ERBUD S.A.

Current Report No.28/2018
Report date: 2018-05-25

Topic:

Conclusion by ERBUD S.A. ("Issuer") of a significant construction contract to complete as general contractor the third phase of the project "Dorzecze Legnica", worth PLN 47 million net.

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

Content of report:

The Management Board of Erbud S. A. (the "Issuer-Contractor") hereby informs that on 25 May 2018 it signed with VD spółka z ograniczoną odpowiedzialnością Mieszkania XVII sp. k. (the "Customer"), a subsidiary of Vantage Development S. A. a contract for the performance of a development project "Dorzecze Legnicka Housing Estate", located in Wrocław on Małopanewska Street ("the Project")

The net contract value amounts to PLN 47 million.

Under the contract, the Contractor is obliged to carry out works for complete construction of multi-family residential buildings with underground car park at the Dorzecze Legnickiej project, phase III, including site development and service infrastructure, of which structural landscaping, greenery, accompanying structures, as well as the traffic circulation system and necessary roads related to the performance of the non-road investment by the Customer in Wrocław on Małopanewska Street.

The 3rd Phase of the Project will include 204 apartments. The completion of all works is scheduled within the period of 64 weeks from the date of delivery of Notice to Proceed, which should be issued by the Customer by 31 March 2019 at the latest.
Until the Notice to Proceed, but not later than on 31 March 2019, the Customer is entitled to withdraw from the Contract without giving a reason and without the right to charge a contractual penalty for such withdrawal. If the Notice to Proceed will be not issued by the Customer within the above time limit, the Contract expires on 31 March 2019, and the Contractor is not entitled to withdraw from the Contract, to charge contractual penalties or to any other claims for damages. Until 31 December 2020, the Customer may withdraw from the Agreement in the event of, inter alia, delays in the completion of particular stages of work.
In case the withdrawal from the Contract by the Customer or the Contractor for reasons attributable to the Contractor, the Contract provides for a contractual penalty of 10% of the total remuneration under the Contract. The total amount of all contractual penalties charged may not exceed 15% of the remuneration.
The Customer is entitled to demand compensation in excess of the amount of contractual penalty available under the provisions of Civil Code.