ERBUD S.A.

Current Report No.5/2018
Report date: 2018-02-23

Topic:

Concluding a construction contract BLISKIE BEMOWO Residential Complex, Phase II, located in Warsaw on Powstańców Śląskich Street with a value of PLN 18,111,365

Legal basis:

Article 17(1) of the MAR – confidential information

Content of report:

The Management Board of Erbud SA (the "Issuer") informs that on 22.02.2018 it entered into a contract with CGL VIII Spółka z ograniczoną odpowiedzialnością spółka komandytowa on the construction of the BLISKIE BEMOWO Residential Complex, Phase II, located in Warsaw on Powstańców Śląskich Street.
This is another contract concluded within the last 12 months with a company from the GRUPO LAR. The total value of contracts signed in recent months amounts to PLN 94,236,553.

The above said contract has been concluded on the following terms and conditions:

1. Contract date: 22.02.2018.
2. Investor: CGL VIII Spółka z ograniczoną odpowiedzialnością spółka komandytowa, 02-672 Warszawa, 32 Domaniewska St.
3. Contract value: PLN 18,111,365.
4. Contract subject: BLISKIE BEMOWO Residential Complex, Phase II, located in Warsaw on Powstańców Śląskich Street.
5. Site location: Warsaw, Powstańców Śląskich Street.
6. Completion period: Commencement of Works - 22.02.2018, completion of Works - 31.03.2019.
7. Payment terms: 30 days from the date of delivery to the Investor of a valid invoice.
8. Performance Bond: 5% in the form of a bank guarantee valid until the date of issue of Contract Completion Certificate add 60 additional days and 5% of retention money cumulatively deducted from invoices issued by the Contractor.
9. Defects Liability Bond: 5% of the Contract Price provided for 63 months from the date of Final Acceptance Protocol.
10. Other guarantees: The Contractor shall provide the Customer warranties for the periods:

    63 months for erection and installation works, materials used and painting the façade;

    15 years for reinforced concrete structures;

    10 years for the roof (insulation, structure), façades (except elevation painting), joints and cladding; five years for roads, sidewalks and parking lots;

    for devices and equipment - in accordance with the manufacturer's warranty, but not less than 12 months, provided that they are used in accordance with the terms of the warranty;

    for greenery - two vegetation seasons, but not less than two years.

11. Penalties:

    for exceeding any of any deadlines [§3(3) – Milestones] - 0.2% of the net lump sum remuneration due for the completion of a Milestone, for each commenced day of delay (up to 10% of the net remuneration);

    for exceeding the deadline for completing the building substructure and the closed-in building - 0.2% net remuneration for each commenced day of delay (up to 10% of the net remuneration);

    in case of failure to timely removing defects - 0.05% of net remuneration for each commenced day of delay;

    in case of withdrawal from or termination of the Contract - for reasons attributable to the Contractor - 10% of net remuneration; for reasons attributable to the Customer - the Contractor is shall be entitled to a contractual penalty of 10% of the remaining net remuneration.