ERBUD S.A.

Current Report No. 48/2019
Report date: 2019-09-23

Topic:
Conclusion of a construction contract worth PLN 107,6 net - Performance of the investment task:" Erection of the Silesian Clinical and Research Centre for the Prevention and Treatment of Environmental, Civilization and Old Age Diseases named after Prof. Zbigniew Religa" under the Design-Build-Contract.

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

Content of report:

The Management Board of Erbud SA (the "Issuer") informs that on 23 September 2019 the Company signed a contract for the performance of the investment task:" Erection of the Silesian Clinical and Research Centre for the Prevention and Treatment of Environmental, Civilization and Old Age Diseases named after Prof. Zbigniew Religa" under the Design-Build-Contract on the following terms and conditions:

1. Contract date: 23.09.2019.
2. Customer: Śląskie Centrum Chorób Serca w Zabrzu ul. Marii Curie-Skłodowskiej 9, 41-800 Zabrze.
3. Contract value: PLN 107,659,024.39 net / PLN 132,056,100.00 gross.
4. Contract subject: Performance of the investment task:" Erection of the Silesian Clinical and Research Centre for the Prevention and Treatment of Environmental, Civilization and Old Age Diseases named after Prof. Zbigniew Religa" under the Design-Build-Contract
5. Site location: Zabrze.
6. Completion period: 35 months from the date of signing the Contract.
7. Payment terms:
   7.1 Payment for the design and costing documentation will be made in parts as follows:
      a) 30% of the remuneration for the design and costing documentation after the Contractor has obtained a valid building permit;
      b) 60% of remuneration for the design and costing documentation after the Customer has received the remaining part of the design documentation, including detailed designs;
      c) the remaining part of the remuneration for the design and costing documentation payable monthly, after the commencement and during carrying out of construction works based on the design documentation prepared by the Contractor in the amount corresponding to the percentage of completion of construction works.
   7.2 Payment for the construction of two parking lots on plot 1202/8 together with the service building and the accompanying technical infrastructure according to the project documentation provided to the Contractor by the Customer will be based on the acceptance certificate approved by the Project Management Company and signed by the Customer.
   7.3 Payment for other construction works, incl. site architect will be made by interim invoices issued up to 95% of the Contractor's remuneration specified in §12(2)(3) and a final invoice, constituting the remaining 5% of the Contractor's remuneration. Invoices for the Works will be issued by the Contractor to the Customer and delivered to the Customer's registered office.
   7.4 The Contractor will issue interim invoices no more than once a month on the basis of milestone completion certificate submitted together with the progress report, approved by the Project Management Company and the competent representative of the Customer, after the completion of the whole part of works specified in the progress and payment schedule prepared pursuant to provisions of § 8(2)(2). The credit period is up to 30 calendar days from the date of receipt by the Customer of valid invoice issued by the Contractor.
8. Performance Bond: PLN 10,564,488.00 issued for 23.09.2019 - 23.09.2022.
9. Defects Liability Bond: PLN 1,560,903.10 for construction works issued for 24.09.2022 - 08.10.2028; PLN 23,770.10 for delivered equipment and furnishings issued for 24.09.2022 - 08.10.2027.
10. Other guarantees: third-party insurance of PLN 120,000,000.00 valid 23.09.2019 - 23.09.2022;

Construction all risk insurance: PLN 107,659,024.39 PLN valid 23.09.2019 - 23.09.2022.

11. Penalties: The Contractor will pay the Customer contractual penalties for:
    1) withdrawal from the Contract or termination of the Contract by the Customer due to circumstances for which the Contractor is responsible - 15% of gross remuneration;
    2) delay in completion of Works referred to in § 9(1) – (4) of the Contract - PLN 5,000 for each day of delay in meeting any of the deadlines;
    3) delay in completion of Works referred to in § 9(c) points 5) 5)a), 5)b) of the Contract - 0.03% of the gross remuneration specified in § 12(2) of the Contract for each day of delay in meeting any of the deadlines;
    4) delay in removing faults or defects found during the interim or final inspection or during the guarantee/warranty period - PLN 2,000.00 for each day of delay, counted from the day on which the deadline set by the Customer for removing defects expired;
    5) failure to deliver on time the progress and payment schedule or the schedule for submitting technical documentation or updating them - PLN 500.00 (in words: five hundred Zlotys) for each day of delay;
    6) failure to pay or late payment of remuneration due to subcontractors or further subcontractors - PLN 100 for each day of delay in payment;
    7) failure to submit to the Customer for approval a draft subcontract regarding construction works, or a draft amendment thereto - PLN 200 for each contract / annex;
    8) failure to submit a certified copy of the subcontract or its amendment - PLN 200 for each contract / annex;
    9) failure to change the subcontract in terms of payment date - PLN 200;
    10) if persons referred to in § 2(10) of the Contract are not employed under an employment contract - PLN 1,500 for each case;
    11) in the event of delay in providing evidence confirming the employment of persons referred to in § 2(8) of the Contract - PLN 1,500 for each day of delay;
    12) in the event of a changing the Site Manager indicated in § 2(6) of the Contract in violation of the provisions of § 2(7) of the Contract, the Contractor will pay a contractual penalty of PLN 5,000.

1. The total amount of contractual penalties for delays in agreed deadlines may not exceed 20% of the gross contractual remuneration. The above limitation is independent of the contractual penalty for withdrawal from the Contract.
2. In case of damage exceeding the contractual penalty specified in the Contract, the Customer has the right to claim additional compensation.
3. The Contractor shall agree to pay the contractual penalties by deducting any payables due to the Contractor. The deduction is possible before the Contractor's due date.
4. The Customer may not charge contractual penalties for delay in completion of Works if the Contractor meets the deadline specified in § 9(5).