

Dear Mr. Moravcik,

Based on our discussion and provided information I'm sending to you an indication of financing parameters for planned project.

Project: **Construction of 38 modular houses in Nitra – Luzianky with planned revenues from sale in amount of 4.900.000 EUR (without VAT)**

Borrower: SPV for the Project (Slovak legal entity)

Shareholder(s): Detailed shareholder structure including the names of the ultimate shareholders shall be provided

Lender: Oberbank AG, pobočka zahraničnej banky v Slovenskej republike

Project Cost:

Budget (without VAT)	EUR	%
Land plots	1.720.000	45%
Modular houses	1.520.000	40%
Other side cost	500.000	13%
Financial costs	60.000	2%
Total	3.800.000	100%

Financing structure:

Equity	1.140.000	30%
Loan	2.660.000	70%
Total	3.800.000	100%

Loan Amount

and Purpose: **Investment loan 2.660.000 EUR**

The proceeds of this loan shall be used for partial financing of the Project Costs excl. VAT in line with the Budget. Related VAT to be paid from own sources of the Borrower.

Equity

Requirement: min. 30% of total Project Costs

The amount of invested equity shall be proved to the Lender by invoices and account statements and other acceptable evidence (e.g. purchase agreement related to plots).

Any amount of equity spent by the Borrower in excess of the Equity Requirement may be refinanced with the 1st disbursement of the Loan.

Availability Period: max. 12 months from signing of the loan agreement

Draw down: Subject to fulfilment of all Conditions Precedent (please see further below):

Monthly drawdowns will be provided against certified costs and invoices in line with the approved Budget



Term: 3 years

Repayment: Repayment at maturity at the latest (gradual repayments from sale proceeds).

Based on planned revenues (i) loan can be fully repaid if 55% of houses (21) is sold; (ii) equity can be returned to shareholder if 78% of houses is sold (30).

Expected time schedule: (i) loan repayment within 20 months from obtaining of Use permit for Project; (ii) equity repayment within 30 months from obtaining of Use permit for Project

If investor decides to keep some houses for rental purposes, outstanding of the loan can be transformed prior to its maturity to long-term facility with fixed repayment schedule based on contracted income from lease.

Interest rate: 3-month EURIBOR (zero floor) + 3% p.a.

Interest Payment: monthly/quarterly

Penalty Interest: Interest rate + 5%

Up-front Fee: 30.000 EUR flat from total loan amount payable within 3 days after signing of the loan agreement

Commitment Fee: 0.80 % p.a., to be calculated from Loan Amount after signing of loan agreement during Availability Period and paid on monthly/quarterly base.

Prepayment Fee: 3% from prepaid amount (except for the prepayment of the loan from sales proceeds).

Loan documentation: in Slovak language only (translation to German can be provided upon request)

Fees and Out of

Pocket Expenses: All legal/notary/translation fees are for the account of the Borrower.

Security:

- a) A first ranking mortgage over the Project land and Buildings (only houses that are unsold on the date of Use permit issuance);

- b) Pledge of all receivables of the Borrower (receivables from purchase contracts; receivables from bank accounts of the Borrower, receivables from delivery contract and property insurance);
- c) Pledge over items (modules);
- d) Cost overrun guarantee provided by Shareholders;
- e) Limited guarantee provided by Shareholders (amount to be specified by Approval authority).



Conditions precedent to be fulfilled before 1st for utilization:

- a. Current and blocked Collection accounts are opened;
 - b. Up-front fee is paid;
 - c. Pledge on all receivables and items is registered in Notary Registry;
 - d. Presentation of excerpt from the Cadastral register proving the registration of first ranking mortgage over Project land plots owned by the Borrower in favour of the Lender; free of any other liens and burdens except for these acceptable to the Lender;
 - e. Satisfactory guarantee and cost overrun guarantee issued by the Shareholder(s);
 - f. All required building permits (*Oznámenie obce Lužianky k uskutočneniu jednoduchej stavby*);
 - g. Declaration of rights to connect to networks (utilities and access road);
 - h. Acceptable fixed price and fixed term purchase contract with UNIHOUSE S.A covering delivery of 38 modules;
 - i. Acceptable fixed price and fixed term contract(s)/order(s) for groundworks and installation of modules;
 - j. Presentation of usual insurance policies in respect to transport risks and construction risks and their assignment (*vinkulácia*);
 - k. Sample of Future Purchase contract between the Borrower and final buyers in form acceptable to the Lender;
 - l. Submission of copies of signed Future purchase contracts for at least 30% of the total sellable area (11 houses) with advance payments in the amount of min. 15% of the purchase price of each contracted unit;
- payments have to be deposited on the Collection account; achieved average selling price to be min. 120.000 EUR/house without VAT.;
- m. 100% of required Equity portion was invested in the Project and proved to the Lender by satisfactory evidence.

Other conditions:

- a) Sole banking with the Lender;
- b) Pari passu, negative pledge, no material adverse change;
- c) No ownership change without a prior written consent of the Lender;
- d) Regular monitoring and loan draw down against invoices;
- e) Any and all costs overrun to be borne by the Borrower / Shareholder as they occur;
- f) The Borrower shall maintain usual insurance policies in respect to delivery and construction risks as well as Property insurance (houses after completion) during whole loan term;
- g) Creation of pledge over the buildings immediately after their registration in Cadastral Registry (unsold units only);
- h) Project receivables must be deposited on blocked Collection account; only VAT payments are allowed;
- i) Regular reporting (quarterly) related to sale status;
- j) Submission of final figures and tax declaration of the Borrower for respective accounting year;
- k) Occupation (Use) permit for the completed buildings to be delivered within 20 months from signing of the loan agreement.

Release of pledge:

The bank will release the pledge from each sold house upon fulfilment of following conditions: (i) Use permit was issued, (ii) purchase contract was signed and (iii) full purchase price was deposited on Collection account.

We kindly ask you to consider this offer as a preliminary document, which has an indicative character and which should serve as a basis for our further discussion.

Please note that the terms and conditions described above can change in relation to the change of final figures, final documentation and other circumstances that occur in the meantime.

In case of any questions please do not hesitate to contact me.

Kind regards,

Lucia Martinkovičová

Senior Relationship Manager

Corporate Banking

 oberbank AG

pobočka zahraničnej banky v [Slovenskej republike](#)

[Prievozská 4/A, 821 09 Bratislava](#)

Tel. +421 2 581068 - 52

Fax +421 2 581068 - 19

Mobile +421 914 321 223

E-mail lucia.martinkovicova@oberbank.sk

Web www.oberbank.com