

## **CURRENT REPORT 89 / 2015**

**1 October 2015**

*Legal basis: Art. 56.1.2 of the Public Offering Act – Current and Financial Reports.*

Subject: Value of Contracts Concluded with STRABAG Sp. z o.o.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) inform of the subcontract (the “Contract”) entered into on 1 October 2015 by and between the Company and Strabag Sp. z o.o. with registered office in Pruszków (the “Subcontractor”) in connection with the following project: “Reconstruction (upgrade) of the tram route on the Dworzec Wileński – Żerań Wschodni section” (the “Project”) executed by the Company for Tramwaje Warszawskie Sp. z o.o. (the “Contracting Party”).

The total net value of contracts concluded in the past 12 months between the companies comprising the ZUE Capital Group (the “Group”) and the Subcontractor is PLN 26.6m.

The abovementioned Contract is the highest value Contract concluded in the past 12 months.

Under the Contract, all the works related to the road industry, permanent traffic management, landscaping, sanitary industry, green area management, temporary traffic management for the entire project and restoring the area to required condition with all auxiliary works and services aimed at the complete and proper Contract performance will be let out by the Company to the Subcontractor. The Subcontractor will also be obliged to remove any defects in the works under the Contract detected during the term of warranty and guarantee.

Net estimated net value of the Contract, on the basis of which contractual penalties are calculated, is PLN 24.9m. The Contract gross value is PLN 30.6m.

The Contract completion date has been set at 14 April 2016 but all construction works, except for the green area management, must be done by 14 November 2015.

The warranty given to the Company by the Subcontractor for the works performed under the Contract is 60 months and 30 days of the acceptance protocol. The guarantee given by the Subcontractor is also 60 months and 30 days.

The Contract provides for contractual penalties payable by the Subcontractor to the Company. The contractual penalties payable by the Subcontractor to the Company include the penalty for the Subcontractor’s failure to perform the Contract by the specified deadline of 5% of the value of the construction works to be done and of 0.02% of the Contract net value for each additional day of delay. In addition, the Subcontractor will pay the penalty of 0.01% of the Contract net value for each

day of delay in the green area management. The Contractor will pay the contractual penalty for its failure to remove by specified dates any defects detected upon the acceptance of the works and during the term of warranty as well as its delay in the works performance as a result of which the dates of the road or tram traffic restrictions or closing specified in traffic schedules or at coordination meetings are extended. Under the Contract, the Subcontractor may also pay the penalty for its failure to perform or duly perform the Contract, as a result of which the Contract is terminated by the Company, of 10% of the net value of non-performed or unduly performed Contract. The total amount of all contractual penalties charged by the Company must not exceed 50% of the Contract net value. If the Contract is terminated by the Subcontractor through no fault of the Company, the Subcontractor will pay the compensation of 10% of the Contract net value.

The Company reserves the right to claim damages in excess of the contractual penalties, up to the actual damage.

The remaining provisions of the Contract, including but not limited to the termination terms, do not differ from the standard terms of such type of contracts.

The Contract and the total value of the contracts are deemed major since their total value exceeds 10% of the Company's equity.

*Legal basis: § 5.1.3 of the Ordinance by the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent.*