

**“GRÜNEWALD-STEICHEN” PROJECT**

**B 12 Principles applicable to  
the granting of emphyteusis and/or surface rights  
(Phase I\* version)**

\* subject to adaptation or clarification  
by the Fund under Phase II

The deed of concession of emphyteusis and surface rights (the "**Deed**") to be entered into between the Fund and the successful Project Developer (the "**Developer**") will comply with at least the following principles:

- The Fund proposes a draft Deed, on which the Developer makes its comments;
- The Deed must comply with the principles of the request for proposals (deadline, marketing terms and conditions, control of the Fund, etc.);
- The Deed is signed after the Project Developer has been selected following the request for proposals;
- The Deed is signed between the Fund and the Developer.  
If the Developer wishes to use the services of a project company (dedicated company or SPV), the latter must have a full and unlimited parent company guarantee (from the Developer), and the Deed shall include clauses requiring the sovereign approval of the Fund for any change in control of the dedicated company.
- The purpose of the Deed is to grant the Developer emphyteusis and/or surface rights for 99 years for Lot 1 and 35 years for Lot 2;
- The Deed sets out the fees payable to the Fund by the Developer for emphyteusis and/or surface rights.

This corresponds to the price proposed by the latter at the time of the request for proposals, subject to indexation to the latest known construction price index on the date of signature of the Deed, and proportional adjustment after the sale according to the surface areas actually sold, in the event of an increase.

As a matter of principle, the Developer must provide a bank guarantee for 25% of the total amount of the fee on the date of signature of the deed granting the emphyteusis and/or surface rights on the Land between the Fund and the Developer, and the Developer shall pay the fee to the Fund in a single instalment within one month of receiving the building permit (and the Developer may not begin to implement this permit until the payment has been made).

- The Developer undertakes to comply with the law of 21 September 2006 on residential leases.
- The Deed grants a building right limited to the project. Any modification and/or intensification of the project is and remains subject to the approval of the Fund and, where applicable, to the payment of an additional fee.
- The Fund will have control during execution to ensure that the Developer complies with its various obligations, in particular the authorisation plans and specifications. In the event of a breach of these obligations, the Fund will have a range of sanctions at its disposal, the most severe being the termination of emphyteusis and/or surface rights, and the repossession of the infrastructure free of charge.
- In order to inspect and monitor the worksite, the Developer:
  - o Shall implement an Electronic Document Management (EDM) system for the worksite (including execution plans, workshop plans, as-built plans, etc.) and grant the Fund's representatives access to said EDM system.
  - o Use electronic site monitoring software and provide access to the Fund's representatives
- The Developer shall be responsible for submitting the permit applications within four months of signing the deed of transfer of emphyteusis and surface rights, based on its project, while taking into account the comments of the Final Assessment Panel and the Fund's Board of Directors.
- The implementation schedule is organised as follows:

- The duration of works for lot 1 (including the public square to be developed) is 36 months.
- The duration of works for lot 2 is 36 months.
- Work on lot 1 must begin no later than 6 months after the building permit is granted.
- Work on lot 2 must begin no later than 6 months after the building permit is granted.

Only cases of force majeure, as defined by case law, namely unforeseeable, insurmountable events beyond the Developer's control that have an impact on the critical path of the schedule concerned, may extend the duration of the work proportionally, without the Developer being able to invoke any other causes or justifications.

- The Developer undertakes to coordinate the various projects selected, in particular between the private lots (lot 1) and the public square. The same applies to lot 1 and the neighbouring alleyway development project. These adaptation costs shall be borne by the Developer of the lot affected by the adaptations, without any compensation being able to be claimed from the Fund.
- The Developer undertakes to transfer the small public square, forming part of Lot 1, to the Fund once its construction has been completed, once acceptance has been granted by the Fund and all reservations have been resolved. The Developer shall continue to bear the burden of management until acceptance and resolution of the reservations have taken place.
- The Developer undertakes to complete the work within the stipulated deadline, except in cases of force majeure. In the event of exceeding this deadline, fixed late penalties shall automatically apply for each business day of delay beyond the scheduled completion date of the sold private lots, as follows:
  - €75 per apartment with 3 or more bedrooms
  - €50 per apartment with 2 bedrooms
  - €25 per studio / 1-bedroom apartment
  - €1.50 per garage
  - €1 per cellar

The above amounts are expressed based on the construction price index of October 2024 and shall be adjusted according to the index applicable on the due date.

