**ERBUD S.A.**

*Current Report No. 11/2018*
*Report date: 2018-03-15*

*Topic:*

Signing a significant contract for construction works between the consortium formed by Erbud Industry Sp. z o.o., 87-100 Toruń, 10 Wapienna St. (as the "Leader") and Erbud S.A., 02-797 Warsaw.1 Klimczaka St. (as the "Partner"), and Michelin Polska S.A., 10-454 Olsztyn, 9 Leonharda St. (as the "Customer") with a value of 38.2 million PLN net (of which Erbud Industry Sp. o.o. - PLN 38,060,000 million net, and Erbud S.A - PLN 140,000 net), covering the construction of a gas boiler house as part of the remodelling of the existing Michelin Polska S.A. CHP that includes the demolition of the plant building No. 58 and construction of a new one as well as installation of a new gas powered steam boiler with a capacity of 42MWt and steam capacity of 55t/hr along with the reconstruction of the necessary infrastructure.

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

*Content of report:*

The Management Board of Erbud S.A. (the "Issuer") a significant construction contract was signed on the following terms and conditions:

1. Contract concluded on 15.03.2018 between the consortium formed by Erbud Industry Sp. z o.o., 87-100 Toruń, 10 Wapienna St. (as the "Leader") and Erbud S.A., 02-797 Warsaw.1 Klimczaka St. (as the "Partner"), and Michelin Polska S.A., 10-454 Olsztyn, 9 Leonharda St. (as the "Customer").
2. Investor: Michelin Polska S.A., 10-454 Olsztyn, 9 Leonharda St.
3. Contract value: PLN 38,200,000 million PLN net (of which Erbud Industry Sp. o.o. - PLN 38,060,000 million net, and Erbud S.A - PLN 140,000 net).
4. Contract subject: Construction of a gas boiler house as part of the remodelling of the existing Michelin Polska S.A. CHP that includes the demolition of the plant building No. 58 and construction of a new one as well as installation of a new gas powered steam boiler with a capacity of 42MWt and steam capacity of 55t/hr along with the reconstruction of the necessary infrastructure.
5. Site location: Michelin Polska S.A. Combined Heat and Power Station, 10-454 Olsztyn, 9 Leonharda Street.
6. Completion period: 15.03.2018 – 31.12.2019 (Completion Date and Final Acceptance).
7. Payment terms: 60 days from the receipt of a valid invoice issued pursuant to the agreed progress and payment schedule.
8. Performance Bond: Within 14 days from the date of conclusion of the Contract, the Contractor shall obtain and provide the Customer with a performance bond ("Performance Bond") of PLN 3,82 million (in words: three million eight hundred twenty thousand Zlotys), which constitutes 10% of the net Contract Price in the form of a bank guarantee, valid till 31.12.2019.
9. Defects Liability Bond: 14 days before the expiry date of the Performance Bond, the Contractor shall obtain and provide the Customer with a warranty bond for the basic warranty period (Warranty Bond for the Basic Warranty Period) of PLN 1.91 million PLN (in words: one million nine hundred and ten thousand Zlotys), which is 5% of the net Contract Price, valid till 31.12.2021.
10. Other guarantees: ---
11. Penalties:
    a) in the event of delay in due performance of Works, which is to be understood that the Final Acceptance is not achieved - 0.2% of the net Contract Price for each day of delay;
    b) in the event of delay in due performance of a part of Works understood as any Milestone within the respective time limits - 0.2% of the part of the net Contract Price due for the Milestone for each day of delay;
    c) the maximum total amount of contractual penalties due from the Contractor specified in the Contract shall be 25% of the net Contract Price.
12. Comments: None.