ERBUD S.A.

Current Report No.29/2018
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Topic:

Conclusion by ERBUD S.A. ("Issuer") of a significant construction contract to complete as general contractor the 10th phase of the project "Promenady Wrocławskie", worth PLN 48 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 Promenady X spółka z ograniczoną odpowiedzialnością sp.k. (the "Customer"), a subsidiary of Vantage Development S. A. a contract for the performance of a development project "Promenady Wrocławskie, Phase X", located in Wrocław (the "Projct").

The net contract value amounts to PLN 48 million.

Under the contract, the Contractor is obliged to carry out works for complete construction of the multi-family residential complex with underground car park located in Wrocław on Zakładowa Street, including in-building and on-site infrastructure, site development and services, of which structural landscaping, greenery, accompanying structures, as well as the traffic circulation system and necessary roads. The 10th Phase of the Project will include 233 flats and 6 retail units.

The completion of all works is scheduled within the period of 102 weeks from the date of delivery of Notice to Proceed, which should be issued by the Customer by 31 December 2018 at the latest. If the Notice to Proceed will be not issued by the Customer within the above time limit, the Contract expires on 31 December 2018, and the Contractor is not entitled to withdraw from the Contract, to charge contractual penalties or to any other claims for damages. By 31 December 2018, 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. Moreover, until 31 December 2021, the Customer may withdraw from the Contract in the event of, inter alia, delays in the completion of particular stages of work.
In case of 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.