ERBUD S.A.

Current Report No. 58/2018
Report date: 2018-09-06

Topic:

Conclusion of a significant construction contract worth PLN 26 million for the extension of the Solny Hotel in. in Kołobrzeg at 5 Aleksandra Fredry Street, together with site development and technical infrastructure.

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

Content of report:

The Management Board of Erbud SA (the "Issuer") informs that on 6 September 2018 it signed a significant construction contract on the following terms and conditions:

- Contract: Construction contract for the extension of the Solny Hotel in. in Kołobrzeg at 5 Aleksandra Fredry Street, incl site development and technical infrastructure.
- Contract date: 06.09.2018.
- Condition of entry into force of the contract: Conditional contract - the parties shall be entitled to withdraw from the Contract without the right to make any claims in the event of failure to obtain the design change by 2 November 2018.
- Customer: Solny Investment Sp. z o.o., 78-400 Szczecinek, 21 Królowej Jadwigi Street.
- Completion period: commencement of works on 02.11.2018; completion - 16 months from the commencement date. Obtaining an occupancy permit within one month from completion date.
- Volume: 25,147 m^3.
- Area: Usable floor area – 4 468 m^2; Gross building area - 6 114 m^2.
- Range of works: construction works including mechanical, electrical and plumbing works, site development and accompanying technical infrastructure.
- Net contract price: PLN 25,950,000. Advance payment of PLN 4 million net, to be cleared according to the schedule.
- Site location: Kołobrzeg, 5 Aleksandra Fredry Street.
- Performance Bond: 5% of the net contract price.
- Defects Liability Bond: 2.5% of the net contract price.
- Penalties:
  a) for delay in the completion of Works – 0.06% of net remuneration for each day of delay;
  b) for delay in removal of defects found at final acceptance or during the warranty (guarantee) period - 0.02% of net remuneration for each day of delay;
  c) for withdrawal from the contract by one of the parties due to the circumstances for which the other party is responsible, except for the right to withdraw as a result of failure to obtain design changes - 10% of net remuneration;
  d) Health and Safety penalties - PLN 500 per each case.

  Limit of penalties: 10 % of net remuneration.
- Guarantee and warranty: quality guarantee and warranty for defects
  a) 60 months for construction works;
  b) 24 months for mechanical, electrical and plumbing works;
  c) 24 months for building and installation materials;
  d) for plant and equipment according to the manufacturer's warranty but no less than 12 months.