
CALL OPTION AGREEMENT

between

MOSFELLSBÆR

(Seller)

AND

MCPB EHF.

(Buyer)

Relating to the sale and purchase of
a Building Site and Additional Building Site




CALL OPTION AGREEMENT

DATED 21 JULY 2016 BETWEEN

- (1) The municipality of Mosfellsbær, Iceland, registered number 470269-5969, whose registered office is at Þverholt 2, Mosfellsbær (the **"Seller"**); and
- (2) MCPB ehf. a company incorporated in Iceland, registered number 690597-2259, whose registered office is at Melabraut 27, Hafnarfirði. (the **"Buyer"**).

PRELIMINARY

- (A) The Buyer intends to develop and operate a medical resort in Mosfellsbær, Iceland, comprising of surgical hospital and high-end boutique hotel (the **"Project"**); and
- (B) The Seller wishes to sell and the Buyer wishes to acquire the Building Site or the Building Site and the Additional Building Site (as defined below) collectively, where it intends to carry out the Project, on terms and subject to conditions of this Call Option Agreement (the **"Agreement"**)
- (C) The Seller is the legal and beneficial owner of the Building Site and the Additional Building Site. When signing this Agreement, the Parties have entered into a lease agreement in relation to the Building Site, whereby the Buyer has leased the Building Site (the **"Lease Agreement"**).
- (D) The Seller has agreed to grant the Buyer a call option to acquire the Building Site, or the Building Site and the Additional Building Site collectively, subject to the terms of this Agreement.

IT IS AGREED:

1. DEFINITION

In this Agreement the following expressions have, unless inconsistent with the context or otherwise specified, the following meaning:

"Additional Building Site" means approx. 62,000 Square meter site within the area of Sólvellir, part of land no. 174025, as marked on the site plan attached as Schedule 1, with every legal rights and obligations, including land rights.

"Building Site" means approx. 62,000 square meter site within the area of Sólvellir, south of Reykjavegur and east of where the intended Hafravatns-road will be situated, land no. 174024 and part of land no. 174025, as marked on the site plan attached as Schedule 1, with every legal rights and obligations, including land rights.



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"Business Day" means a day (other than a Saturday, Sunday or a public holiday) when banks in Iceland are open for business.

"Completion" means the completion of the exercise of the Option as described in Clause 6.

"CPI" means the Icelandic consumer index.

"Detailed Land-Use Plan" means the land-use plan that the Seller will put into place according to the Planning Act No. 123/2010 in the area where the Building Site and, as the case may be, the Additional Building Site is positioned.

"Exercise Date" means the date of service of an Exercise Notice.

"Exercise Event" means the payment by the Buyer of the Road Construction Tax and other municipal fees payable in relation to the Project pursuant to Clause 4.

"Exercise Notice" means the written notice of exercise of the Option, in accordance with Clause 5.

"Intended Real Estate" means the buildings on the Building Site and, as the case may be, the Additional Building Site, the Buyer intends to build to carry out the Project.

"Option" means the option exercisable or exercised in relation to the Building Site, or the Buildings Site and the Additional Building Site collectively, pursuant to Clause 2.

"Option Period" means the period beginning on the date of this Agreement and ending on 31st of December 2020.

"Option Price" means the price payable by the Buyer to the Seller once the Buyer has exercised the Option pursuant to Clause 3.

"Site Preparation" means all measures necessary to make the Building Site, and, as the case may be, the Additional Building Site, available for carrying out the Project and make it fully prepared for the Intended Real Estate, including, but not limited to, making roads, providing street lighting, laying utility lines, water and sewage pipes, all in accordance with the Detailed Land-Use Plan.

"Road Construction Tax" means the tax payable to the Seller according to Act No. 153/2006, as amended, and Sellers regulation on Road Construction Tax, as amended from time to time.

Clause and paragraph headings shall not affect the interpretation of this Agreement.

Words in the singular shall include the plural and vice versa.

