond; performance bond; defects liability bond	3 091	PLN	PBDI S.A.

KBC	Bid bond; performance bond; defects liability bond	1 000	EUR	GWI GmbH
Commerzbank	Bid bond; performance bond; defects liability bond	224	EUR	GWI GmbH
mBank S.A.	Bid bond; performance bond; defects liability bond	1 500	PLN	Erbud Rzeszów Sp. z o.o.
PKO BP S.A.	Bid bond; performance bond; defects liability bond	2 000	EUR	GWI GmbH

Bank guarantee limits available to the Group as at 30 September 2017 and as at the date of publication of the Financial Statements

Guarantor	Type of liability	Amount in '000	CU	Obliged entity
Alior Bank S.A.	Bid bond; performance bond; defects liability bond; repayment of advances; counter- guarantee	90 000	PLN	ERBUD S.A.
Alior Bank S.A.	Bid bond; performance bond; defects liability bond; repayment of advances; counter- guarantee	3 450	EUR	ERBUD S.A.
BGŻ BNP Paribas S.A.	Bid bond; performance bond; defects liability bond; repayment of advances; counter- guarantee	89 000	PLN	ERBUD S.A. (89 000) PBDI S.A. (8 000)
mBank S.A.	Bid bond; performance bond; defects liability bond	80 000	PLN	ERBUD S.A.
PKO Bank Polski S.A.	Bid bond; performance bond; defects liability bond	30 000	PLN	ERBUD S.A.
BZ WBK S.A.	Bid bond; performance bond; defects liability bond	45 000	PLN	ERBUD S.A.
HSBC Bank Polska S.A.	Bid bond; performance bond; defects liability bond	70 000	PLN	ERBUD S.A.
Credit Agricole Bank Polska S.A.	Bid bond; performance bond; defects liability bond	30 000	PLN	Erbud S.A. (30 000) Erbud Industry Centrum Sp. z o.o. (5 000); Erbud Industry Sp. z o.o. (2 000); Erbud Industry Południe (1 500); Erbud Industry Pomorze Sp. z o.o (2 500)
ING Bank Śląski S.A.	Bid bond; performance bond; defects liability bond	108 000	PLN	ERBUD S.A. (108 000) PBDI S.A. (23 000) Erbud Industry Centrum Sp. z o.o. (6 000)
mBank S.A.	Bid bond; performance bond; defects liability bond	3 091	PLN	PBDI S.A.
KBC	Bid bond; performance bond; defects liability bond	1 000	EUR	GWI GmbH
Commerzbank	Bid bond; performance bond; defects liability bond	224	EUR	GWI GmbH
mBank S.A.	Bid bond; performance bond; defects liability bond	1 500	PLN	Erbud Rzeszów Sp. z o.o.
PKO BP S.A.	Bid bond; performance bond; defects liability bond	2 000	EUR	GWI GmbH

9.2. Significant financial agreements

During the first three quarters of 2017 and until the publication of this report, the following loan agreements and annexes to existing agreements were signed:

- **On 17 January 2017 -** Amendment No. 17 to the Credit Facility Agreement of 6 June 2010 signed with ING Bank Śląski S.A. Under this Amendment, a multipurpose credit line totalling PLN 142 million is available to the Issuer and its subsidiaries PBDI SA. and Erbud Industry Centrum Sp. z o.o. Within the line, the Issuer is allowed

to utilize up to PLN 34 million by way of drawing of loans. The sublimit for PBDI SA amounts to PLN 28 million, including drawing of loans up to PLN 5 million. The sublimit for Erbud Industry Centrum Sp. z o.o.amounts to PLN 10 million, including drawing of loans up to PLN 4 million.

- **On 17 January 2017 -** Amendment No. 17 to the Credit Facility Agreement of 7 July 2005 signed with BGŻ BNP Paribas SA. Under this Amendment, a multipurpose credit line totalling PLN 92 million is available to the Issuer and its subsidiary PBDI SA. Within the line, the Issuer is allowed to utilize up to PLN 3 million by way of drawing of loans and up to 30 million as letters of credit. The sublimit for PBDI SA amounts to PLN 8 million, and applies only to bank guarantees.

- **On 31 January 2017 -** Amendment No. 12 to the Credit Agreement of 2 June 2009 and Amendment No. 9 to the Framework Agreement with mBank S.A. seated in Warsaw. Under these Amendments a multipurpose credit line totalling PLN 90 million is available to the Issuer that is allowed to utilize within the line up to PLN 10 million by way of drawing of loans.

- **On 29 June 2017 -** Amendment No. 15 to the Multi-Purpose Loan Facility Agreement No. 42 1020 1042 0000 8102 0212 8346/2009 concluded on 30 June 2009 with PKO BP S.A. Under this Annex, the Issuer may use a multipurpose line up to the total amount of PLN 50 million and is allowed to incur within this line a debt up to PLN 20 million. The Credit Facility is secured by the assignment of receivables from construction contracts; sureties of two subsidiaries i.e. of Erbud International Sp. z o.o. and PBDI S.A.; the statement on submission to enforcement pursuant to Art. 777(1) item 5; the deposit of 10% of the guarantee amount in case of issuing a guarantee for a period of more than 24 months and 15% of the guarantee amount if the guarantee period exceeds 36 months.

