



CURRENT REPORT 49 / 2016

14 October 2016

Legal basis: Art. 17.1 of the MAR – Confidential Information.

Subject: Value of Contracts Concluded with PKP PLK S.A.

Content:

With reference to the current report 47/2016 of 3 October 2016 concerning the total value of contracts entered into between the companies comprising the ZUE Capital Group and the companies comprising the PKP Polskie Linie Kolejowe Capital Group ("PKP PLK"), the Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") informs that following the conclusion on 14 October 2016 by the Company and PKP PLK of the contract for Design and construction services and purchase of land in the area of the Medyka station in connection with the following project: "Investment works at the Medyka - Mościska II border crossing" (the "Contract"), the total net value of the contracts entered into since 4 October 2016 between the Company and PKP PLK is PLN 47.4m.

The abovementioned Contract is the highest value contract signed in the reporting period.

The Company informed about the submission of the lowest price tender for the said project and the selection of the Company's tender as the most economically advantageous offer in the current report 40/2016 of 11 August 2016 and the current report 43/2016 of 2 September 2016, respectively.

The Contract net value used also to calculate contractual penalties is PLN 41.5m. The Contract gross value is PLN 51.0m.

The project completion date (completion of all works specified in the Contract) has been set at 1300 days of the Contract conclusion date but not later than 20 May 2020.

The warranty given by the Company to PKP PLK is ten years of the final acceptance. The guarantee given by the Company to PKP PLK is five years.

The Contract provides for contractual penalties payable by the Company to PKP PLK in the circumstances specified in the Contract the most important of which include the failure to perform the Contract in a timely fashion or the violation of declared track closure times. However, the total amount of the contractual penalties charged



in the abovementioned circumstances must not exceed 20% of the Contract net value.

In addition, the Company will pay PKP PLK the contractual penalty of 20% of the Contract net value if the Contract is terminated by PKP PLK or the Company through the fault of the Company.

Regardless of the contractual penalties, PKP PLK will have the right to claim additional damages up to the value of actual damage.

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

In addition, the Company informs that following the conclusion of the Contract, the total value of the portfolio of orders held by the ZUE Group companies at the date of this report is approx. PLN 704m.