

Gas Loan Plus Service (GLP)

As provided for in HEPURA Resolution No. 1567/2013 (MFGT operational licence) as amended by Resolution No. 615/2015 of the Hungarian Energy and Public Utility Regulatory Authority (HEPURA), and also in Section 141/G of Act No. XL of 2008 on natural gas supply, MFGT owns 120 million m³ (15 °C)* working gas, for the lending of which – under specified conditions – it has a permit from HEPURA.

*As of 01.10.2015, kWh (GCV, 0 °C) based settlement is required, the Gas Quantity specified in the auction announcement notice shall be offered.

Subject of Contract

The Gas quantity to be offered and the related working gas, injection and withdrawal capacities are offered by MFGT in bundle(s), and will be sold via auction on MFGT's IT platform.

Borrower is entitled to borrow a contractually specified part of the reclassified working gas (hereinafter referred to as Gas Quantity), for a service fee, while providing the required collateral (bank guarantee, gas guarantee). Working gas, injection and withdrawal capacities shall mandatorily belong to the borrowed Gas Quantity.

As the GLP product consists of two services, two contracts are concluded:

- *Contract on Lending and Borrowing Natural Gas* with regard to the Gas quantity,
- *Contract on Using And Providing Bundled Seasonal Basic Natural Gas Storage Service* with regard to the mandatorily related working gas, injection and withdrawal capacities.

The loan contract shall enter into force subject to the following conditions:

- to guarantee the return of the Natural Gas Lent, Borrower shall provide – at its own discretion – bank guarantee or injected gas guarantee or a combination of these two collaterals to MFGT,
- parties conclude the *Contract on Using And Providing Bundled Seasonal Basic Natural Gas Storage Service*, and – on the basis thereof – Borrower shall provide – at its own discretion – bank guarantee or injected gas guarantee or a combination of these two collaterals to MFGT.

Following said conditions are met, MFGT issues the invoice on the loan fee.

From the Service Fee, Borrower shall pay the loan fee – for the calculation of which see the section on “Gas loan transaction fee, fees payable by the Borrower” – in advance, in a lump sum, and after the fee has been credited, Borrower shall take over the total Gas Quantity in the unified storage facility. Simultaneously, capacities shall be transferred to the Borrower in the SMCS. The capacity fee as per the *Contract on Using And Providing Bundled Seasonal Basic Natural Gas Storage Service*, along with the volume and other product fees shall be paid monthly, and Borrower shall return the total Gas Quantity to MFGT not later than until the gas day of 31 March 2021.

Unless the loan fee is credited to MFGT's bank account until 15 April 2020, MFGT shall be entitled to cancel the loan contract without any further legal implications.

A further precondition for the transaction shall be the acceptance that after lending, upon notification from the Hungarian Energy and Public Utility Regulatory Authority (HEPURA) or upon a ministerial decree pursuant to Section 141/G (3) of the Gas Act (hereinafter referred to as Mandatory Return), the total Gas Quantity borrowed shall be replaced within the deadline specified in the notification sent by MFGT. In the event of Mandatory Return, if the return deadline as per the relating notification or decree precedes 31 December 2020, parties shall pro-rata settle with each other (on the basis of the gas days used), and if it falls after the specified date, MFGT will not make any refund from the loan fee.

Neither primary, nor secondary trading of the Gas Loan Plus product is possible.

Deadline for Returning the Gas Quantity Borrowed, Termination of Contract

Date of returning the total Gas Quantity:

- a date between the gas days of 01 April 2020 and 31 March 2021 as chosen by the Borrower
- but the gas day of 31 March 2021 being the latest date, or
- the gas day specified in case of Mandatory Return.

The duration of the loan contract shall end on the day of returning the total Gas Quantity, that is not later than on 31 March 2021.

The duration of the Contract on Using and Providing Bundled Seasonal Basic Natural Gas Storage Service shall end on 31 March 2021.

Gas Loan Transaction Fee, Fees payable by the Borrower

a. Service Fee includes:

- the fee payable by the Borrower (loan fee) for the period from making the Natural Gas Lent available to the Borrower until the return thereof,
- the working gas, withdrawal and injection capacity fee related to the Gas Quantity Lent,

Service Fee excludes

- volume fees related to the withdrawal and injection of the natural Gas Quantity.

b. Extent of Service Fee:

shall be determined by the product of the quantity request (kWh) submitted at the auction and the bid price offered for the full term of the loan (HUF/kWh).

c. Splitting the Service Fee between the contracts to be concluded:

The Service Fee (HUF/kWh) shall be split between the two contract in the ratio of 50-50%, however:

- with regard to the Contract on Using and Providing Bundled Seasonal Basic Natural Gas Storage Service" (Annex No. 5), the Capacity Fee settled shall be a minimum

amount of 1.03 HUF/kWh and maximum the capacity fee calculated as per the Tariff Decree (HUF/kWh),

- the Service Fee (HUF/kWh) remaining from the bid price (HUF/kWh) shall be invoiced as Loan Fee in relation to the Contract on Lending and Borrowing Natural Gas (Annex No. 6).

Payment Conditions

The invoice on the Loan Fee is issued following the Gas Loan Contract takes effect, with a payment deadline being the 15th day from issuing the invoice. The total loan fee shall be invoiced by MFGT in advance to the borrower. Paying the total loan fee shall be the condition for crediting the Gas Quantity on the borrower's gas balance sheet. The earliest date thereof shall be 01 April 2020, even if the loan fee is credited prior to that.

Volume and other product fees related to the Gas Loan Plus shall be invoiced according to the monthly routine.

Collateral

To guarantee the return of the Natural Gas Lent, Borrower shall provide – at its own discretion – bank guarantee or injected gas guarantee or a combination of these two collaterals to MFGT.

To guarantee the Contract on Using And Providing Bundled Seasonal Basic Natural Gas Storage Service, Borrower may provide – at its own discretion – bank guarantee or injected gas guarantee to MFGT.

Further details shall be contained in the contract templates attached to the Offer.

Liability

In the event of a delay or failure in the recovery/injection of the Gas Quantity borrowed, any and all damage incurred by MFGT, including public administration fines and any third party damage caused, shall be borne by the Borrower.

MFGT excludes any liability for financial, accounting or taxation implications related to the Gas Loan on behalf of the Borrower!