

**PRELIMINARY CONTRACT
FOR SALE-TRADE AND CONSTRUCTION
OF REAL ESTATE PROPERTY, SITUATED IN HOLIDAY COMPLEX
"HILLS AND SEA COMPLEX"
No .../2009**

Today, on2009, at the city of Varna, between:

1. "TSVETELINA" Ltd, with head office and management address Gabrovo, 30 Aprilov Boulevard, entrance Б /B/, floor 2, apartment 3, registered at the Trade register of District Court Gabrovo with No 32, volume 1587, page 26, enterprise case 499/2006 BULSTAT 148049816, represented by the manager Tsvetelina Georgieva Georgieva, ID UCN 7706074570, hereinafter called **Seller**

AND

2.

Citizen of

born on , , passport

issued by ,

expiry date:

Address:

; Telephone No:

e-mail:

Hereinafter called **Buyer**

And after the parties found out and agreed that the seller is the owner of the rights of exploitation over the real estate property that will be used to build the object, a subject of the present contract, namely: REGULATED LANDED PROPERTY No 6 (six) at massif 147 (one hundred and forty-seven) according the plan of the lands of General Kantardzhievo, countryside Yalnaz baa, Aksakovo Municipal, Varna District, the whole property with area of 4 999 (four thousand nine hundred and ninety-nine) square meters, borders: LP No 000389- a road; LP No 000685 – road, LP No 147010 – residential territory and LP No 147005 – residential territory, as well as that the needed approvals and permits are issued by the relevant administrative authorities in order to perform the construction works and to prove that were provided the following official documents for verification: notary deed for sale-trade of real estate property, registered at the Registration Department with entrance registration N 23122 from 12.09.2006, act 31, volume LXIVI, case 17525/2006, current drawing plan and construction permit No 84/14.04.2008

was concluded the present contract, and as the parties agreed and after the provided declarations of intention coincided, the parties agreed regarding the following:

**Chapter I
DEFINITIONS**

Article 1. Everywhere used at the present contract, if not specially defined as other interpretation, the below described definitions have the following interpretation:

Abode means the real estate property (apartment), subject of this contract, that will be constructed with funds of the Seller and it will be provided by the Seller to the Buyer in the terms and conditions of the present contract at a completely finished condition. It is situated on the floor of block **Malina 1** with number with total area of sq. m. The area is a reference value till the moment of signing the final contract. The constructed area includessq.m. and sq. m. of the common areas of the block. The abode consists of a living room with kitchen, bedroom,

bathroom-WC, hallway and a balcony.

- **Superficies or Building Right** means limited right in rem in the meaning of Bulgarian law, entitling Buyer to become owner of the the Abode after the Abode is developed.

- **Notary deed** means a contract prepared in a notary form with which the Seller will transfer to the Buyer the building right of the Abode, a subject of the present contract.

- **Service agreement for management and maintenance** – means the contract, that will be signed between the Buyer and the Seller for the management of the Abode and the Common parts of the building where the same is situated and the management of the Holiday Estate with the contents of Appendix No 2 to this Contract.

- **Approved architectural projects** means the approved by Aksakovo Municipal architectural projects and according to them the construction of residential building Malina 1, part of investment project "Hills and Sea Complex" will be performed.

- **Common parts** means the common parts of the building where Abode is situated in, with such a definition as by the Property Law, published at Official Gazette, issue 92/1951

- **VAT** means value added tax, and its rate is defined by the VAT law (published at Official Gazette, issue 63/2006) and around the date of signing of this contract its rate is 20% (twenty percent) and it is included in the Sell price of the Abode.

- **A certificate for launching into exploitation** means the document used to certify the functioning of the construction and to use it according the issued construction documentation. This is the administrative statement issued according Article 177, Paragraph 3 from the Law of territory regulation and using it the state authorities permit the owner of the Abode to be used and inhabited.

