ERBUD S.A.

Current Report No.23/2019
Report date: 2019-05-10

Topic:

Disclosure of delayed confidential information – conclusion of a significant construction contract to build the Potęgowo-Zachód Wind Farm with a value of PLN 131.7 million (of which PLN 65.6 million attributable to companies from the ERBUD Group).

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

Content of report:

Company short name: ERBUD.

Legal basis: Article 17(1) of Regulation No 596/2014 of the European Parliament and of the Council of 16 April 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 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 disclosing delayed confidential information is the inability to ensure the confidentiality of the following information.

On 12 June 2018, a significant construction contract with a value of PLN 131,664, 764 was signed by the Consortium of PBDI S.A. with headquarters in Toruń - a subsidiary of the Issuer, the Issuer and Electrum sp. o.o. with headquarters in Białystok (the “Contract”) (the “Contractor”). The task involves the development of detailed design, construction and commissioning of the Potęgowo-Zachód Wind Farm with a capacity of 118.25 MW on the following terms and 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 131,664,764 (in words: one hundred and thirty-one million, six hundred and sixty-four thousand, seven hundred and sixty-four Zlotys), including the value of works to be executed by Electrum sp. z o.o. amounting PLN 66,040,900 (in words: sixty-six million, forty thousand, nine hundred Zlotys).
4. Contract subject: Construction as general contractor of the Potęgowo-Zachód Wind Farm consisting of 43 separate wind turbines, grouped in three wind parks: ZEW Przystawy, Bartolino and Sulechówko, 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: 53 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 value of the Contractor's compensation to the Customer under the Contract, including Contractual Penalties, may not 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 does not receive Notice to Proceed within 12 months from the Contract date at the latest, the Contract shall expire without any mutual claims of the Parties in this respect.

    The Issuer points out that it signed an annex to the Contract, including but not limited to remuneration conditions, of which it informs in a separate current report.

    The Issuer also informs that the terms regarding Performance Bond to be provided by the Contractor and payment of remuneration by the Customer to the Contractor for the completion of the 1st Milestone have not been fulfilled by the date of publication of this Current Report.

    The Issuer will inform about the commencement of works in a separate report.