

TERM SHEET

DEVELOPMENT AND OPERATION OF BOUTIQUE HOTEL

Parties to the Agreement	Lessor: Housing Development Corporation 3rd Floor, HDC Building, Hulhumalé, Maldives Tel: (960) 3353535, Fax: (960) 3358892 Email: sales@urbanco.mv Reg No: C-793/2008		Lessee:						
1. Objective	1.1. Lease of land for the Development and Operation of a Boutique Hotel in Urban Isle								
2. Land Usage	2.1. The land shall only be utilized for the development and operation of a Boutique Hotel 2.2. Any other land use apart from the intended land uses is prohibited in the allocated land plot. 2.3. Any development on the land should be in compliance with the Planning and development guidelines of this developments and Tourism Guesthouse regulation and any other relevant law/regulation.								
3. Land Detail	<table border="1"> <thead> <tr> <th>Lot Number</th> <th>Plot Number</th> <th>Plot Area (SQFT)</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Lot Number	Plot Number	Plot Area (SQFT)					
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4. Lease Terms	4.1. Lease Term: 50 (Fifty) years 4.2. The lease term will be effective from the date of agreement signing								
5. Currency	5.1. All payments related to this allocation will be accepted in USD								
6. Lease Rate	6.1. The lease rate per month per square feet from Year 1 to Year 5 will be USD (Amount in words) 6.2. 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.								
7. Conditions Precedent	7.1. Agreement will only be signed upon Fulfillment of the following conditions; 7.1.1. Submission of Performance Guarantee as per clause 8 7.1.2. Payment of Acquisition fee as clause 9 of this Term Sheet								

<p>8. Performance Guarantee</p>	<p>8.1. Submission of Performance to Urbanco within 14 Calendar of the Conditional Award letters.</p> <p>8.2. The Performance Guarantee should be valid throughout the development period plus 3 additional calendar months from completion of development.</p> <p>8.3. In case of agreement termination within the development period, or failure to renew PG due to any extension provided the lessee has the right to claim Performance Guarantee.</p>
<p>9. Acquisition Fee</p>	<p>9.1. The acquisition fee for the project is USD (Amount in words)</p> <p>9.2. Payment of acquisition fee within 14 calendar days from the receipt of the conditional award letter</p> <p>9.3. The acquisition fee shall only be paid in United State Dollars (USD)</p> <p>9.4. Failure to pay the acquisition fee within this duration shall result in the automatic revocation of this Notification of conditional Award Letter without further notice.</p>
<p>10. Concept Drawings</p>	<p>10.1. The Lessee shall submit concept drawings as per the development guidelines, within 30 calendar days from the agreement signing date.</p> <p>10.2. If the submitted concept drawing is as per the development guidelines, Lessor must provide the approval within 14 working days from the submission date. 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>10.3. Lessee must ensure rectifications are made as per the comments of Urbanco and submit within 14 working days of Urbanco's comments being communicated, failing to do so will result in the cancelation of the conditional award letter.</p> <p>10.4. The Revised concept cannot be submitted prior to receiving comments from Urbanco.</p> <p>10.5. The lessee will have to address all issues highlighted in comments for drawings prior to submission of the revised concept.</p> <p>10.6. 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>10.7. The lessor must inform in writing to the lessee of the approval or rejection of the revised concept drawings submitted.</p>

<p>11. Detailed Drawings</p>	<p>11.1. Lessee must submit the detailed drawings, as per the approved concept and development guidelines within 45 calendar days from concept approval date.</p> <p>11.2. If the submitted detailed drawings are as per the approved concept and development guidelines, Urbanco must provide the approval within 14 working days of the submission date.</p> <p>11.3. If the submitted detailed drawings are not as per the approved concept drawings and development guidelines Urbanco 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>11.4. Urbanco will charge the Lessee as per Urbanco's drawings approval fee at the time of detailed drawings approval and the approval will be released upon Lessee making the payment</p>
<p>12. Lease Deposit</p>	<p>12.1. The lease deposit amount shall be the total of first 3 months lease</p> <p>12.2. This amount shall be paid within 7 (seven) working days of detailed drawing approval and prior to the land handover</p> <p>12.3. The lessor will keep the lease deposit throughout the agreement period</p> <p>12.4. Lease deposit will be paid back within 1 month upon expiration of the agreement after adjusting for any unpaid lease, penalty 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>12.5. If the Agreement is terminated by the lessee before the expiration of the agreement term without the notice period specified under clause 23.3, lessor has the unfettered right to take the lease deposit amount in full.</p>
<p>13. Monthly Service Fee</p>	<p>13.1. The Lessee shall pay a monthly service Fee of USD 25.00 (Twenty Five Dollars) per room after commencement of operation</p>
<p>14. Grace Period</p>	<p>14.1. The lessee will be given maximum of 24 months lease free period from the date of agreement signing.</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 and settlement of lease deposit payment.</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>