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2. GRANTING OF THE OPTION

The Seller has agreed to grant the Buyer the right, exercisable following an Exercise Event, during the Option Period, by service of an Option Notice, to purchase either the Building Site, or the Building Site and the Additional Building Site collectively, by paying the Option Price to the Seller.

3. OPTION PRICE

The Option Price payable by the Buyer to the Seller for the Building Site shall be ISK 84.000.000 payable on terms pursuant to this Clause 3 of this Agreement.

The Option Price payable by the Buyer to the Seller for the Building Site and the Additional Building Site collectively shall be ISK 168.000.000 payable on terms pursuant to this Clause 3 of this Agreement.

The Option Price shall be amended once a month from the signing of this Agreement until the Option is exercised to reflect changes in the CPI.

The Option Price payable by the Buyer to the Seller shall be payable simultaneously with the execution of the Sale and Purchase Agreement, (in the form set out in Schedule 3).

4. TAXES, FEES AND SITE PREPARATION

The Buyer shall pay all applicable taxes and municipality fees in relation to the Project levied in accordance with relevant laws and regulations.

The Buyer will be responsible for and bear all costs relating to Site Preparation. In turn the Seller will grant the Buyer a 50% discount of the applicable tariff for the Road Construction Tax. If the Buyer fails to complete Site Preparation in full prior to 1 July 2018, the discount offer shall no longer apply and the Road Construction Tax shall be considered unpaid.

5. EXERCISE

The Option can be exercised during the Option Period by the Buyer giving the Seller an Exercise Notice substantially in the form set out in Schedule 2 (Form of Exercise Notice).

Once given, an Exercise Notice may not be revoked without the written consent of the Seller.

6. COMPLETION

Completion shall take place at the address of the Seller on the date specified in the Exercise Notice.

On Completion the Seller shall deliver an executed Sale and Purchase Agreement, relating to the sale and purchase of the Building Site or, as the case may be, the Building Site and the Additional Building Site collectively, (in the form set out in Schedule 3), to the Buyer with all

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current entitlement which shall by law be delivered along with the Building Site and, as the case may be, the Building Site and the Additional Building Site collectively, or according to this Agreement or according to other documentary evidence or by custom.

From the date of execution of the Sale and Purchase Agreement, and onwards, the Buyer shall collect any income deriving from the Building Site and the Additional Building Site and pay all taxes and obligations thereon, the Seller being responsible for such payments up until that date.

The Building Site and the Additional Building Site shall be delivered without any mortgages.

The Option Price, shall simultaneously with the execution of the Sale and Purchase Agreement, be paid to the Seller in cash.

7. WARRANTIES

The Seller represents and warrants that:

- a. it has the full power and authority to grant the Option on the terms and conditions of the Agreement;
- b. it is, and will remain during the Option Period, the legal and beneficial owner of the Building Site and the Additional Building Site, subject only to the Option and the Lease Agreement; and
- c. that it shall not during the Option Period, without the prior written consent of the Buyer, mortgage, charge, pledge or otherwise encumber its legal or beneficial interest in the Building Site and the Additional Building Site.

The Buyer represents and warrants that:

- a. it has the full power and authority to enter into this Agreement on its terms and conditions;

8. FURTHER ASSURANCE

At all times after the date of this Agreement the Parties shall, at their own expense, execute all such documents and do all such acts and things as may be reasonably required for the purpose of giving full effect to this Agreement.

9. ASSIGNMENT

All rights and obligations under this Agreement are personal to the parties and may not be assigned by either party without the prior written consent of the other party, save that the Buyer may assign any of its rights under this Agreement to its wholly owned subsidiaries and subsidiary undertakings, any holding company of the Buyer and any other subsidiaries of any such holding company from time to time provided that the rights of the Seller under this

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Agreement are not compromised in any way or will decrease the Buyer's ability to fulfil its obligations under this Agreement. In addition, the Buyer may assign the benefit of this Agreement by way of security for the purpose of raising finance. At the request of the Buyer, the Seller will enter into a direct Agreement with any bank, investor, lender or purchaser of securities in the Buyer or any group company of the Buyer or any security agent/trustee notified to the Seller by the Buyer upon such terms as the Buyer may reasonable require under which amongst other things the Seller will agree not to terminate this Agreement without first giving the beneficiary of the direct Agreement or a nominee of it a right to step in to the Project.