- **Report statement form 14** means the administrative statement signed by the participants in the construction and it verifies the capability of the concluded building construction.

Report statement form 15 means the administrative statement the builder provides the contracting authority the capable and ready to be launched construction, together with the construction documentation.

- **An account of the Seller** means the account of the Seller with the following identification data:
Beneficent: "Tsvetelina" Ltd

UNICREDIT BULBANK
Address: 4 Khan Omurtag Street
9000, Varna, Bulgaria
Account No 7000 1506 8676 13
BIC: UNCRBGSF
Acct. No 7000 1506 8676 13
IBAN: BG65 UNCR 7000 1506 8676 13
Currency: Euro
"Tsvetelina" Ltd
Address: 30 Aprilov Boulevard, apartment No 3 5300, Gabrovo, Bulgaria

- **Builder** means a third party the Seller authorised to perform the construction works to build the Holiday Estate.

- **Charges** means every charges as mortgages, pledge, foreclosure, other covering measures or rights, limited rights, presence of court cases, lending contracts or transferring the usage rights of the property, right of the Municipal or the State to alienate the Real Estate Property based on active regulation plan, as well as every other legal or real actions that can be an obstacle and to violate the rights of the Buyer over the Property.

Chapter II

SUBJECT OF THE CONTRACT

Article 2 /1/ The seller agrees to build and sell to the buyer the building right for the Abode by **30.06.2010** / June thirtieth two thousand and ten/ and to build on his own behalf the Abode, to provide it to the buyer in a concluded form and to issue the certificate for launching into exploitation by the date of **31.03.2011** / March thirty first, two thousand and eleven/ after receiving the Sale price described in Article 6, and in case all the terms and conditions of the present contract are kept.

Paragraph 2. The Abode is individualized with Architectural plan of floor of residential building Malina 1, and the performed individualization at the moment of signing the present contract is provided based on the approved by the Municipal Authorities Working Plans of the Building. The parties agree that during the construction period it is possible and permissible some diversion of the project which may lead to insignificant change in the square surface of the abode and/or the disposition of the rooms and it will be within the law permissions and will not break in no way the regulated interest of the Buyer, and it will be described in details and approved with executives.

Article 3. /1/ The buyer agrees to buy and the seller agrees to sell him the building right and to provide the Abode in terms that the same is free of Charges of all kind.

Paragraph 2. Having in mind that the Buyer will gain with notary deed the building right of the Abode after paying the amount described in Article 6, Paragraph 5, before paying 100% of the sale price the Seller will have the right to keep the rights of exploitation until the final payment of the due amounts is made. He will transfer the Abode rights to the Buyer only after the payment of the total sale price, after the Certificate for launching into exploitation is issued and after the other terms and conditions stipulated in the contract are fulfilled.

Paragraph 3. The buyer shall be obliged, on behalf of the seller, to mortgage the building right of the Abode subject of the present contract, in order to secure the seller's claim according to paragraph 6, article 6 from the present contract, as a part of the final sale price, amount due to the seller for performing the construction works. The mortgage shall be set up in a notary deed after concluding the final contract for transferring the above mentioned property right in a notary form and all the expenses for setting up and lifting the mortgage shall be on buyer's account.

Article 5. This contract binds the parties, their legal assignees, heirs in case the same take the rights and obligations of this contract.

Article 6. Till the signing of the notary deed, the Seller does not have the right to transfer, to delegate the rights and obligations of this contract to third parties without a preliminary agreement of the Seller. Otherwise these actions will be relatively null and void for the seller and will not be able to be placed in oppose.

Chapter III SALE PRICE

Article 6. /1/ The Buyer is obliged to pay the Seller a sum in the amount of Euro including VAT, in which sum is concluded the price for construction, finishing works and gaining of the building right over the Abode. The price from the previous sentence is paid in Euro with a bank transfer to the bank account provided by the Seller or in cash. The Buyer will pay the Seller the Sale price as separate instalments, as follows:

Paragraph 2. A sum in the amount of 1000 EUR (one thousand) Euro, that is already paid in total to the seller as an advanced payment.

