04/11/2019 Current Report No. 55/2019 (04:25 p.m.)
Topic:
signing of a significant agreement for construction works - "General overhaul and reconstruction of the student dormitory No. III in Łódź at 12/16 Mazowiecka Street" by a subsidiary of ERBUD S.A.
(Issuer) – Erbud Operations Sp. z o.o. z/with its registered office in Rzeszów.
Legal basis:
Article 17(1) MAR - confidential information.

Content of the Report:

1. Date of contract conclusion: Agreement no. ZP/70/2019 concluded on 4 November 2019
2. Investor (exact name and registered office): Medical University of Łódź with registered office in Łódź (90 - 419), Al. Kościuszki 4, tax identification No. NIP 725-18-43-739
3. Contract value: PLN 61 999 489.29 gross PLN 56 977 691.87 net
4. Subject of the contract: "General overhaul and reconstruction of the student dormitory No. III in Łódź at 12/16 Mazowiecka Street ".
5. Place of performance of the contract 92-215 Łódź, 12/16 Mazowiecka Street
6. Implementation deadlines:
   Commencement: no later than 7 days from the date of signing the agreement
   Termination: 30.04.2021 r.
7. Terms of payment: The Contractor shall receive the following part of the remuneration in advance for the performance of particular stages of works:

a) after the completion of Phase I works - in accordance with the actual work, however, not more than 12% of the total amount of remuneration
b) after the completion of Phase II works - in accordance with the actual work, however, not more than cumulatively from the beginning of the contract execution up to 28% of the total amount of remuneration
c) after the completion of Phase III works - in accordance with the actual work, however, not more than cumulatively from the beginning of the contract execution up to 42% of the total amount of remuneration
d) after completion of Stage IV works - in accordance with actual work, however, not more than cumulatively from the beginning of the contract execution up to 56 % of the total amount of remuneration
e) after completion of Phase V works in accordance with the actual work and deliveries, however, not more than cumulatively from the beginning of the contract execution up to 70% of the total amount of remuneration
f) after completion of Phase VI work in accordance with actual work and deliveries, but no more than 84 % of the total remuneration from the beginning of the contract period on a compound basis
g) after the completion of Phase VII works in accordance with actual work and deliveries, but no more than 90 % of the total remuneration from the beginning of the contract term to the maximum incremental extent
h) after completion of Phase VIII works in accordance with actual work and deliveries up to 97 % of the total wage bill
i) after the completion of Phase IX works and the full completion of the contract, the remaining part of the total amount of the remuneration to be paid shall be settled

8. Performance bond (value, term): The Contractor lodged a performance bond amounting to 10% of the value of the contract subject matter, i.e. PLN 6,199,948.93 in the form of an insurance guarantee.

The amounts of the performance bonds lodged by the Contractor shall be reimbursed and, in the case of insurance or bank guarantees submitted, released in accordance with the following schedule:

a) 70% of the amount of the performance bond lodged shall be returned to the Contractor within 30 days from the date following the final fault-free acceptance of the subject of the contract and recognition of the works as duly performed by the Ordering Party,
b) 30 % of the lodged guarantee amount shall be returned to the Contractor within 15 days after the expiry of the warranty period.

9. Warranty for repair of defects and faults (value, term): Insurance guarantee 3% of the value of the contract subject which will be returned to the Contractor within 15 days after the expiry of the warranty period (5 years)
10. Other guarantees (type of guarantee, value, term): none
11. Penalties Main the cases of charging of contractual penalties:
    The Contractor shall pay the Ordering Party contractual penalties independent of each other:

a) Each time there is a delay in the performance of works in relation to any of the deadlines specified in § 3 section 1 or 2 of this contract in the amount of:
   - for the first 7 days of the delay the contractual penalty amounting to 0.05 % of the gross value of the remuneration for the execution of the subject of the contract, indicated in § 8 section 1, for each day of the delay, counted from the day following the expiry of this deadline to the day of the final acceptance;
   - for subsequent days of delay, a contractual penalty of 0.1% of the gross value of the remuneration for the performance of the subject of the contract, as specified in § 8 section 1, for each day of delay, calculated from the day after the expiry of this period to the day of final acceptance;

   Penalties shall be calculated independently of each other for each violation of the deadlines and shall be independent of each other. The penalties for delay in the performance of stages I-VII shall be subject to cancellation if the contractor, despite the failure to comply with the deadlines for the performance of particular stages of works, meets the deadline for the completion of stages VIII and IX. In such a case, the amounts deducted for contractual penalties for breaching the deadline for the performance of works in a given stage will become due on the date of payment of remuneration for the last stage of works.

b) for withdrawal from the contract due to reasons for which the Contractor is responsible - in the amount of 10% of the gross value of remuneration for the performance of the subject of the contract indicated in § 8 section 1;
c) in the case of delay in removing defects and faults during the guarantee period within the time limit set by the Ordering Party or in the case of failure to remove them within the time limit specified in the contract in the amount of PLN 1000 (one thousand zlotys) per each day of delay, counted from the day following the expiry of the time limit set respectively to the day of their removal or the day of starting to remove them;
d) for breach of the provisions of the Construction Site Rules indicated in § 5 section 10, the Contractor shall pay a contractual penalty of PLN 500 (five hundred zloty) for each case of breach, however, in the event that inspectors or other representatives of the Ordering Party find that the construction site is occupied by employees under the influence of alcohol, drugs or other intoxicants, the Contractor shall pay a contractual penalty of PLN 1500 (one thousand five hundred zloty) for each case (each person);

e) in the case of non-performance by the Contractor of the contract in whole or in part, for reasons attributable to the Contractor, in the amount of 10% of the gross value of remuneration for the performance of the subject of the contract, indicated in § 8 section 1;
f) in the case of lack of payment or late payment of remuneration due to subcontractors or further subcontractors, or violation of the obligation referred to in § 4 section 8 of this contract, the Contractor shall pay a contractual penalty in the amount of PLN 5,000;
g) in the case of failure to submit, within the time limit specified in the contract, the draft subcontracting agreement concerning the construction works, the draft amendment thereto or the copy of the concluded agreement, certified for compliance with the original, to be accepted, the Contractor shall pay the contractual penalty in the amount of PLN 5,000;
h) in the case of failure to submit a certified copy of the subcontract or its modification, the Contractor shall pay a contractual penalty in the amount of PLN 5,000;
i) in the case of lack of amendment of the subcontractor agreement regarding the payment deadline, the Contractor shall pay the contractual penalty in the amount of PLN 5,000;
j) in the case of improper performance of the contract or its conditions other than those specified above, the Contractor shall pay the Ordering Party a contractual penalty of 10% of the gross remuneration referred to in § 8 section 1 of the contract;

ERBUD S.A. holds 100% of shares in the share capital of Erbud Operations Sp. z o.o. and the same number of votes at the GM.