10. VARIATION AND WAIVER

A variation of this Agreement shall be in writing and signed by or on behalf of each party.

Any waiver of any right under this Agreement is only effective if it is in writing and signed by the waiving or consenting party and it applies only in the circumstances for which it is given, and shall not prevent the party who has given the waiver from subsequently relying on the provision it has waived.

Except as expressly stated, no failure to exercise or delay in exercising any right or remedy provided under this Agreement or by law constitutes a waiver of such right or remedy or shall prevent any future exercise in whole or in part thereof.

No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy.

Unless specifically provided otherwise, rights arising under this Agreement are cumulative and do not exclude rights provided by law.

11. COSTS

Except when otherwise provided in this Agreement, each party shall bear its own legal, accountancy and other cost, charges and expenses connected with the negotiation, preparation and implementation of this Agreement and any other agreement incidental to or referred to in this Agreement.

12. NOTICE

A notice given under this Agreement:

- a. shall be in writing in the English language;
- b. shall be sent for the attention of the person, and to the address or e-mail given in this Clause 12 (or such other address, e-mail or person as the relevant party may notify to the other party); and
- c. shall be:
 - a. delivered personally;



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- b. sent by e-mail confirmed by the recipient; or
- c. sent by recorded delivery.

A notice given under this Agreement shall be sent to the following addresses:

a. For the Buyer:

Address: Melabraut 27, 220 Hafnarfjörður
For the attention of: Hendrikus E. Middeldorp
E-mail: henri@burbankscapital.com

b. For the Seller

Address: Þverholt 2, 270 Mosfellsbær.
For the attention of: Haraldur Sverrisson, mayor.
E-mail: haraldur@mos.is

A notice is deemed to have been received:

- a. if delivered personally, at the time of delivery; or
- b. in the case of recorded delivery, at the time of the delivery; or
- c. in the case of e-mail, by a confirmation from the recipient.

13. SEVERANCE

If any provision of this Agreement (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.

If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the parties.

14. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.

15. MISCELLANEOUS

Each party of this Agreement has a duty to respect the interests of the other party and to act with fairness, confidentiality and consideration with regard to the performance of this Agreement. In the event that it is not possible for either Party to honour the provisions of this Agreement or if any other circumstances arise that affect the interests of either Party, the other Party shall inform the counterparty of such circumstances.

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16. JURISDICTION AND APPLICABLE LAW

This Agreement shall be governed by and shall be construed in accordance with Icelandic law.

All disputes arising out of or in connection with this Agreement shall be submitted to exclusive jurisdiction of the District Court of Reykjavík, Iceland.

The Buyer and Seller hereby sign this Agreement in the presence of witnesses to the correct date and signature.

