ERBUD S.A.

Current Report No. 37/2019
Report date: 2019-05-30

Topic:
Performance by Erbud Operations Sp. z o.o., a subsidiary of Erbud S.A. (the "Issuer") of thermal upgrading of the main building of the Ludwik Rydygier Hospital in Kraków under the design and build contract for PLN 41.8 million gross.

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

Content of report:

The Management Board of Erbud SA (the "Issuer") informs that on 30.05.2019 a significant construction contract was signed by the Issuer's a subsidiary Erbud Operations Sp. z o.o. on the following terms and conditions:

1. Contract date: 30.05.2019.
2. Customer: Szpital Specjalistyczny im. Ludwika Rydygiera w Krakowie sp. z o.o.; 31-826 Kraków, 1 Os.Złotej Jesieni Street.
3. Contract value: PLN 41,807,700 gross (PLN 33,990,000 net).
4. Contract subject: Carrying out the thermal upgrading of the main building of the Ludwik Rydygier Hospital in Kraków under the design and build contract.
5. Site location: Kraków.
6. Completion period: 30 months.
1. Payment terms: Payment within 30 days from the date of invoice delivery; invoicing once a month.
2. Performance Bond: PLN 627,115.50; expired on 30.12.2021.
3. Defects Liability Bond: PLN 188,134.65. expired on 15.12.2026.
4. Other guarantees: None.
5. Penalties:
   a) Failure to meet the Works completion time limit specified in § 4(1) - 0.4% of gross contractual remuneration for each day of delay;
   b) Failure to meet deadlines for remedying material defects - 0.4% of gross contractual remuneration for each day of delay;
   c) Failure to meet deadlines for remedying irrelevant defects and defects (in the broad sense) referred to in § 12(3) - 0.08% of gross contractual remuneration for each day of delay;
   d) Violation of § 10(1)(i) - 0.16 % of gross contractual remuneration for each day of non-compliance with the time limit;
   e) Violation of § 3 - PLN 10,000 (say: ten thousand Zlotys) for r each day of non-compliance with the time limit;
   f) Failure to follow the instructions of the Customer (§ 10 item 2) - PLN 2,000 (say: two thousand Zlotys) for each violation found;
   g) Failure to fulfil the obligation under Article 10(3) letter (i) – PLN 5.000 (say: five thousand Zlotys) for each failure;
   h) Violation of § 10(3)(d), § 10(3)(f) and § 10(3)(h) - PLN 50,000 (say:fifty thousand Zlotys) for each violation;
   i) Violation of § 10(4)(b) or failure to report such a change - PLN 10,000 (say: ten thousand Zlotys) for each violation;
   j) Non-performance or improper performance of duties referred to in § 10(6)(a) - PLN 2,000 (say: two thousand Zlotys) for each violation found;
   k) Non-compliance with OH&S rules, fire safety code and site regulations - PLN 500 (say: five hundred Zlotys) for each violation found;
   l) Unauthorized interference in the structural elements of the building - PLN 50,000 (say: fifty

thousand Zlotys) for each violation found;

m) Final acceptance and warranty acceptance without the participation of the Contractor - PLN 10,000 (say: ten thousand Zlotys) for each absence on the set date;

n) Lack of payment or late payment of remuneration due to subcontractors or further subcontractors, according to time limits stipulated in contracts concluded with subcontractors - 0.1% of gross contractual remuneration for each day of default;

o) Failure to amend the sub-contract with respect to the payment date, if the date was set against legal regulations (in the broad sense) - 0.08% of gross contractual remuneration for each day until the non-compliance has been removed;

p) Failure to amend the sub-contract with respect to the payment date, if the date was changed from compliant to non-compliant with the law (in the broad sense) - 0.08% of gross contractual remuneration for each day until the non-compliance has been removed;

q) Submission of a false statement by the Contractor or Subcontractor (including further Subcontractor) - PLN 10,000 (say: ten thousand Zlotys) for each case found;

r) Violation of § 10(1)(c) - PLN 5,000 (say: five thousand) for each day of default;

s) Failure of the Contractor to submit any document (including updates) required by the Employer or legal regulations (in the broad sense) with the exception of the documents referred to in § 13(3)(r) within the time required by the Contract, Facility Functional Specification or the law ((in the broad sense) - PLN 5,000 (say: five thousand Zlotys) for each day of non-compliance with the time limit;

t) Withdrawal from the Contract or its termination for reasons attributable to the Contractor - 16% of gross contractual remuneration

u) In the case of performing the activities referred to in § 10(8) of the Contract by persons not employed by the Contractor or Subcontractor under a contract of employment, if this has not been previously notified, regardless of the reason - 0.01% of the total gross remuneration for each day of performing activities without notification (for each person separately).

6. Note: ERBUD Operations Sp. z o.o. as a member company of the ERBUD Group, builds its position by carrying out contracts acting both in the capacity of general contractor and subcontractor. One of the areas in which ERBUD Operations Sp. z o. o. specializes is design, construction and upgrading of medical facilities.
   By the end of the previous year, the Company executed following projects for the health sector: construction of a helipad elevated above the building roof and extension of the Emergency Ward for SPZOZ Specialist Hospital in Stalowa Wola; extension of a diagnostic and surgery unit of the Emergency Ward for SPZOZ Hospital in Leżajsk; construction of the Emergency Ward, incl. landing pad for medical rescue helicopters and delivery of medical equipment for SPZOZ Hospital in Tomaszów Lubelski; alteration of the District Hospital in Sędziszów Małopolski.
   This year, the Company completed another project for SPZOZ Specialist Hospital in Stalowa Wola covering alteration of the operating theatre and delivery of medical equipment.
   Currently, the construction woks on a complex of specialist clinics and server rooms in the A2 Clinical and Teaching Centre of the Medical University of Łódź executed by ERBUD Operations Sp. z o. o. as the consortium leader are ongoing.