Paragraph 3. A sum in the amount of Euro representing 30% (thirty percent) of the Sale price is payable in the day of signing of the present contract, but not later than fifteen calendar days, starting from the day of paying the booking deposit.

Paragraph 4. A sum in the amount of Euro representing 30% (thirty percent) of the Sale price is payable within one week of building the floor where the Abode, subject to the present contract, is located.

Paragraph 5. A sum in the amount of Euro representing 20% (twenty percent) of the Sale price is payable on the actual construction of the roof of the building and before the Seller receives Report statement form 14. Within thirty days of receiving the payment, the seller will transfer the building right for the Abode signing a contract in the form of a Notary deed. At this moment the building shall be at stage "rough construction" but Report statement form 14 will not be signed yet. The seller expects that Report statement form 14 to be signed no later than 31.08.2010 /thirty first of August, two thousand and ten/

Paragraph 6. The rest of the Sale price – a sum in the amount of Euro representing 20 % (twenty percent) of the Sale price and after deducting the advanced payment according to Paragraph 2, is payable at transferring of the rights of exploitation over the Abode after receiving a certificate for launching into exploitation and in case all the terms and conditions of the present contract are kept.

Article 7. /1/ The seller is obliged to inform the Buyer at the written in the present contract address or e-mail, for every one of the events described in Article 6, Paragraph 4, Paragraph 5 and Paragraph 6 and the Buyer is obliged to pay the relevant instalment of the price within one week, starting from the date of receiving the notification of the Seller for the relevant event.

Paragraph 2. The parties agree that the present contract becomes valid and requires actions from the moment of paying the amount according Article 6, Paragraph 3. In case the Buyer fails to pay this amount and delays for more than 30 (thirty) calendar days, the contract is terminated by rights and the Seller keeps the booking deposit and has all the rest of the rights of regular party of the contract.

Chapter IV

TRANSFERRING THE RIGHTS OF EXPLOITATION AND EXPLOITATION OF THE ABODE

Article 8. /1/ After the Abode is constructed and finished and a Certificate for launching into exploitation is issued the seller notifies the buyer and invites him with a term of not later than fifteen days from the notification date to pay on an account of the Seller the rest of the Sale price according Article 6 Paragraph 6 and to receive the rights of exploitation of the Abode.

Paragraph 2. The buyer is obliged within the terms to fulfil his payment obligations according Article 6 Paragraph 6 and at the defined day and hour to ensure his presence or the presence of his representative, authorised with a power of attorney with a notary certification of the signature and the contents, regarding the transferring of the rights of exploitation over the Abode.

Paragraph 3. Transferring of the rights is verified with the signing of a two sided receiving report. In the report are described all the obvious non conformities of the construction and the seller is obliged to remove for his own expense within a reasonable term.

Paragraph 4. In case the Buyer does not appear to transfer the rights of exploitation over the Abode after the rights of exploitation were transferred according the terms of Paragraph 2, it is accepted that the Buyer accepted the rights with no remarks.

Paragraph 5. The term for the guarantee period of the Abode is valid starting from the date of issuing the Certificate for launching into exploitation of the Abode and it is prescribed according Article 20 of REGULATION No 2 from 31.07.2003 of the Ministry of the regional development and the current active legal regulations.

Paragraph 6. The seller is responsible for all the hidden nonconformities found in the construction. In case there are nonconformities, the Buyer should immediately notify the seller.

Paragraph 7. All the defects that occur and the hidden nonconformities during the guarantee period are removed by and at the expense of the seller in case the same are due to the normal exploitation of the Abode and the exploitation instructions for the mounted installations and equipment are not violated. The seller is not responsible for defects and nonconformities as a result of the behaviour of the Buyer and their removal is at the expense of the Buyer.