Mosfellsbær, 21 July 2016

SIGNATORIES

BUYER

Signed by

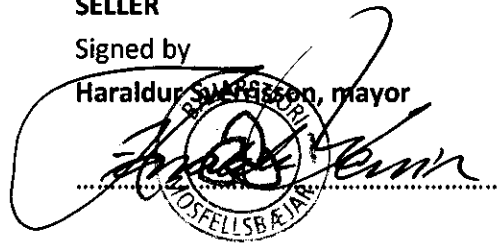
Hendrikus E. Middeldorp



SELLER

Signed by

Haraldur Sveinsson, mayor



WITNESS

Signed by

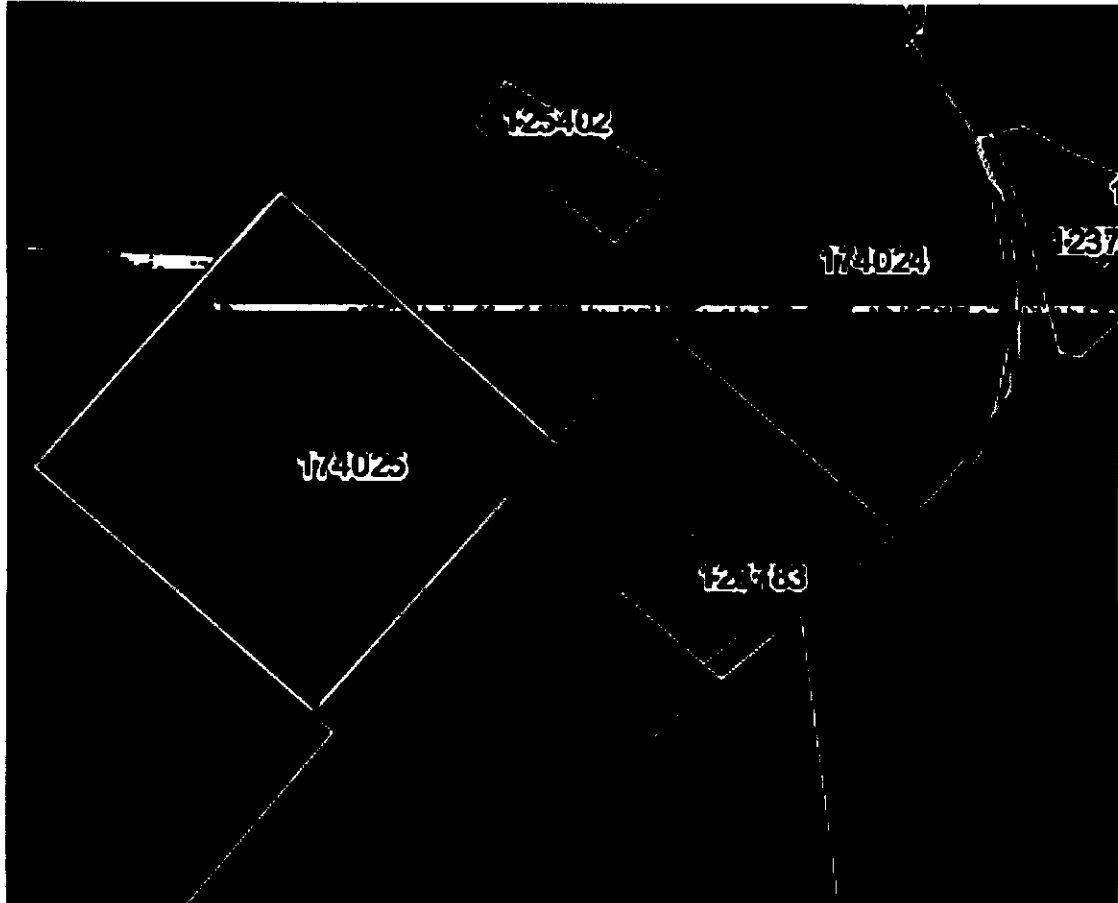
Sigurður S. Júlíusson
170175-5229

WITNESS

Signed by

Guðni Jónsson
100467-402A

SCHEDULE 1
SITE PLAN OF SÓLVELLIR



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**SCHEDULE 2
FORM OF EXERCISE NOTICE**

To: Mosfellsbær

From: MCPB ehf.

Dated: [] 2016

Dear Sirs

1. We refer to the Call Option Agreement dated [•] 2016 between Mosfellsbær (as Seller) and MCPB ehf. (as Buyer). Terms defined in the Call Option Agreement have the same meaning when used in this Exercise Notice unless context requires otherwise.
2. We confirm that:
 - (i) We are exercising the option granted to us in the Call Option Agreement with respect to the Building Site [or the Building Site and the Additional Building Site collectively] and request that you deliver the Building Site [or the Building Site and the Additional Building Site collectively] by executing a Sale and Purchase Agreement within 5 Business Days from the date of this Exercise Notice.
3. We confirm that we will pay the Option Price at the execution of the Sale and Purchase Agreement.
4. This letter is governed by Icelandic law and any dispute in relation thereto shall be settled as set out in the Call Option Agreement.

Signed:



SCHEDULE 3

SALE AND PURCHASE AGREEMENT

SALE AND PURCHASE AGREEMENT

between

MOSFELLSBÆR

(Seller)

AND

MCPB ehf.

