ERBUD S.A.

Current Report No.39/2018
Report date: 2018-07-16

Topic:

Conclusion of a significant contract worth PLN 33.9 million for the construction of the Holiday Inn Express Hotel at the Rzeszów–Jasionka Airport

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

Content of report:

The Management Board of Erbud SA (the "Issuer") informs that on 16 July 2017 the Company signed a construction contract on the following terms and conditions:

1. Contract date: Contract No. PL/000126652/18-567/TDDP concluded on 16.07.2018.
2. Customer: Chopin Airport Development Sp. z o.o.; 00-906 Warszawa, 1 Żwirki i Wigury St.
3. Contract value: PLN 33,900,000 net; 41,697,000 gross.
4. Contract subject: Construction of the Holiday Inn Express Hotel at the Rzeszów–Jasionka Airport. The contract includes building on a turnkey basis, delivery of equipment and obtaining all necessary permissions for the use of the building under the Holiday Inn brand, in accordance with the requirements of the InterContinental Hotels Group specified in the standards for the Holiday Inn Express hotels.
5. Site location: Plots with a cadastral number 1867/268 and 1867/261 located in Jasionka near Rzeszów.
6. Completion period: 14 months from the date of signing the contract.
7. Payment terms: Invoicing not more than once a month. The amount of each payment shall correspond to the actual percentage of completion of the Works. The remuneration specified in the invoice will correspond to the percentage of completion of the Works, whereas achieving a minimum of 5% progress of the Works in a given cost item shall entitle the Contractor to include such item in the invoice. The value of the Works paid before their final acceptance may not exceed 90% (ninety percent) of the Contractor's Remuneration. The credit period is 30 days.
8. Performance Bond: Guarantee of 10% of the total net price specified in the offer for the amount of PLN 3,390,000; guarantee provided for the period from the date of signing the contract, i.e. form 16.07.2018 to 30.09.2019.
9. Defects Liability Bond: From each invoice, the Customer will deduct 3% of its net value to secure claims under the warranty (retention money).
10. Other guarantees: None.
11. Penalties:

    In case of failing to meet the deadlines:

    - 0.01% (one hundredth percent) of Net Remuneration for each day of delay in the completion of particular elements of the Critical Path due to reasons attributable to the Contractor;
    - 0.05% (five hundredths percent) of Net Remuneration for each day of delay in meeting the deadline specified in Article 3(1) of the Contract due to reasons attributable to the Contractor.

    In case the Contractor fails to remove defects or faults within the warranty or guarantee period:

    - for defects of Key Installations, Systems and Equipment: PLN 2,000 (in words: two thousand Zlotys) for each hour of delay in relation to the correct deadline for removal of defects due to reasons attributable to the Contractor;
    - for other defects: PLN 2,000 (in words: two thousand Zlotys) per each day of delay from the day/hour agreed to remedy the defect or fault due to reasons attributable to the Contractor.

    In the event of withdrawal from the Agreement by the Customer for reasons attributable to the Contractor, the Customer shall have the right to charge the Contractor a contractual penalty of 10% (ten percent) of the Net Remuneration.