Chapter V

RIGHTS AND OBLIGATIONS OF THE PARTIES

Article 9. The buyer is obliged to pay the Seller the defined Sale price at this amount and the terms and conditions defined at the present contract.

Article 10. The seller, after receiving the amount according to Article 6, Paragraph 5, is obliged to invite with written notification the Buyer to appear for the conclusion of the final contract to transfer the rights of exploitation in a notary form, to define the name and the address of the notary, the exact day and hour to perform the formalities of the notary procedure. The date for concluding the notary deed cannot be earlier than ten days (10) starting from the day of receiving the notification.

Article 11. In case the buyer refuses to conclude the final contract or does not appear on the defined date and hour at the defined notary according the previous Article, then:

1.The seller has the right with a one sided one week written notification to terminate the contract and receive a penalty in the amount of 40 (fourty) % of the Sale price.

Article 12. /1/ In case that one of the parties, due to a forcemajeure is not able to keep the terms for signing of the Notary Deed or to fulfil the obligations of the contract they are obliged to inform immediately the other party for the reason and the kind of the forcemajeure and to take the needed measures to limit its action.

Paragraph 2. As a forcemajeure and objective reason for non fulfilling are accepted the following circumstances, that do not depend on the will of the parties: natural disaster, wars, epidemic, administrative prohibition to stop the construction that are not due to the seller, bad meteorology conditions that prevent the normal construction works, as well as all the legal and regular conditions of special kind. During the forcemajeure the fulfilment of the obligations and the relevant obligations of the other party according to this contract are stopped.

Article 13. /1/ The seller declares that he is the sole owner of the real estate property and the Abode and they are free of Charges.The seller shall not have the right to burden the Abode with any charges, including the set up of mortgage on the Abode, but in regard to the funding of the construction of the residential estate, the seller has the right to conclude a contract for a bank loan and for its floating charge a mortgage can be defined for the property where the Abode will be built.

Paragraph 2. The seller is obliged at the moment of transferring the building right and providing the building right to the buyer that the Abode will be free of every Charges and the buyer will gain the property in full, without any legal or regular actions or circumstances that may obstruct or break his interests.

Chapter VI OTHER RIGHTS AND OBLIGATIONS OF THE PARTIES

Article 14. The buyer is obliged along with the transfer of the building right with a notary deed to conclude with the Seller a Service agreement for management and maintenance of the real estate property, subject to the present contract, and its general parameters are ensuring security, cleaning, maintenance works, maintenance of gardens and parks, children grounds, general maintenance of the common parts, etc. as all conditions of the Service agreement are declared in Appendix No 2, inseparable part of the present contract.

Article 15. The buyer is obliged before the transfer of the rights of exploitation of the Abode to pay the Seller the due amount for management and maintenance for the first year which will be no more than 8 Euro (eight) VAT excluded per square meter.

Chapter VII NONFULFILMENT RESPONSIBILITY

Article 16. /1/ In case the Buyer, due to reasons that cannot be defined as forcemajeure delays a payment of one of the amounts in the terms defined in this contract or does not fulfil other responsibility according to this contract, the same owes the Seller a penalty payment for the delay in the amount of 0.2% (zero point two percent) per day from the Sale price, for the period beginning from the date the Buyer is in delay until the date of the active payment of the due amount or fulfilling

the responsibility, but not more than 10% (ten percent).

Paragraph 2. In case the delay of the Buyer according Article 16, Paragraph 1 continues for more than 30 (thirty) days starting from the date the same was obliged to perform a payment or fulfil an obligation, the Seller sends the Buyer a notification to provide him with an additional one-week term for voluntary performance. After the additional term for fulfilment expires, the contract shall be broken and the Buyer owes the Seller a penalty payment in the amount of 40% (fourty percent) of the Sale price including the interest specified in Article 16, Paragraph 1 as the penalty payment will be deducted from the already paid amount and the rest of the paid amount will be provided to the Buyer not later than 30 (thirty) calendar days of the date when a new buyer of the same apartment pays the relevant instalment to the Seller.