(Buyer)

Relating to the sale and purchase of
a Building Site and a Additional Building Site

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AGREEMENT

DATED [•] JUNE BETWEEN

- (1) The municipality of Mosfellsbær, Iceland, registered number 470269-5969, whose registered office is at Þverholt 2, Mosfellsbær (the “**Seller**”); and
- (2) MCPB ehf. a company incorporated in Iceland, registered number 690597-2259, whose registered office is at Melabraut 27, Hafnarfirði. (the “**Buyer**”).

PRELIMINARY

- (E) The Buyer intends to develop and operate a medical resort in Mosfellsbær, Iceland, comprising of surgical hospital and high-end boutique hotel (the “**Project**”); and
- (F) The Seller wishes to sell and the Buyer wishes to acquire the Building Site [or the Building Site and the Additional Building Site collectively] (as defined below), where it intends to carry out the Project, on terms and subject to conditions of this Sale and Purchase Agreement (the “**Agreement**”)

IT IS AGREED:

1. DEFINITION

In this Agreement the following expressions have, unless inconsistent with the context or otherwise specified, the following meaning:

“**Additional Building Site**” means approx.62,000 Square meter site within the area of Sólvellir, part of land no. 174025, as marked on the site plan attached as Schedule 1, with every legal rights and obligations, including land rights.

“**Building Site**” means approx. 62,000 square meter site within the area of Sólvellir, south of Reykjavegur and east of where the intended Hafravatns-road will by situated, land no. 174024 and part of land no. 174025, as marked on the site plan attached as Schedule 1, with every legal rights and obligations, including land rights.

“**CPI**” means the Icelandic consumer price index.

“**Deed of Conveyance**” means a final legal document signed and sealed by the Seller for the purpose of transferring, in full, every legal and other rights of the Building Site [or the Building Site and the Additional Building Site collectively] to the Buyer.

“**Detailed Land-Use Plan**” means the land-use plan that the Seller will put into place according to the Planning Act No. 123/2010 in the area where the Building Site is positioned.



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"Intended Real Estate" means the buildings on the Building Site and the Additional Building Site the Buyer intends to build to carry out the Project.

"Purchase Price" means the price to be paid by the Buyer to the Seller for the acquisition of the Building Site pursuant to Clause 3 in this Agreement.

2. TRANSACTION

The Seller undertakes to sell and the Buyer undertakes to buy the Building Site [or the Building Site and the Additional Building Site collectively] described in this Agreement under the terms and conditions stated herein or required by law.

3. PURCHASE PRICE

The Purchase Price payable by the Buyer to the Seller for the Building Site shall be ISK 84.000.000 payable on terms pursuant to Clause 4 of this Agreement.

The Purchase Price payable by the Buyer to the Seller for the Building Site and the Additional Building Site collectively shall be ISK 168.000.000 payable on terms pursuant to Clause 4 of this Agreement.

The Purchase Price shall be amended once a month from the signing of this Agreement until the Option is exercised to reflect changes in the CPI.

4. TERMS OF PAYMENT

The Purchase Price shall be paid by the Buyer to the Seller simultaneously with the execution of this Agreement.

5. DELIVERY OF THE REAL PROPERTY

Unless otherwise agreed, the Building Site [or the Building Site and the Additional Building Site collectively] must be delivered from the Seller to the Buyer with all current entitlement which shall by law be delivered along with the Building Site [or the Building Site and the Additional Building Site collectively], or according to this Agreement or according to other documentary evidence or by custom.

The Building Site [or the Building Site and the Additional Building Site collectively] shall be delivered upon the signing of this Agreement. From that time onwards, the Buyer shall collect any income deriving from the Building Site [or the Building Site and the Additional Building Site collectively] and pay all taxes and obligations thereon, the Seller being responsible for such payments up until that date.

6. CONDITION OF THE REAL PROPERTY

The Seller must provide the Buyer with all information regarding the Building Site [or the Building Site and the Additional Building Site collectively] known to the Seller or that the Seller

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should have known and which the Buyer could reasonably expect to be supplied with. The Building Site [or the Building Site and the Additional Building Site collectively] must correspond to the information supplied.

