ERBUD S.A.

Current Report No. 33/2018
Report date: 2018-06-07

Topic:

Conclusion of significant Design & Build Contract to complete as general contractor of Stage No. 1 of the PORT POPOWICE project worth PLN 114.5 million and to issue Notice to Proceed for the construction phase 1.

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

Content of report:

The Management Board of Erbud SA (the "Issuer") informs that on 7 June 2018 a significant Design & Build Contract was signed on the following terms and conditions:

1. Customer: Winhall Investments sp. z o. o. (a subsidiary of Vantage Development S.A.).
2. Range of Works: Design, construction and final hand-over of the residential complex consisting of three multi-family buildings with underground garage, named Port Popowice (Stage 1), including site development and service infrastructure (structural landscaping, greenery, associated buildings and structures, utilities and services). Stage 1 of the project will include construction of 415 flats and 5 commercial units and will be divided into two phases. Phase I will cover the design of the entire Stage I and the construction of building "A", and Phase II will cover the construction of buildings "B" and "C".
3. Completion period.
   a) The commencement pursuant to Notice to Proceed ("NtP") issued for particular phases; on 7 June 2018, NtP was issued to start the design of the entire Stage I and to complete Phase I. NtP for Phase II may be issued until 31 March 2019 at the latest. If the Customer does not issue NtP for Phase II within the above-mentioned period, the Contract expires in the part concerning the construction of Phase II, unless the reason for not issuing NtP for Phase II is delay in obtaining a construction permit for Phase II, and the Contractor is not entitled to withdraw from the Contract, charge contractual penalties or any other claims for damages.
   b) The completion of all works of Phase I is scheduled by 15 October 2019, and of Phase II is planned within 75 weeks from the date of issue NtP.
4. Contract value: PLN 114.5 million, while the remuneration due to the Contractor for the execution of the above works amounts to PLN 43.6 million net.
5. Penalties: The total amount of all contractual penalties charged may not exceed 10% of the remuneration. The Customer has the right to demand compensation in excess of the amount of contractual penalty under the general rules of the Civil Code.
6. Note: Until the issuance of NtP for Phase II, the Customer is entitled to withdraw from the Contract by 31 March 2019 in the part concerning this phase without giving any reason and without the right to charge a contractual penalty for withdrawal, and in this case the Contractor is not entitled to any claims, including compensation. In the event that the Contract expires due to the Customer's failure to issue NtP for Phase II or due to the withdrawal from the Contract in the part related to Phase II by the Customer, the Contractor will assign to the Customer the rights and obligations resulting from the contract concluded by the Contractor with the design studio responsible for the design of the project concerned. Moreover, until 31 December 2020, the Customer may withdraw from the Contract in case of, inter alia, delays in the completion of particular phases of works or when the Contractor requests the extension of time for completion of milestones.