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SŽDC Protects Interests of the State and Will Reimburse Funds for Repairs of Praha-Hlavní nádraží to Avoid Penalty.

Správa železniční dopravní cesty (the Czech Railway Infrastructure Administration) will transfer a sum amounting approximately CZK 500 Mio to the account of the company Grandi Stazioni Česká republika s.r.o. By this step, the railway infrastructure manager endeavours to prevent a purposeful abuse of contractual penalties should it wait with payment till the end of the lawsuit. The sum is based on an expert's statement ordered by the state organisation itself due to purposeful un-cooperation of the company Grandi Stazioni (GS).

The company GS claims a sum exceeding CZK 770 Mio from SŽDC due to the expiration of the contract of lease at Praha-Hlavní nádraží (Prague Main Station) although it spoke originally of a sum almost twofold in mass media. According to GS, this sum reflects actual expenses related to modernisation of the station building upon book depreciation being made.

On current conditions when GS refuses to submit - repeated reminders notwithstanding –necessary documents demonstrating in a sufficient extent the actual implementation and value of the complete presented technical evaluation and repairs of the booking hall and Fanta building, SŽDC would await a due conclusion of the ongoing lawsuit so that the amount to be paid is determined by an independent court due to contradictory standpoints of both parties. Unfortunately, the contract from 2003 signed by the management of České dráhy (ČD) at that time contains also a very high contractual penalty amounting to 0.5% from the due sum for each day of delay which represents almost CZK 4 Mio per day with a calculation based on the total GS claim. Moreover, this company uses the contractual penalty threat as the only answer to SŽDC's reminders to submit all necessary documents.

"In such a situation, SŽDC had immediately ordered an expert's statement which came to a conclusion of accepting only a claim amounting to CZK 565,684,343.46, supported by documents. We consider this sum to have been really invested within the premises of Hlavní nádraží referring to supply invoices and other documents with deduction of book depreciation already made which are available up to now. Therefore, SŽDC is transferring this sum to the account of GS", explains Mr. Tomáš Drmola, Deputy Director General for Property Management and adds: *"We must protect the interests of the state and*

thus act as a careful manager". However the remaining difference compared to the total sum claimed by GS has not been authentically demonstrated by documents and therefore SŽDC cannot pay this remaining sum as duly substantiated.

The controversy is not over; neither is the process of submitting documents for individual items and their claiming. "Nevertheless we are surprised in this phase of enquiry already that the company GS included into the remaining required part of its claim such items amounting several dozens of million Czech crowns as e.g. the compensation already paid by GS to ČD for its one-sided withdrawal from the project of revitalisation of Karlovy Vary railway station which of course has nothing in common with technical evaluation of the railway station Praha-Hlavní nádraží", adds Mr. Drmola.

"Therefore I cannot exclude that the ongoing lawsuit may bring even more surprises which could lead SŽDC on the contrary to claim certain amounts from the company GS. Moreover, SŽDC has still the assurance of GS' mother company for cases of failing to comply with financial obligations of its Czech subsidiary", closes Mr. Drmola.

Správa železniční dopravní cesty took over the management of Praha-Hlavní nádraží on 17 October 2016 with the expiration of the contract of lease concluded with the previous manager of the premises. The original contract was concluded between České dráhy and Grandi Stazioni on 17 December 2003 for a determined period. The building of Praha-Hlavní nádraží including this contract has been transferred to SŽDC only within the sale of the enterprise's segment which took place this year.

SŽDC is a state organisation managing the railway infrastructure owned by the state and exercising the function of rail system operator and owner pursuant to the Act on Rail Systems. It ensures the operation, operability, modernisation and development of the railway infrastructure and management of railway stations. It also allocates infrastructure capacity on the nationwide network and regional networks owned by the Czech Republic. With a staff of almost 18,000 employees, it belongs among the biggest Czech companies.

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