



Opinions on holiday residences often polarise local communities, especially in sought after tourist villages in the Austrian Alps. Therefore, many projects are designed in a way to avoid current regulations. Homeconcept Exclusive Living Ltd aim to unite the interests of affected communities and those of purchasers and create benefits for both parties.



HYPRIDE LIVING

In the following, we describe our business model and its resulting benefits.

Introduction:

Previously it was uncomplicated to acquire a property or plot in Austria, until it transpired that it caused too many problems for the local community. Since building sites are limited in the Alps, the authorities created new regulations to ensure these valuable plots are utilised in the best possible manner. Homeconcept Exclusive Living fully supports this initiative. These new regulations mostly affect 2nd home residences. Exceptions are only made for a small number of villages. Their area development plan explicitly needs to contain the option for a secondary residence. The issue is that sought after prime locations exclude secondary residences.

Operating concept

As a buyer of one of our apartments you have the following rights and responsibilities:

- You buy the property and become the owner, which is registered in the land register.
- You can sell the property or pass it on to someone else anytime you want.
- You are able to spend your vacation up to 4 weeks per annum in your own apartment.
- The purchase includes a personalized "FULL SERVICE" for you.
- Maintenance and cleaning will be carried out by an operating company
- The rental of your property will be conducted by an operating company
- Full oversight of the property eliminates damage caused by guests.

The buying process

The purchase is made through a building developers contract, which ensures you a risk free purchase transaction. This means you buy the property prior to construction. Payments will be transacted through a third party lawyer only after confirmation of the current construction status by relevant experts. This way, protection for you and your payments are guaranteed. The Austrian building developer's law is very strict and especially focusses on protecting buyers against any kind of irregularities. Furthermore, the Public Trustee must maintain the financial interests of the buyer and seller. Additionally, relevant aspects of the purchase will be described precisely in the contract of sale. Subject matters of the contract include:

- The purchasing price and incidental charges.
- Deadline, responsibilities and rights for the owner, which are registered in the land register.
- Guaranties and regulations.

The operating company

Since all the interests of the owner should be guaranteed, the seller or an identified legal entity or natural person functions as the operator i.e. operating company.

Agreement on surrender of use

The construction APART33 will be carried out as a commercial unit. To achieve this, the complete apartment including contents will be handed over to the operating company. Also, an agreement on surrender of the use and benefit of the apartments between the owner and the operating company will be written and signed, which also includes the specific rules. If you do not wish to extend the contract you are free to manage the apartment yourself.

As an owner, you leave your apartment and its shares on the common areas to the operating company. In return, you receive the rental income minus the charges, which are mentioned in the agreement on surrender of the use and benefit of the apartments. The operating costs, which develop during operation, will be split through a distribution key based on property possession surface. *(total costs related to the total surface correlated to your possessed surface)*

The rental income will be paid out on a bank account of your choice after the quoted third-party services have been deducted. The payment will occur quarterly, but can be arranged as you prefer.

Another important aspect is, that the storage room is available exclusively for you.

Tax features

The apartments will be seen as commercial properties (fiscally). This means, that you, as an investor, purchase the apartment without sales taxes, more specifically the acknowledged sales taxes can be claimed at the tax office.

This way, the sales taxes are self-financing. Furthermore, you are able to claim a tax depreciation as well as other fiscal benefits. Of course, we can provide you with more detailed information regarding this matter.

To avoid any tax disadvantages because of the owner's usage, operating costs and local taxes are being charged for the time that the owner uses the property.

Own usage

A huge advantage of this kind of investment is that you are able to use the apartment as your holiday residence. In this way profit can be combined with your holiday dreams.

You will be able to book your apartment in advance on your preferred dates. These dates are only limited to:

- 1 week in the winter high season and;
- 1 week in the summer high season and;
- 2 weeks in the other seasons.

The season dates will be given annually.

Certainly you will be able to do a last-minute additional booking in available time frames.

This way you will be able to spend extra weeks in your apartment if you wish so.

Purchase of facilities/inventory

To make sure the apartments have a uniform look, the operating company is responsible for the layout and realization of the furnishing. Additionally, the operating company will take care of the maintenance, service, repairs and if necessary new purchases.

The expenses for the furnishing and necessary further equipment (kitchenware, bed linen and other beddings, towels etc.) will be € 350,- (net without tax) per m² apartment surface.

All proposed materials and furniture will be on display in a specially designed showroom.

This form of purchasing offers the advantage that only the operating company is responsible for these tasks. In this way there is no agreement needed from every owner for necessary purchases, maintenance etc. Because for these kind of tasks there is a fast and unbureaucratic handling required.

Payment streams - Operating company/ owner

The operating company will be consigned by the owners to lead and manage the apartment. To arrange the rental of the apartments in the best possible way, the operating company will set up a rental and marketing agreement with AA Holiday Homes.

Based on its international expertise this supplier can provide a proportional occupation of your apartment. Furthermore, AA Holiday Homes will take on all the administrative tasks. This includes management of the booking and reservation system as well as the payment by your guests. Obviously, you, as an owner, will be able to look at the occupation of your apartment online.

After deduction of the fee for these activities, generally 30%, the remaining earnings will be transferred to the operating company. The operating company will take care of the invoice for the owners. The rental price will be calculated based on size of the apartment. After deduction of the general costs, the rental proceeds will be transferred to the owners.

Payment streams / apartment purchase

The purchase of the apartment will be transacted as mentioned under the heading “the buying process”.

Payment plan depending on events

	Rate plan A
At the start of the construction	15%
After completion of the frame and roof	35%
After completion of the basic construction	20%
After completion of the façade and windows including glazing	12%
After target date of the first completion or after agreed early hand over of the property	12%
After completion of the total construction	4%
3 years after handing over of the property, in case of no security by bank deposit or insurance	Rest

Assessment of building progress

The completion of a construction phase will be judged after the completion grade of the main building. *Because* there are *two* independent buildings, the completion grade will be judged after the completion of the building in which your unit is located.

For assessment of the completion of each construction phase, the trustee must

- call in a legally certified independent building expert.

Start of construction / completion

Start of the construction is planned in the spring of 2018.

Completion of the total construction is planned at the middle of 2019.

Disclaimer

This overview can only serve as information. Guarantees of any kind are excluded. Binding, legally valid data are only included in the contracts that have to be subscribed by both sides.