

TERM SHEET

DEVELOPMENT AND OPERATION OF GUEST HOUSE

1. Parties to the Agreement	<p>Housing Development Corporation Ltd HDC Building Hulhumalé</p> <p>(hereinafter referred to as "lessor", which expression shall include its successors-in-title, liquidators, administrators and lawful assignees where the context so requires or admits).</p> <p>[Address of the successful Proponent]</p> <p>(hereinafter referred to as "lessee", which expression shall include its successors-in-title, liquidators, administrators and lawful assignees where the context so requires or admits)</p>																																																																
2. Objective	<p>2.1. To allocate land for the Development and Operation of a Guest House in Urban Isle</p>																																																																
3. Land Detail	<p>3.1 15 Guesthouse lot number and plot area</p> <table border="1" data-bbox="478 1076 1355 1699"> <thead> <tr> <th>#</th> <th>Lot Number</th> <th>Plot Number</th> <th>Plot Area (SQFT)</th> </tr> </thead> <tbody> <tr><td>1</td><td>21732</td><td>GH-01</td><td>6,965.97</td></tr> <tr><td>2</td><td>21733</td><td>GH-02</td><td>5,050.21</td></tr> <tr><td>3</td><td>21734</td><td>GH-03</td><td>4,851.72</td></tr> <tr><td>4</td><td>21735</td><td>GH-04</td><td>5,319.63</td></tr> <tr><td>5</td><td>21736</td><td>GH-05</td><td>5,414.46</td></tr> <tr><td>6</td><td>21737</td><td>GH-06</td><td>4,304.27</td></tr> <tr><td>7</td><td>21738</td><td>GH-07</td><td>4,960.33</td></tr> <tr><td>8</td><td>21739</td><td>GH-08</td><td>4,668.09</td></tr> <tr><td>9</td><td>21740</td><td>GH-09</td><td>4,685.53</td></tr> <tr><td>10</td><td>21741</td><td>GH-10</td><td>4,077.37</td></tr> <tr><td>11</td><td>21742</td><td>GH-11</td><td>4,246.04</td></tr> <tr><td>12</td><td>21743</td><td>GH-12</td><td>3,807.94</td></tr> <tr><td>13</td><td>21744</td><td>GH-13</td><td>3,801.38</td></tr> <tr><td>14</td><td>21745</td><td>GH-14</td><td>4,074.78</td></tr> <tr><td>15</td><td>21746</td><td>GH-15</td><td>4,521.27</td></tr> </tbody> </table>	#	Lot Number	Plot Number	Plot Area (SQFT)	1	21732	GH-01	6,965.97	2	21733	GH-02	5,050.21	3	21734	GH-03	4,851.72	4	21735	GH-04	5,319.63	5	21736	GH-05	5,414.46	6	21737	GH-06	4,304.27	7	21738	GH-07	4,960.33	8	21739	GH-08	4,668.09	9	21740	GH-09	4,685.53	10	21741	GH-10	4,077.37	11	21742	GH-11	4,246.04	12	21743	GH-12	3,807.94	13	21744	GH-13	3,801.38	14	21745	GH-14	4,074.78	15	21746	GH-15	4,521.27
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4. Conditions Precedent	<p>4.1. Agreement will only be signed upon the fulfillment of the following conditions:</p> <ul style="list-style-type: none"> • Submission of Performance Guarantee as per clause 5 • Payment of Acquisition fee as per 6 																																																																

