

Current Report No: 30/2012
Report Date: 2012-07-16
Subject: Conclusion by the Issuer's subsidiary of the construction works contract within the framework of investment at Unicka St. in Lublin.
Legal basis: Art. 56, paragraph 1 point 2 of the Act on Public Offering – Current and Periodic Information

Contents of the report:

The Management Board of WIKANA S.A. (the Issuer) informs that on the 16th of July 2012 the Issuer's subsidiary, Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A. (the Employer) concluded with Przedsiębiorstwo Budownictwa Specjalistycznego i Konserwacji Zabytków Sp. z o.o. „ARCUS” (the Contractor) the Contract for Construction Works the value of which amounts to 15.08 million zlotys net (the Contract).

The subject of the Contract is the complex construction works relating to the construction of the multi-family residential building with retail area on the ground floor, underground parking lot and infrastructure, exit ramp from Unicka Street and the development of the area at 3 Unicka St. in Lublin according to the building permit design and attached standards submitted by the Employer.

The subject Contract was concluded in the connection with the realisation of investment under the name of UNicity covering the construction of a building with total usable floor area of premises of 4.95 thousand square metres, including 94 residential premises and 10 retail premises.

According to the provisions of Contract the 16th of July 2012 was agreed as the deadline for the commencement of works and the 30th of September 2013 as the deadline for the completion of works. In cases stipulated in the Contract, including the vis major events or acts of nature which the Contractor could neither anticipate nor counteract, the modification of the deadline for the completion of works is possible.

The value of the subject of Contract amounts to 15.08 million zlotys net (the Remuneration). Pursuant to the provisions of the Contract the Remuneration may change should the Employer introduce additional works or alternative solutions as regards the scope of works or technologies of their realisation differing from the solutions accepted in the Contract and in the technical documentation, while the value of works mentioned above shall be determined on the basis of market prices.

The partial settlement of payments between the parties shall take place against invoices issued monthly upon the determination of the advancement level of the works and upon fulfilment of conditions agreed in the contract in relation to the evaluation of the pace of works and of the status of commitments towards the subcontractors. The total value of partial invoices may not exceed 95% of the Contractor's Remuneration. The final settlement of payments shall be effected against the final invoice issued on the basis on the final work acceptance protocol and following the obtainment of the occupancy permit by the Contractor. In accordance with the Contract's provision the Employer

secured the payment of its own funds for construction works for „0” status in an estimated amount of 4 million zlotys in the form of a surety granted by the Issuer (the Surety).

The Contract includes the provisions relating to contractual penalties, stating among the others that:

- the Contractor shall pay the Employer the penalties for the delay in the completion of the object of the Contract as well as for the delay in keeping the agreed partial deadlines,
- the Contractor shall pay the Employer the penalties for the delay in the removal of defects established during the work acceptance or within the warranty and/or guarantee period,
- the Employer shall pay the Contractor the contractual penalty for the delay in closing the final work acceptance activities,
- should one of the parties withdraw from the Contract, the party to blame shall pay the other party (the withdrawing party) the contractual penalty of 10% of the contractual value of works.

Pursuant to the provisions of the Contract the contractual penalties may be calculated jointly for different reasons and the total amount of all penalties for different reasons may not exceed 10% of the value of the object of Contract.

The completed works are guaranteed by the Contractor for the period of 36 months starting on the day of signature of the final, defect-free acceptance protocol of the object of Contract. The Issuer was granted by the Contractor the guarantee for the equipment and fittings installed in the building which corresponds to the manufacturer’s guarantee but with the guarantee period of no less than 24 months.

Pursuant to the provisions of the Agreement the Employer may withdraw from the Contract through the fault of Contractor inter alia if the petition has been filed for the Contractor’s bankruptcy; or the liquidation of the Contractor’s enterprise has been opened; or if the Contractor files the petition for bankruptcy or recovery proceedings; as well as in the situation where the Contractor has stopped the works without justification, does not carry out works for 7 days and fails to resume works despite the Employer’s request; or the attachment order has been issued in relation to the Contractor’s property which renders him unable to fulfil the Contract. At the same time the Contractor may withdraw from the Contract through the fault of the Employer inter alia if the justified petition has been filed for the Employer’s bankruptcy; or the Employer announces that its company has been wound up as well as in the situation where the security for payment has not been established pursuant to the conditions defined above.

The other terms and conditions of the Agreement do not deviate from the standard terms and conditions of similar agreements.

10% of the Issuer’s equity was adopted as the criterion for the acknowledgment of the Contract as significant agreement.

At the same time the Issuer informs that the overall value of agreements concluded between the Employer and the companies belonging to the Issuer’s Capital Group during the preceding 12 months has amounted to 19.2 million zlotys while such agreements concluded between the companies belonging to the Issuer’s Capital Group and the Contractor include, apart from the Contract, also the surety agreement and the contract for demolition works.

Detailed legal basis: art. 5 paragraph 1 point 3 of the Minister of Finance Regulation of 19 February 2009 on current and periodic reporting by issuers of securities [...]

President of the Management Board

Sylwester Bogacki

Vice President of the Management Board

Tomasz Grodzki