- The permit application files shall be submitted to the Fund for approval. The Developer also undertakes to comply strictly with the regulations in force, and no Ad Hoc Modification of the SDP (AHMo) will be considered.
- The Developer undertakes, with regard to the creation of the small square, to submit to the Fund a Summary Rough Draft (APS) and subsequently a Final Rough Draft (APD). The Fund reserves the right to make changes, within the limits of the budget allocated to the Developer, which the Developer undertakes to implement. The deed of transfer between the Developer and the Fund can only be signed once the Developer's APS and APD have been definitively approved by the Public Square's Fund. The construction period for the public square is included in the construction period for lot 1. The Developer selected for Lot 2 must take into account the maximum duration planned for the construction of Lot 1 in its planning.
- The Developer undertakes to submit the descriptive notice of the project to the Fund for approval before implementation, based in particular on standard professional practices and compliance with the project submitted in Phase II.2.
- All costs related to the marketing and promotion of the entire project (including all functions, spaces, and housing types, except for the affordable housing provided for in the Sectoral Master Plan for Housing and the 10% of housing units purchased directly by the Fund if it exercises this right) shall be borne by the Developer. These include:
  - Creation of a graphic charter and marketing visuals
  - Setting up of a website listing the areas for sale, plans, prices, acquisition and occupancy conditions, etc.

- Daily updating of the website based on areas still available
  - Creation of sales plans
  - Creation and, if necessary, printing of sales brochures
  - Press releases in the country's various languages
  - Promotion
  - Setting up human (real estate agent) and logistical (sales office) supports
  - Contractualisation (signing of reservation contracts)
  - etc.
- A completion bond issued by a banking institution covering, for all the lots (Lots 1 and 2) the amount of 38,500,000.00 euros, equivalent to 50% of the Project's cost (estimated at €77,000,000.00, without this estimate binding the Fund);  
For lot 1 only, a bank guarantee issued by a banking institution in the amount of 29,500,000.00 euros;  
For lot 2 only, a bank guarantee issued by a banking institution in the amount of 9,000,000.00 euros;  
Must be provided to the Fund by the Developer. This bond may be terminated, except for the part covering common outdoor facilities, upon the signing of the first notarised deed of transfer under a Sale in Future State of Completion (SFSC), duly accompanied by the issuance of a completion bond (with no possibility of converting the completion bond into a repayment bond other than in strictly legal cases) (hereinafter: the "VEFA Bond"), where applicable, in proportion to the coverage provided by said VEFA Bond if it is not full.
  - A bank completion bond exclusively for the public square, and separately from the bank completion bond relating to the buildings, must be provided by the Developer in an amount equivalent to €360,000, calculated on the basis of 50% of the surface area, i.e. €450 per square metre.
  - The granting of emphyteusis and surface rights is subject to the approval of the Minister of Public Works and the special authorisation of the Government in Council, which constitute suspensive conditions and for which the Fund cannot provide any commitment.
  - The Developer shall take out, at its own expense, an All Risks Construction (TRC) insurance policy and a comprehensive Ten-Year Guarantee policy ("control insurance"). The ten-year guarantee insurance policy must allow the Developer to choose the inspecting authority, which shall be determined in consultation with the Fund and the architect.
  - The conditions for taking back buildings and miscellaneous outdoor facilities at the end of the lease are as follows:
    - Upon the expiration of the surface and emphyteusis rights, unless extended, the Fund shall regain ownership of the buildings, structures, or plantations constructed or installed by the Developer of the selected Team under the notarised deed, against compensation based on the market value of the closed structural work (structure, frames, and roof) in the strict sense (excluding all other values such as, but not limited to, commercial value, business goodwill, land appreciation, etc.), as determined by mutual agreement or, failing that, through arbitration in accordance with Articles 1224 et seq. of the NCPC.
    - This clause applies only if successive owners (Developer, co-owners, co-ownership trustee, etc.) comply with the obligation to document any modifications or improvements made to the building. In case of non-compliance, penalties in the form of a reduction in value, plus deterrent penalty clauses, shall be applied.
    - Neither the value of the secondary works relying on the closed structural work (insulation, partitions, coverings, fireplaces, fittings, equipment, electrical installations, interior carpentry, bathroom and kitchen fittings, heating, air conditioning, elevators, etc.) nor the land value shall be taken into account in determining the buyback price.
    - In the event of a deterioration in the intrinsic quality of a property and/or the building, the Fund reserves the right, both when exercising its right of first refusal and during the buyback at the

end of the lease, to apply a corresponding depreciation:

- to either cover the costs necessary to restore the property and/or the building to its original equivalent quality,
  - or, if such restoration is impossible or insufficient, reflect the loss incurred by the Fund [i.e., material(s) that can no longer be dismantled/used, decontamination costs, etc.],
  - plus, where applicable, a lump-sum penalty, applied to the buyback value or, respectively, the value of the closed structural work.
- 
- Should the Fund wish to acquire housing units, it will be free to choose the type of housing units to be acquired, which the Developer accepts.
  - In the event of a site installation (such as living quarters, etc.) or construction work on the Fund's land beyond the transferred plot, a rental fee for the use of these spaces will be charged.  
Currently, without prejudice to any indexation or change in this amount, the fee is €0.35/m2/calendar day.
  - The plot is serviced by the Fund and accepted by the Developer in its current state.
  - A soil and pollution study was carried out by the Fund on the plot (sent in Phase II).
  - Compliance with marketing terms and conditions, particularly for the Kirchberg Fund housing units, mixed-use premises and parking spaces.