

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 (GCV, 0 °C) based 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 and/or gas guarantee). The loan fee does not include consideration for the injection and withdrawal capacities related to the borrowed Gas Quantity nor the relevant volume fees.

Provision of Working Gas Capacity

MFGT shall provide working gas capacity for the period of withdrawal starting from the date the loan fee is credited to its bank account.

MFGT shall provide working gas capacity for the period of injection from the beginning of gas day 01 March 2020 until the end of gas day 31 March 2020 – where Borrower has storage contract relating to storage year 2020/2021 –, or from the beginning of gas day 01 April 2020 until the end of gas day 30 June 2020.

MFGT will not provide working gas capacity to the Borrower for any period other than the above for gas quantities affected by the Gas Loan, i.e. such shall either be physically withdrawn from MFGT's storage facility or bought as own stock by the Borrower.

The loan fee includes consideration for the working gas capacity provided for the period as per the above in relation to the borrowed Gas Quantity.

Disposal over Borrowed Gas Quantity

After the entry into force of the contract, Borrower shall pay the total loan fee, following which the Natural Gas Lent is transferred to the Borrower's name, not earlier than on 01 August 2019. The transfer shall also be a precondition to start withdrawing the Natural Gas Lent.

The total Gas Quantity shall be taken over into its own stock or withdrawn from the unified storage facility by the end of gas day 30 September 2019, and Borrower shall no later than

- i. from the beginning of gas day 01 March 2020 until the end of gas day 31 March 2020 where Borrower has no storage contract for the storage year 2020/2021, or
- ii. from the beginning of gas day 01 April 2020 until the end of gas day 30 June 2020 where Borrower has storage contract relating to storage year 2020/2021, or

- iii. the date as per item ii) may be selected as return date in so far as Borrower subject to item i) upon the conclusion of contract concludes a storage contract for storage year 2020/2021 during the term of the Gas Loan Contract
- iv. until the end of the gas day specified in the Notification if Mandatory Return is required

return the total Gas Quantity to MFGT.

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 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 product is possible.

Entry into Force of the Loan Contract

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

- Borrower shall present a valid, unconditional and irrevocable bank guarantee for payment issued by a certified credit institution accepted by MFGT, of which the exclusive beneficiary shall be MFGT, and which shall be in the amount covering the market value of the Natural Gas Lent; or
- Borrower may offer injected gas guarantee as collateral. This means that the whole of the gas energy quantity injected as collateral in the storage facility shall cover the Natural Gas Energy Quantity Lent (in kWh), or
- As a collateral to guarantee the Return of the Natural Gas Lent, Borrower shall be entitled to provide – at its own discretion – bank guarantee in part and injected gas guarantee in part. This means that the gas energy quantity injected as collateral in the storage facility and the value of the bank guarantee provided to MFGT shall cover the energy quantity of the Natural Gas Lent (in kWh).

Following said condition is 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 July 2019, 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 at the end of gas day 31 March 2020 /end of gas day 30 June 2020 (depending on whether Borrower has storage contract for storage year 2020/2021.)

Deadline for Returning the Gas Quantity Borrowed, Termination of Contract

- i. Date of returning the total Gas Quantity: from the beginning of gas day 01 March 2020 until the end of gas day 31 March 2020 where Borrower has no storage contract relating to storage year 2020/2021
- ii. from the beginning of gas day 01 April 2020 until the end of gas day 30 June 2020 where Borrower has storage contract relating to storage year 2020/2021
- iii. the date as per item ii) may be selected as return date in so far as Borrower subject to item i) upon the conclusion of contract concludes a storage contract for storage year 2020/2021
- iv. 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 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).

The Loan Fee shall contain the fee of the working gas capacity required for storing the Gas Quantity Lent in the periods between the contract's entry into force and 30 September 2019, and gas day 01 March 2020 and gas day 31 March 2020 / gas day 01 March 2020 and gas day 30 June 2020.

In the event that the return takes place prior to gas day 31 March 2020 / gas day 30 June 2020 – excluding the event of Mandatory Return – , MFGT will not make any refund from the loan fee.

In case of Mandatory Return, parties shall settle with each other pro rata for the period until the end of the gas day specified in the notification.

- 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 (withdrawal and injection fees, Daily Peak+, Storage +, etc.) and the Volume fees related to their usage 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 8th 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 the Borrower's disposal over the Gas Quantity Lent.

Withdrawal and injection capacity fees, 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.

With regard to the gas lent via the Gas Loan product, the extent of the financial collateral (bank guarantee) required by MFGT shall be calculated according to the following:

150% of the daily “Settlement Price” published on the day of the Gas Loan auction, in the "CEGH AT VTP Front Month Single Day Select” section for the month following the reference month, multiplied by the awarded Gas Quantity in MWh.

If on the day of the Gas Loan Auction, no daily “Settlement Price” is published in the "CEGH AT VTP Front Month Single Day Select” section for the month following the reference month, the last daily “Settlement Price” published in the "CEGH AT VTP Front Month Single Day Select" section for the month following the reference month shall be the basis of calculating the bank guarantee.

In the event that the daily “Settlement Price” published in the "CEGH AT VTP Front Month Single Day Select” section for the month following the reference month is less than 30€/MWh, the bank guarantee shall be calculated according to the following: 150% of 30€/MWh multiplied by the Gas Quantity used, in MWh.

<http://www.cegh.at/gas-futures-market>

Borrower shall provide the bank guarantee in EURO currency.

The bank guarantee, the beneficiary of which is MFGT, shall be submitted by the Borrower to MFGT prior to the start of using the Gas Loan.

Duration of the bank guarantee, of which MFGT is the beneficiary: 01 August 2019 - 31 August 2020.

If in spite of the HEPURA notification, Borrower fails to return the Gas Quantity according to the schedule as per contract, MFGT shall be entitled call in the bank guarantee covering the value of the gas borrowed.

The contract may also stipulate further payment/financial guarantees.

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!