

## Tender specifications of a public competition for the best offer

**Principal:** SNEO, a.s., company reg. no.: 27114112, with its registered office at Nad Alejí 1876/2, 162 00 Prague 6, Czech Republic

**Subject matter of the competition:** Transfer of equity participation in the company **Areál Dračky, s.r.o.**, company reg. no.: 06715460, with its registered office at Nad Alejí 1876/2, 162 00 Prague 6, Czech Republic (the “Company”). The subject matter is the sale of a 90% interest in the Company, with a binding option for the remaining 10%.

The Company’s Data Room will be available to candidates who fulfil the qualification requirements, after paying a security deposit and signing a non-disclosure agreement. More details available via e-mail:

in technical matters: [jjirsa@sneo.cz](mailto:jjirsa@sneo.cz)

in legal matters: [mrasin@sneo.cz](mailto:mrasin@sneo.cz)

**Conditions for participation of candidates in the competition (qualification):**

Practical experience in the development of at least 3 apartment building projects in EU Member States, with an aggregate apartment floorage of at least 10,000 m2 in total – projects meeting the following criteria will count for these purposes: each project (i) entailed at least 1,000 m2 of apartment floorage and at the same time (ii) was approved for use in the last 5 calendar years (2013-2017); or at least 1 project of apartment buildings in the territory of EU Member States with an aggregate apartment floorage of at least 5,000 m2 in total - projects meeting the following criterion will count for these purposes: (i) was approved for use in the last 5 calendar years (2013-2017). The principal also requires that at least 1 of those projects involved underground parking and at least 1 such project entailed at least 3,000 m2 of apartment floorage.

To qualify, the candidate also needs to demonstrate (i) the ownership structure of the candidate (*by an extract from the Records of ultimate beneficial owners*) and (ii) integrity of the candidate’s directors as well as other persons who will act on the candidate’s behalf in the competition (*by an extract from the criminal registers of both the Czech Republic and the candidate’s country of domicile*).

**Additional conditions for participation:**

A confidentiality security deposit (Data Room) of CZK 10,000,000; prior to the submission of an offer in the 1<sup>st</sup> round, the security deposit must be raised to CZK 25,000,000 (*by payment to the account; a confirmation of payment of the security deposit will be attached to the Data Room non-disclosure agreement or to the offer as applicable; the security deposit will be refunded upon termination of participation in the competition, or to the successful candidate after payment of the purchase price*);



A construction and development plan for the Na Dračkách site, including an introduction of the layout and architectural solution and identification of any deviations from the existing study (by Qarta Architektura);

A project execution time schedule, which will indicate the milestones of commencement of the construction of each stage (in the event of execution based on the Qarta study, stages 1 and 2) after the anticipated effectiveness of the agreement (working estimate – 1 August 2018), and justification of feasibility of such milestones;

Proposed investment in publicly accessible amenities or green areas within the limits of Prague 6 Borough, to be made by the candidate at its own costs and for its own account, which will entail new investments that have not been made so far, with a description of their material specification, purpose and manner of use by the public, and stating a value of that investment. Not later than 6 months from the execution of the agreement on the transfer of the equity interest in the Company, the selected candidate will enter into a binding agreement on the execution of the investment.

**Organisation:**

A two-round competition; Candidates who finished on the 1<sup>st</sup> to 3<sup>rd</sup> place based on the evaluation of the 1<sup>st</sup> round and who raised the security deposit to the amount stipulated for the 2<sup>nd</sup> round in the manner described in the Act on Auctions<sup>1</sup> will be invited to participate in the 2<sup>nd</sup> round of the competition.

The principal may cancel the competition at any time.

**Evaluation of the 1<sup>st</sup> round:**

70% - the price offered (in CZK net of VAT) – minimum of CZK 250 million net of VAT

30% - quality, with the following sub-criteria of equal weight:

- countable sub-criterion of “commencement of construction” - counted will be the total sum of days for the commencement of construction of all individual stages of the project from the anticipated effective date of the agreement – offers with the lowest totals will be evaluated best;
- point-based sub-criterion of “layout and architectural solution” – evaluated will be the level of deviations of the candidate’s plan for the construction and development of the Na Dračkách site from the existing study (by Qarta Architektura), based on a point scale of 0/5/10 points – the offer with the lowest level of deviations, or with deviations that have a demonstrably positive effect on the quality of the solution, development of and onerous impact on the location, will be evaluated best;

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<sup>1</sup> The amount of the security deposit for the 2<sup>nd</sup> round will be determined by the principal *mutatis mutandis* under § 14(4) of the Act on Auctions, provided that the minimum bid will be understood to mean the lowest price offered currently in an offer at the 1<sup>st</sup> to 3<sup>rd</sup> place.



- point-based sub-criterion of “free-of-charge benefits for the public” – evaluated will be the commitment to make an investment in the publicly accessible amenities or green areas within the limits of the Prague 6 Borough, from the perspective of the investment’s value and benefits for the public, based on a point scale of 0/5/10 – the commitment with the highest value and benefit for the public will be evaluated best.

**Evaluation of the 2<sup>nd</sup> round:**

The amount of the price offered (in CZK net of VAT).

**Principles of negotiations for the 2<sup>nd</sup> round:**

Will be conducted in Czech, with the involvement of a person authorised to represent and bind the candidate.

Only an increase of the offered price is permitted, by at least CZK 500,000 in each negotiation; a reduction is not permitted. The offered price will be submitted in a sealed envelope which will be opened without undue delay after the submission of all envelopes. At least one negotiation will be held in the course of the second round.

The competition will be concluded as soon as one candidate places first for the second time in a row. Thus, the successful candidate will be the candidate who places first in the 1<sup>st</sup> round and subsequently, at the beginning of the 2<sup>nd</sup> round, offers the highest price, i.e. also places first in the 2<sup>nd</sup> round after the first negotiation. If the order changes, the competition will continue and will not be concluded until the same candidate offered the highest price in two subsequent negotiations in the 2<sup>nd</sup> round.

**Contractual conditions:**

Payment of the full purchase price to an escrow account;

Rescission of the agreement, or application of a contractual fine in the event of failure to commence a construction stage in time, or in the event of a serious breach of the candidate’s plan for the construction and development of the Na Dračkách site that was the subject of evaluation.

**Submitting offers for the 1<sup>st</sup> round:**

In Czech, by 4 May 2018, noon, at the registered office of the Principal (Nad Alejí 1876/2, 162 00 Prague 6, Czech Republic) in a sealed envelope labelled “Nabídka Dračky”.