16. Mortgage Rights	16.1. Mortgage rights of the land can be given to Lessee as per Urbanco's policies and guidelines.
17. Operation & Management	<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 and other relevant laws.</p> <p>17.2. The Lessee must ensure continued operation and provision of service 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> <p>17.8. The Lessee shall ensure the business and the hotel contribute and add value to the overall concept of Urban Isle. It should add to Urban Isle's success by contributing to Urbanco's Corporate Social Responsibility initiatives by aligning the development as per the master plan.</p>
18. Independent Consultant	18.1. The Lessee shall appoint a licensed independent consultant until the completion of the project. The independent consultant shall report to Urbanco.
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. A project extension shall not be considered an automatic extension for the grace period. Any extension shall be at Urbanco's discretion.</p> <p>19.3. The Lessee will not be liable for any added costs or charges the Lessee may incur in event of extensions.</p> <p>19.4. An extension to the construction period shall not impact the lease period or grace period or Lessor's right to revise rent.</p>

	<p>19.5. 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>19.6. The terms of the extension would be at sole discretion of the lessor.</p> <p>19.7. Any extension that will result in a delay of the project more than 150% of the targeted deadline, Urbanco shall have right to terminate the agreement.</p> <p>19.7.1. 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> <p>19.7.2. Any request to extend shall be submitted with proper proof of documents for Urbanco to grant any extension.</p>
<p>20. Time Line</p>	<p>20.1. Construction duration is 24 months from the date of land handover.</p> <p>20.2. Lessee must submit the concept drawing within 30 calendar days from agreement signing date.</p> <p>20.3. Lessee must submit detailed drawings within 45 calendar days from concept approval date.</p> <p>20.4. Urbanco must hand over the land to the Lessee within 7 calendar days of detailed drawings approval.</p> <p>20.5. Lessee must submit, if required by relevant authorities, an approved EIA report within 30 calendar days of the detail drawing approved date.</p> <p>20.6. Lessee must submit project plan and schedule timeline within 30 calendar days from date of approval of detailed drawings</p> <p>20.7. 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>20.8. 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 Urbanco</p>
<p>21. Penalty</p>	<p>21.1. 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>21.2. If any damage is caused to the public infrastructure or Urbanco property due to an act, omission or negligence by the lessee, penalty between USD 5,000 to USD 100,000 should be applied along with actual cost of repair to the said damage.</p>
<p>22. Failure to provide Product/Service</p>	<p>22.1. In case the lessee fails to provide the services as agreed, will result in a penalty.</p> <p>22.1.1.1. Failure to provide the service means interruption of the business interruption or operational service for a duration of 2 weeks without a force majeure event.</p> <p>22.1.1.2. Interruption for repair and maintenance required under regulations and for safety will not be considered as service interruption, however, the proponent should inform Urbanco of such interruption and get written approval for such duration.</p> <p>22.2. The lessee will be penalized as per clause 23.1 and should be paid with the next monthly lease payment.</p> <p>22.3. Agreement shall be terminated if the interruption period exceeds 3 consecutive months</p>
<p>23. Termination</p>	<p>23.1. 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 USD 5,000 and USD 100,000 considering the degree of the breach, to be determined by the sole discretion of the lessor.</p> <p>23.2. 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>23.3. 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>23.4. If any development has been undertaken at the time of termination, the development will be valued at cost by an independent valuer.</p>
<p>24. Immediate Termination</p>	<p>24.1. If the Lessee fails to achieve any hard deadlines by 150% Urbanco will terminate the agreement, under no circumstances this clause should be taken as an automatic time extension to any hard deadlines given in the agreement.</p>

	<p>24.1.1.1. 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> <p>24.1.1.2. If for any reason if the Lessee is penalized and the total accumulated penalty amount exceeds 20% of the project value, Urbanco has the right to terminate the agreement.</p>
25. Process of agreement Termination	<p>25.1. Upon agreement termination, Urbanco shall claim any Performance Guarantee submitted in relation to the agreement.</p> <p>25.2. Upon agreement termination, the Lessee shall give the ownership of the approved drawings to Urbanco, under the agreement.</p>
26. Possession of any immovable Assets	<p>26.1. Upon termination Urbanco shall take possession of any immovable assets on the land.</p> <p>26.2. Any such assets should be valued at cost based on the BOQ and the work done.</p> <p>26.3. Urbanco 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>26.4. When opening up for RFP, Urbanco should include a base acquisition cost that is agreeable to both parties but not higher than the cost value of the asset.</p> <p>26.5. Once the development is successfully allocated to a new party and acquisition cost is fully recovered, Urbanco should pay to the party 80% of the acquisition cost with a maximum of the cost as per clause 23.2</p> <p>26.6. Urbanco can take 20% and any amount above the cost value as a compensation for the administrative work and lost time</p> <p>26.7. In case, Urbanco 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 compensation and has to vacate the premises upon termination.</p>
27. Definitions	<p>27.1. 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>27.2. Construction Period: Construction period is the duration from land handover to the date of completion of the construction and finishing works.</p>

	<p>27.3. Hard Deadlines: Hard deadlines are the deadlines for the following tasks:</p> <p>27.4. Date for the submission of the detailed drawings</p> <p>27.5. Date for the completion of the construction and finishing works</p> <p>27.6. Urbanco delays: Urbanco delays mean any delays from Urbanco side in providing any comments or approval or land handover, in such a case Urbanco should revise the deadlines accordingly.</p> <p>27.7. Urbanco is referred to Housing Development Corporation Ltd.</p>
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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