ERBUD S.A.

Current Report No.45/2018
Report date: 2018-08-16

Topic:

Disclosure of delayed confidential information – conclusion of a significant construction contract to build the Potęgowo-Wschód Wind Farm.

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

Content of report:

The Management Board of ERBUD SA with its registered office in Warsaw (the "Issuer") announces that on 12 June 2018 it decided to delay the disclosure of confidential information in accordance with Art. 17(4) of Regulation No 596/2014 on Market Abuse (MAR) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. The reason for the disclosure of delayed confidential information is the fulfilment of the conditions precedent.

On 12 June 2018, a significant construction contract (the “Contract”) with a value of PLN 119,264,434 was signed by the Consortium formed by PBDI S.A. with headquarters in Toruń (a subsidiary of the Issuer), the Issuer and Electrum sp. o.o. with headquarters in Białystok (the “Contractor”). The task involves the development of detailed design, construction and commissioning of the Potęgowo-Wschód Wind Farm with a capacity of 101.25 MW on the following conditions:

1. Contract date: 12 June 2018.
2. Customer: Potegowo Winergy spółką z ograniczoną odpowiedzialnością with its registered office in 00-105 Warsaw at 18 Twarda Street, XXIV Floor, entered in the register of entrepreneurs of the National Court Register under the KRS number 0000278619.
3. Net contract value: PLN 119,264,434 (in words: one hundred and nineteen million, two hundred and sixty-four thousand, four hundred and thirty-four Zlotys), including the value of works to be executed by Electrum sp. z o.o. - PLN 42,776,000 (in words: forty-two million, seven hundred and seventy-six thousand Zlotys).
4. Contract subject: Construction as general contractor of the Potęgowo-Wschód Wind Farm consisting of 38 individual wind turbines, grouped in four wind parks: Bięcino, Głuszynko-Grapice, Wrzeście-Kępno and Karżcino, incl. the accompanying infrastructure (i.e. construction, road, power and low voltage infrastructure) and power transfer system, i.e. 30/110 kV cable lines with associated network and 30/110 kV power take-off unit.
5. Completion period: 51 weeks from the commencement of works.
6. Payment terms: by reference to the stage of completion; credit period: 21 days.
7. Performance Bond: 15% of net Remuneration in the form of a bank or insurance guarantee.
8. Defects Liability Bond:

   The amount of the Performance Bond will be reduced as follows:

   a) up to 50% of the Performance Bond - after 50 (fifty) days from the date of signing the Commissioning Certificate;
   b) up to 30% of the Performance Bond - after 100 (one hundred) days from the date of signing of the Commissioning Certificate;
   c) up to 0% of the Performance Bond - after 60 (sixty) days from the date of signing of the Final Acceptance Certificate (end of the warranty period).
9. Warranty period: 5 years.
10. Penalties: The penalties do not vary from market standards commonly used for this type of contract. The aggregate limit of liquidated damages of the Contractor against the Customer cannot exceed 30% of net Remuneration. The Contractor's liability to the Customer for lost profits and indirect damages (also during the warranty period) is excluded.

11. The contract is a conditional one. Entering by the Parties to the execution of the subject of the Contract depends on the fulfilment of all of the conditions precedent set out below in the following order:
    a) written notice by the Customer to the Contractor that the financing has been obtained and that the Performance Bond can be provided; and
    b) providing by the Contractor of the Performance Bond; and
    a) payment by the Customer to the Contractor of remuneration for the 1st Milestone.

    If the Contractor is not noticed to commence works within 12 months from the Contract date at the latest, the Contract shall expire without any mutual claims of the Parties in this respect.

    At the same time, the Issuer points out that it has concluded an annex to the Contract with respect to, among other things, to conditions precedent and remuneration, of which it informs in a separate current report.