Paragraph 3. Provided that the Seller, due to a reason than cannot be defined as a forcemajeure, does not keep the term for signing the Notary deed or does not provide the exploitation of the Abode, the same owes the Buyer a penalty payment in the amount of 0.1% (zero point one percent) for each day of delay, calculated on the already paid amounts by the Buyer to the Seller but not more than 5% (five percent).

Paragraph 4. In case the Seller, due to a reason than cannot be defined as a forcemajeure delays the construction of the Object for more than 160 (one hundred and sixty) days after the term defined in Article 2, Paragraph 1, the Buyer has the right with a written notification to the Seller to provide a suitable additional term to finish the Abod. The parties agree that "additional suitable period" according the interpretation of the previous sentence will be 60 (sixty) days from the notification date. In case the Contract is terminated according to this paragraph, the Seller has the right of the penalty payment in Paragraph 3.

Article 17. Both parties in this contract have the right to request the contract to be declared final by the court .

Chapter VIII GENERAL CLAUSES

Article 18. /1/ All the due state and local taxes and fees, as well as these regarding the notary finalization of the deal are at the expense of the Buyer.

Paragraph 2. All the bank fees, commission and other expense regarding the payment of the Sale price are at the expense of the Buyer.

Paragraph 3. Each party pays for its own expenses for lawyer and consultant services.

Article 19. /1/ In order to take an effect, all changes and additions to the present contract should be made in a written form and signed by the parties.

Paragraph 2. The parties should declare all the notifications and messages between them only in written form to the below given addresses in the present contract. All the messages and notifications according to the present contract will be provided to the address of the authorised representative of the Buyer, in case there is such a representative.

Paragraph 3. The written form is fulfilled in cases when it is provided via telex, fax, electronic mail or other technical device that excludes the possibility of false reproduction.

Paragraph 4. The addresses of the parties to receive all the messages and notifications are the following:

A) for the Seller: Mladost , Block 115 entr.10 ap.3 Varna 9000 BULGARIA e-mail:
office@hillsandseacomplex.com, TEL: +359886271374

B) for the Buyer:
TEL:

Address: [REDACTED]
e-mail: [REDACTED]

Paragraph 5. In case one of the parties changes its address without notifying the other party all the messages and notifications will be taken as provided to the described in the present contract addresses.

Article 20. By signing of the present contract the parties declare that they have the representative power and ability, according to the regular legislation and they are obliged to provide documentation to certify the regular and law status.

Article 21. All the disputes regarding the interpretation of the present contract will be solved with negotiations and agreement between the parties. . Should the Parties fail to reach a mutually acceptable agreement, the dispute shall be settled under the rules of relevant court in Varna. The legislation of Republic of Bulgaria is applied to the present contract.

Article 22. The invalidity of individual provisions of the present agreement, which may be ruled by a legally established procedure, shall not render the whole agreement void. The Parties must undertake measures to replace such an invalid provision by another contractual provision and, should they fail to reach an agreement, the imperative provision of the law, if any, shall replace the said clause by right.

The present contract was prepared in Bulgarian and English language in two equal copies, and it consists of 13 (thirteen) pages and 22 (twenty two) articles. In case of non conformities of the translation or the interpretation, the Bulgarian text is taken as a priority.

To the present contract were signed the following appendixes that are inseparable part of it:

Appendix 1 – description of the condition the Abode will be provided to the date of transferring the exploitation rights.

Appendix 2 – Preliminary version of Service agreement for the common parts.

Appendix 3 – Drawing plan of apartment No [REDACTED] (preliminary design)

FOR THE SELLER:

Date: [REDACTED]
Tsvetelina Georgieva

FOR THE BUYER:

Date: [REDACTED]
