

Gas Loan

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-based (GCV, 0 °C) settlement is required, the Gas Quantity specified in the auction announcement notice shall be offered.

Subject of Contract

Borrower is entitled to borrow a contractually specified part of the reclassified working gas (hereinafter referred to as Gas Quantity) for its own use, for a gas lending fee, while providing the required collateral (bank guarantee, gas guarantee). The loan fee does not include consideration for the working gas, injection and withdrawal capacities related to the borrowed Gas Quantity nor the relevant volume fees.

After the entry into force of the contract, Borrower shall pay the total loan fee, following which Borrower shall take over the total Gas Quantity in the unified storage facility on the Gas Day of 31 October 2018, and shall return the total Gas Quantity to MFGT not later than until the Gas Day of 30 June 2019.

A 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 March 2019, 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 product is possible.

Entry into Force of the Loan Contract

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;
- verification that Borrower has the working gas capacity sufficient for the storage of the Gas Quantity for the gas year 2018/2019.

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

As soon as the loan fee is received, Borrower may dispose of the Natural Gas Lent. Unless the loan fee is credited to MFGT's bank account until 31 October 2018, MFGT shall be entitled to cancel the loan contract without any further legal implications.

The duration of the loan contract shall end on the day of returning the total Gas Quantity, that is not later than on 30 June 2019.

Deadline for Returning the Gas Quantity Borrowed, Termination of Contract

Date of returning the total Gas Quantity:

- a date between the gas days of 31 October 2018 and 30 June 2019 as chosen by the Borrower
- but the gas day of 30 June 2019 being the latest date, or
- the gas day specified in the Notification if Mandatory Return is required.

Returning the total Gas Quantity shall terminate the loan contract.

Gas Loan Transaction Fee

Fees payable by the Borrower

- a. Loan Fee: the loan fee (excluding the working gas capacity fee and volume fees related to the Natural Gas Quantity lent) payable by the Borrower for the duration of the loan contract upon borrowing the Gas Quantity Lent. The amount of the Loan Fee shall be determined by the product of the quantity request (kWh) submitted at the auction and the bid price offered at the auction (HUF/kWh).

In the event that the return takes place prior to the gas day of 30 June 2019, MFGT will not make any refund from the loan fee.

In case of Mandatory Return, parties shall settle with each other pursuant to the "Subject of Contract" section.

- b. Fee for other services: as per the provisions of MFGT's Code of Business Conduct, the fees of services used in relation to the natural gas lent (capacity fee, Daily Peak+, Storage +, etc.) and the Volume fees shall also be payable in addition to the above fee with regard to usage.

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 on 31 October 2018.

Capacity, volume and other product fees 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.

Further details shall be contained in the contract template 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!