The Buyer will be responsible for and bear all costs relating to site preparation, i.e. for all measures necessary to make the Building Site [or the Building Site and the Additional Building Site collectively] available for carrying out the Project and make it fully prepared for the Intended Real Estate, including, but not limited to, making roads, providing street lighting, laying utility lines, water and sewage pipes, all in accordance with the Detailed Land-Use Plan. In turn the Seller will grant the Buyer a 50% discount of the applicable tariff for the Road Construction Tax. If the Buyer fails to complete site preparation in accordance with this clause prior to 1 July 2018 the discount offer shall no longer apply and the Road Construction Tax shall be considered unpaid.

The Buyer may not plead any excuses concerning the condition or quality of the Building Site [or the Building Site and the Additional Building Site collectively] that was known to him or should have been known to him at the time when this Agreement was made. If the Buyer has inspected the Building Site [or the Building Site and the Additional Building Site collectively] prior to the purchase or if he has neglected to do so in spite of Seller's invitation thereto, he may not make any complaints regarding things that he should have observed during such inspection.

The Building Site [or the Building Site and the Additional Building Site collectively] shall be delivered without any mortgages.

7. ENCUMBRANCE ON THE BUILDING SITE AND THE INTENDED REAL ESTATE

Activity or business allowed on the Building Site [or the Building Site and the Additional Building Site collectively] and the Intended Real Estate shall be of health service, sport activities and tourism. Other activity or business shall be forbidden. Exception can be made on the approval of the Seller.

Intended Real Estate shall be in accordance with Detailed Land-Use Plan. The Buyer can request for a change in the Detailed Land-Use Plan if necessary for the Project and the Seller shall make an effort to comply with such a request.

This encumbrance shall be registered explicitly with the District Commissioner of Reykjavík (*Sýslumaðurinn í Reykjavík*) as soon as possible.

8. REGISTRATION OF THE AGREEMENT

The Buyer shall register this Agreement as soon as possible after execution with the District Commissioner of Reykjavík.



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The Buyer shall pay stamp duty and registration tax on all documents concerning this sale and purchase.

9. DEED OF CONVEYANCE

When the Buyer has performed his obligations under this Agreement, he will be entitled to receive a Deed of Conveyance from the Seller.

10. ASSIGNMENT

All rights and obligations under this Agreement are personal to the parties and may not be assigned by either party without the prior written consent of the other party, save that the Buyer may assign any of its rights under this Agreement to its wholly owned subsidiaries and subsidiary undertakings, any wholly owned holding company of the Buyer and all other subsidiaries of any such holding company from time to time. In addition, the Buyer may assign the benefit of this Agreement by way of security for the purpose of raising finance and may mortgage or charge the property.

11. COSTS

Except as otherwise stated in any provision of this Agreement, each party shall pay its own costs and any applicable tax thereon in relation to the negotiations leading up to the sale of the Building Site and to the preparation, execution and carrying into effect of this Agreement and all other documents referred to in it.

12. MISCELLANEOUS

Each party of this Agreement has a duty to respect the interests of the other party and to act with fairness, confidentiality and consideration with regard to the performance of this Agreement. In the event that it is not possible for either Party to honour the provisions of this Agreement or if any other circumstances arise that affect the interests of either Party, the other Party shall inform the Counterparty of such circumstances.

13. JURISDICTION AND APPLICABLE LAW

This Agreement shall be governed by and shall be construed in accordance with Icelandic law.

All disputes arising out of or in connection with this Agreement shall be submitted to exclusive jurisdiction of the District Court of Reykjavík, Iceland.

The Buyer and Seller hereby sign this Agreement
in the presence of witnesses
to the correct date and signature.

Mosfellsbær, [•] 2016

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SIGNATORIES

BUYER

Signed by
[•]

.....

SELLER

Signed by
[•]

.....

WITNESS

Signed by
[•]

.....

WITNESS

Signed by
[•]

.....

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