	<ul style="list-style-type: none"> • Submission and Approval of Concept Drawing as per clause 13
5. Performance Guarantee	<p>5.1. Submission of Performance Guarantee amounting to 5% of the Project Value, shall be paid to HDC within 30 Calendar Days of Conditional award letters. However, the performance guarantee amount is subjected to the following;</p> <ul style="list-style-type: none"> • For Local Parties and International Parties: 5% of the estimated project value. <ul style="list-style-type: none"> ▪ If 5% of the estimated project value is less than USD 100,000.00 the party shall pay a Performance Guarantee of USD 100,000.00. If 5% of the estimated project value is more than USD 1,000,000.00 the party shall pay a performance Guarantee of USD 1,000,000.00 <p>5.2. The Performance Guarantee should be valid throughout the development period plus 3 additional calendar months from the completion of development.</p> <p>5.3. In case of agreement termination within the development period, the lessee has the right to claim Performance Guarantee.</p>
6. Acquisition Fee	<p>6.1. The base acquisition fee acceptable for the project is USD 15 per Square Feet</p> <p>6.2. Payment of acquisition fee within 30 (thirty) calendar days from the receipt of the conditional award letter</p> <p>6.3. The acquisition fee shall only be paid in United State Dollars (USD)</p>
7. Lease Deposit	<p>7.1. The lease deposit amount shall be the total of the first 3 months lease in USD</p> <p>7.2. This amount shall be paid within 7 working days of detailed drawing approval and prior to the land handover</p> <p>7.3. The lessor will keep the lease deposit throughout the agreement period</p> <p>7.4. Lease deposit will be paid back within 1 month upon expiration of the agreement after adjusting for any unpaid lease, penalty</p>

	<p>or expenses that lessor may incur linked to the agreement and the land, such as but not limited to unpaid utility bills, etc.</p> <p>7.5. If the Agreement is terminated by the lessee before the expiration of the agreement term without the notice period specified under clause 21.3, lessor has the right to take the lease deposit amount in full.</p>
8. Land Usage	<p>8.1. The land shall be utilized for the development and operation of a Guest House</p> <p>8.2. Any other land use apart from the intended land uses is prohibited in the allocated land plot.</p> <p>8.3. Any development on the land should be in compliance with the Hulhumalé Planning and Development guidelines and Tourism Guesthouse regulation.</p>
9. Lease Terms	<p>9.1. Lease term: 50 years</p> <p>9.2. Minimum acceptable lease rate: USD 1 per square feet</p> <p>9.3. The lease rate per month for the first five years will be the proposed lease rate of the winning proposal and shall be paid in USD</p> <p>9.4. The lease rate will be revised after the first five years based on market inflation $P(1+i+15\%)$ where; P = monthly lease rate for the preceding year and i= cumulative inflation for the five years which will be real estate inflation for the Male' area in the MMA statistics reports.</p> <p>9.5. The lease rate will be effective from the agreement signing date.</p>
10. Monthly Service Fee	<p>10.1. The Lessee shall pay a monthly service Fee of USD 25.00 per room</p>
11. Grace Period	<p>11.1. The lessee will be given a maximum of 2 years lease-free period from the date of agreement signing.</p>
12. Time Line	<p>12.1. Construction duration is maximum of 24 months from the date of agreement signing.</p> <p>12.2. Lessee must submit detailed drawings within 60 calendar days of agreement signing.</p> <p>12.3. HDC must hand over the land to the Lessee within 7 calendar days of detailed drawings approval.</p>

	<p>12.4. Lessee must submit, if required by relevant authorities, an approved EIA report within 30 calendar days of the detail drawing approved date.</p> <p>12.5. Lessee must submit project plan and schedule timeline within 30 calendar days from date of approval of detailed drawings</p> <p>12.6. Lessee must submit the Bill of Quantity (BOQ) including the cost and manpower plan within 30 calendar days from the date of approval of the detailed drawings.</p> <p>12.7. Lessee must start the usage of the building or commence the intended operation within 30 calendar days after the issuance of building usage permit by HDC</p>
<p>13. Concept Drawings</p>	<p>13.1. The Lessee shall submit concept drawings as per the Hulhumalé development guidelines, within 30 calendar days from the receipt of the conditional award letter.</p> <p>13.2. If the submitted concept drawing is as per the development guidelines, Lessor must provide the approval within 14 working days from the submission date.</p> <p>13.3. If the submitted concept design is not as per the development guidelines, Lessor must provide comments to the Lessee within 14 working days from submission.</p> <p>13.4. Lessee must ensure rectifications are made as per the comments of HDC and submit within 14 working days of HDC's comments being communicated, failing to do so will result in the cancelation of the conditional award letter.</p> <p>13.5. The Revised concept cannot be submitted prior to receiving comments from HDC.</p> <p>13.6. The lessee will have to address all issues highlighted in comments for drawings prior to submission of the revised concept.</p> <p>13.7. If the concept is changed/revised and resubmitted for approval after the initial approval has been given, the developer will be charged a review fee of MVR 3 per Square Meter.</p> <p>13.8. The lessor must inform in writing to the lessee of the approval or rejection of the revised concept drawings submitted.</p>