- **On 27 September 2017** - issuance of C-Series bonds. The Issuer issued 52,000 C-Series bonds with a nominal value of PLN 1,000 per share and a total nominal value of PLN 52 million.
  - The C-Series bonds are issued under conditions described in the terms of the issue of bonds and announced by the Issuer in Current Report No. 4/2017. Pursuant to Resolution No. 628/17 of the Management Board of the National Depository for Securities of 25 September, bonds were registered and coded as PLERBUD00061.
  - At the same time, according to the intention of the Issuer to allocate financial resources for redemption of up to 5,200 B-Series bonds, the Issuer, on the basis of the resolution of the Issuer's Management Board on redemption of bonds, decided to repurchase 4,805 B-Series bonds issued pursuant the resolution of the Issuer's Management Board dated 18 March 2014, with a nominal value of PLN 10,000.00 each, placed to trade in the Alternative Trading System of the National Depository for Securities, coded by the NDS as PLERBUD00053. About the issuance of B-Series bonds the Issuer informed in Current Report No. 9/2014 of 18 March 2014. The repurchase of B-Series bonds will effect on 27 September 2017. The initial maturity date for bonds was set at 26 March 2018. Other B-Series bonds will be redeemed on 26 March 2018.

9.3. Relevant information about subsidiaries

9.3.1 General information

Until the publication of the Financial Statements for the third quarters of 2017, there were no events of a special nature relating to subsidiaries besides the above described transaction – joining by PBDI, a subsidiary of the Issuer, the company Efektywność Energetyczna dla Polski Sp. z o.o. where PBDI S.A. became a 50% shareholder without the right of control.

9.3.2 Information on transactions with related parties concluded within the Issuer's Group.

By 30 September 2017 and by the report publication, the Issuer and its subsidiaries did not conclude any transactions with related parties on conditions other than at arm's length principle.

9.4. Other relevant factors, which in the Issuer's opinion can influence the future performance of the Group

In the first three quarters of 2017 and until the publication of the Financial Statements, there were no events that could affect the future results of the Group.

9.5. Authorities under Articles of Association

9.5.1. Management Board

During the first three quarters of 2017, the Management Board of Erbud SA acted in the following composition:

- Dariusz Grzeszczak – Member
- Józef Adam Zubelewicz – Member
- Paweł Smoleń – Member
- Agnieszka Głowacka – Member.

On 23 May 2017, the Supervisory Board of ERBUD SA appointed in a secret ballot a new, fourth Member of the ERBUD SA Management Board, Ms. Agnieszka Głowacka. Ms Głowacka joined the existing Management Board on 01 June 2017; her term of office will end on 28 May 2018

Ms. Agnieszka Głowacka has been associated with the Company for almost 20 years. He also serves on the Supervisory Boards of PBDI S.A. and Erbud Industry Sp. z o.o.

The resolution of the Supervisory Board entered into force on 1 June 2017.

Agnieszka Głowacka graduated from the Nicolaus Copernicus University in Torun, with a Masters in Economics and Management and major in Finance. Since 1995 she was in charge of Finance and Controlling Department in a manufacturing company in Toruń and at the same time she was teaching managerial accounting at the WSB University.

During this time she completed postgraduate studies in Accounting and then in Commercial Law.

Agnieszka Głowacka finished the course and passed the examination for the members of the supervisory boards of the state-owned companies.

She creates and implements financial policy and deals with cooperation with financial institutions. She coordinates and oversees the finances of the entire Group; she established a system of financial procedures and is also responsible for the Group's controlling policy. She actively participates in the acquisition of companies of the Group.

Agnieszka Głowacka is still associated with the Nicolaus Copernicus University in Toruń where she is a member of the Business Council at the Faculty of Management. For several years she takes an active part in congresses of financial directors, among others, as panelist and moderator. In 2016, she also joined an organization supporting women's start-ups.

In private she is involved in supporting children with cancer. She is also a Mentor in the ERBUD Wspólne Wyzwania Common Challenges) Foundation bearing the name of Eric Grzeszczak.

As the Board member, Agnieszka Głowacka is responsible for the creation and implementation of financial policy and cooperation with financial institutions.

On 13 September 2017, the Issuer received the resignation of Mr Paweł Smoleń as Management Board Member.

The resignation is effective from 16 October 2017. Paweł Smoleń gave personal reasons for his decision.

Therefore, as at the date of publication of the Financial Statements prepared as at 30 September 2017, the Management Board of ERBUD S.A. acted in the following composition:

- Dariusz Grzeszczak – Member
- Józef Adam Zubelewicz – Member
- Agnieszka Głowacka – Member.

9.5.2. Supervisory Board

As of 30 September 2017 as at the date of publication of the statements, the Supervisory Board ERBUD S.A. was composed of:

- Udo Berner – Chairman
- Albert Dürr – Member
- Zofia Dzik – Member
- Gabriel Główka – Member
- Janusz Lewandowski – Member
- Michał Otto – Member
- Janusz Reiter – Member.

Two committees report to the Supervisory Board of ERBUD S.A.:

1. **The Remuneration Committee composed of:**

- Udo Berner – Chairman
- Albert Dürr – Member
- Michał Otto – Member.

2. **The Audit Committee composed of:**

- Gabriel Główka – Chairman
- Albert Dürr – Member
- Michał Otto – Member.

Signatures of the Management Board Members

Dariusz Grzeszczak **Józef Zubelewicz** **Agnieszka Głowacka**

Warsaw, November 14, 2017