Current Report No. 40/2019
Preparation Date: 2019-07-17
ERBUD S.A.

Topic:
Signing of a significant construction works agreement with a net value of PLN 83,143,824.84 concerning the construction of a complex of two multi-family residential buildings with service premises on the ground floor, with an underground garage and the necessary technical infrastructure at Milczańska Street in Poznań.
Legal basis:
Article 17(1) MAR - confidential information.

Content of the Report:
The Management Board of ERBUD S.A. (Issuer) informs that on 17 July 2019 the Issuer signed an agreement for construction works under the conditions specified below:

CONTRACT:
AGREEMENT FOR CONSTRUCTION WORKS concerning the performance of
a complex of two multi-family residential buildings with service premises on the ground floor, with an underground garage and the necessary technical infrastructure at Milczańska Street in Poznań.

INVESTOR:
Bouygues Immobilier Polska Sp. z o.o.
Al. Armii Ludowej 14
00 - 638 Warsaw

PERFORMANCE TERM:
19.07.2019 - 21.07.2021

SCOPE OF WORK:
comprehensive execution of construction and installation works, land development and accompanying technical infrastructure.

VALUE IN MILLION PLN
PLN 83,143,824.84 net - lump sum remuneration

PLACE OF EXECUTION: Poznań, Milczańska Street

PERFORMANCE BOND:
10.0% of net contract value

WARRANTY FOR DEFECTS AND FAULTS:
5% of net contract value

CONTRACTUAL PENALTIES:
Contractual penalties in the case of delay in relation to Key Dates
1) If any Key Date is exceeded by General Contractor, the Investor shall have the right to charge and demand contractual penalties in the amount of 0.025% of the total net Remuneration for each day of delay in the performance of Works with respect to a given Key Date, provided that:
   a) if the General Contractor exceeds the Key Date set forth in the Agreement for obtaining of the Investment Use Permit (not final), or for Final Acceptance, the General Contractor is obliged to pay the

Investor a contractual penalty in the amount of 0.1% of the total net Remuneration indicated in the Basic Agreement for each day of delay;

b) contractual penalties for exceeding the Key Dates for the hand-over of the show Apartments as shell units and show Apartments with fit-out shall be determined in amounts and charged in accordance with the rules set forth in Chapters X and XI;

Other contractual penalties:

1) In the event that General Contractor fails to meet the deadlines for removal of Material Defects and/or Non-Material Defects specified in the Agreement, the Investor has the right to charge and demand from GC:
   a) in the case of exceeding the deadline for removing Defects found during Technical Inspections - a contractual penalty of PLN 500 for each day of delay for each outstanding Defect in the parts assigned to Clients and a contractual penalty of PLN 200 for each day of delay for each outstanding Defect in the common part of the Investment,
   b) in relation to exceeding the deadline for removing Defects stated in the Client Acceptance Protocols - contractual penalty in the amount of 500 PLN for each day of delay for each outstanding Defect in the parts assigned to Clients and a contractual penalty in the amount of 200 PLN for each day of delay for each outstanding Defect in the common part of the Investment,
   c) in the case of exceeding the deadline for removing Defects stated in the Final Acceptance Protocol - a contractual penalty in the amount of PLN 200 for each day of delay for each outstanding Defect in the common part of the Investment and a contractual penalty in the amount of PLN 500 for each day of delay for each outstanding Defect in the parts assigned to Clients,
   d) in the case of exceeding the deadline for removing Defects found in the Investment after completion of the Final Acceptance and during the period of warranty and guarantee validity - contractual penalty in the amount of PLN 500 for each day of delay for each outstanding Defect in the premises or other elements of the Investment owned or intended for exclusive use by a Client, and a contractual penalty of PLN 200 for each day of delay for each outstanding Defect in common parts of the Investment.
2) If the General Contractor performs the Investment in a defective manner or in a manner inconsistent with the provisions of the Agreement, the Investor may demand that GC change the manner of performing Works and set an appropriate deadline for such change, taking into account the specifics of Works and the Investor's interest. After ineffective lapse of the deadline, the Investor may charge and demand from GC a contractual penalty equal to 10% of the net Remuneration.
3) If the Investor withdraws from the Agreement for reasons attributable to GC, the Investor may also charge and demand from GC a contractual penalty equal to 10% of the net Remuneration.
4) Should the final usable floor of particular premises (not taking into account the usable area of the garden, balcony or terrace) determined on the basis of as-built measurements differ from the designed area of the given premises, resulting from the Client's Catalogue Card and Technical Description of the Client:
   a) -2%/+2% in the case of premises with the designed area of up to and including 50 m2, or
   b) -1.8%/+1.8% in the case of premises with the designed area of more than 50 m2 up to and including 75 m2, or
   c) -1.6%/+1.6% in the case of premises with the designed area of the premises exceeding 75 m2 or if as a result of decrease of the designed area of the premises the functionality of certain parts of the particular premises is lost,

GC will be obliged to pay the Investor a contractual penalty of PLN 100,000.00 for each violation / discrepancy from the indicators stated respectively in letters a), b) or c) above.

Should GC make up for its delay in relation to the Key Dates and meet the agreed deadline for the Final Acceptance, the Investor shall cancel the contractual penalties.

In the case of failure to observe the confidentiality obligation referred to in the section above, GC shall be obliged to pay a contractual penalty in the amount of PLN 20,000.00 for each case of violation.

PENALTY LIMIT:

The total amount of contractual penalties referred to in the Agreement shall not exceed 10% of the net Remuneration, with the reservation that the contractual penalty charged by the Investor due to the Investor's withdrawal from the Agreement for reasons attributable to GC is 10% of the Remuneration and in case of charging it, the contractual penalties may not exceed in total 15% of the net Remuneration.