<p>14. Detailed Drawings</p>	<p>14.1. Lessee must submit the detailed drawings, as per the approved concept and Hulhumalé Development guidelines within 60 calendar days of the agreement signing date.</p> <p>14.2. If the submitted detailed drawings are as per the approved concept and Hulhumalé development guidelines, HDC must provide the approval within 14 working days of the submission date.</p> <p>14.3. If the submitted detailed drawings are not as per the approved concept drawings and Hulhumalé development guidelines HDC must provide the comments within 14 working days with a 14 calendar days period to Lessee to submit revised drawings as per the comments.</p> <p>14.4. If the Lessee fails to get approval for the detailed drawings with the second submission, HDC will consider it as a failure to fulfill the condition and will lead to the termination of the agreement.</p> <p>14.5. HDC will charge the Lessee as per HDC's drawings approval fee at the time of detailed drawings approval and the approval will be released upon Lessee making the payment</p>
<p>15. Land Handover</p>	<p>15.1. The land will be handed over to the lessee within 7 calendar days of detailed drawings approval.</p> <p>15.2. The land will be handed over to the lessee on an "as is where is basis" on the day of agreement signing. However, the lessor should ensure that the land is free from any legal encumbrances.</p>
<p>16. Mortgage Rights</p>	<p>16.1. Mortgage rights of the land can be given to Lessee as per HDC's Mortgage Policy.</p>
<p>17. Operation & Management</p>	<p>17.1. The Lessee shall be responsible for the administration, supervision, and management of the Guest House in accordance with Ministry of Tourism Guesthouse regulations</p> <p>17.2. The Lessee must ensure continued operation and provision of service to the public throughout the agreement period.</p> <p>17.3. Failure to provide a continuous/regular service as per clause 20, by the Lessee will be considered as a breach of contract.</p>

	<p>17.4. The Lessee must ensure that the Land/Property is maintained up to safety standards specified by the relevant authorities such as, but not limited to, MNDF fire and safety standards</p> <p>17.5. The Lessee must ensure the Security of the land/property at all times</p> <p>17.6. The Lessee must ensure property maintenance of the land/property throughout the Agreement duration</p> <p>17.7. The Lessee must ensure that the property is insured throughout the agreement period. Such insurance should at least cover the losses including third-party losses due to fire.</p>
18. Independent Consultant	<p>18.1. The Lessee shall appoint a licensed independent consultant until the completion of the project. The independent consultant shall report to HDC.</p>
19. Request for Extension	<p>19.1. An extension for the project schedule should be applied no later than 20% of the allowed time remaining</p> <p>19.2. With any extension request, the proponent must submit a revised project schedule backed by a resource plan and signed by the independent consultant proving that the developer will be able to achieve the targeted completion deadline.</p> <p>19.3. The terms of the extension would be at sole discretion of the lessor.</p> <p>19.4. Any extension that will result in a delay of the project more than 150% of the targeted deadline will result in the termination of the agreement.</p> <ul style="list-style-type: none"> • For example, if the deadline for the submission of detailed drawings is 90 days from agreement signing, however for no reason if the drawings is submitted later than (90*150%) 135 days from agreement signing <p>19.5. Any request to extend shall be submitted with proper proof of documents for HDC to grant any extension.</p>
20. Penalty	<p>20.1. A penalty of 0.01% of the estimated project value per day will be levied on any extension to the deadline of completion of construction and finishing works.</p> <p>20.2. If any damage is caused to the public infrastructure or HDC property due to the act of or negligence of the lessee, penalty</p>

	between MVR 50,000 to MVR 100,000 should be applied along with actual cost of repair to the said damage.
21. Failure to provide Product/Service	<p>21.1. In case the lessee fails to provide the services as agreed, will result in a penalty.</p> <ul style="list-style-type: none"> • Failure to provide the service means interruption of the service for a duration of 2 weeks without a force majeure event. • Interruption for repair and maintenance required under regulations and for safety will not be considered as service interruption, however, the proponent should inform HDC of such interruption and get written approval for such duration. <p>21.2. The lessee will be penalized by 5% of the monthly lease amount and should be paid with the next monthly lease payment.</p> <p>21.3. Agreement will be terminated if the interruption period exceeds 3 consecutive months</p>
22. Termination	<p>22.1. If the lessee fails to perform any of its obligation under the agreement, the lessee shall be granted a period to rectify the breach along with a fine amount between MVR 5,000 and MVR 100,000 considering the degree of the breach, to be determined by the sole discretion of the lessor.</p> <p>22.2. If the lessee fails to pay the fine and cure the breach within the extension period, the lessor has the right to terminate the agreement and give the lessee a duration of not less than 30 calendar days to vacate the land and hand over the land to the lessor</p> <p>22.3. The lessee may terminate the agreement by serving 6 months' written notice upon the lessor of its intention to do so for any reason whatsoever.</p> <p>22.4. If any development has been undertaken at the time of termination, the development will be valued at cost by an independent valuer.</p> <p>22.5. If the Lessee fails to achieve any hard deadlines by 150% HDC will terminate the agreement, under no circumstances this</p>

	<p>clause should be taken as an automatic time extension to any hard deadlines given in the agreement.</p> <ul style="list-style-type: none"> For example, if the deadline for the submission of detail drawings is 90 days from agreement signing, however for any reason if the drawings is submitted later then (90*150%) 135 days from agreement signing. <p>22.6. If for any reason if the Lessee is penalized and the total accumulated penalty amount exceeds 20% of the project value, HDC has the right to terminate the agreement.</p>
<p>23. Process of agreement Termination</p>	<p>23.1. Upon agreement termination, HDC shall claim any Performance Guarantee submitted in relation to the agreement.</p> <p>23.2. Upon agreement termination, the Lessee must give the ownership of the approved drawings to HDC, under the agreement.</p>
<p>24. Possession of any immovable Assets</p>	<p>24.1. Upon termination HDC will take possession of any immovable assets on the land.</p> <p>24.2. Any such assets should be valued at cost based on the BOQ and the work done.</p> <p>24.3. HDC can allocate the development to a new Lessee via an open RFP process, EOI process, or any other allocation method that is in place.</p> <p>24.4. When opening up for RFP, HDC should include a base acquisition cost that is agreeable to both parties but not higher than the cost value of the asset.</p> <p>24.5. Once the development is successfully allocated to a new party and acquisition cost is fully recovered, HDC should pay to the party 80% of the acquisition cost with a maximum of the cost as per clause 23.2</p> <p>24.6. HDC can take 20% and any amount above the cost value as a compensation for the administrative work and lost time</p> <p>24.7. In case, HDC fails to secure a new party through an open RFP process, EOI process or any other allocation method that is in place, the existing developer will not be entitled to any</p>

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	compensation and has to vacate the premises upon termination.
25. Definitions	<p>25.1. Development period: Development period means duration from agreement signed date to the date of commencing the usage of the development for the intended purpose.</p> <p>25.2. Construction Period: Construction period is the duration from land handover to the date of completion of the construction and finishing works.</p> <p>25.3. Hard Deadlines: Hard deadlines are the deadlines for the following tasks:</p> <ul style="list-style-type: none"> • Date for the submission of the detailed drawings • Date for the completion of the construction and finishing works <p>25.4. HDC delays: HDC delays mean any delays from HDC side in providing any comments or approval or land handover, in such a case HDC should revise the deadlines accordingly.</p>

Disclaimer:

- This contract terms only includes the key points of the agreement. The agreement is not limited to the clauses included in this term sheet.
- The proposal submitted by the successful Proponent shall be a part of the agreement

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