WORKING DRAFT — NON-BINDING · To be reviewed by a lawyer / notary before signing

PRIVATE FINANCING AGREEMENT WITH PROFIT PARTICIPATION

"Brusino Arsizio Renovation" Project — Ground Floor Unit (PT) · Via al Confine 20, 6827 Brusino Arsizio — Parcel 688 RFD

Between
The Lender [Full name / company name], born on [__], resident / registered in [__], hereinafter “the Lender”
The Borrower Oscar Meleri, resident in Brusino Arsizio, Canton Ticino, owner of parcel 688 RFD, Via al Confine 20, 6827 Brusino Arsizio, hereinafter “the Borrower”
hereinafter, jointly, “the Parties”.

Recitals

- The Borrower owns the property at Via al Confine 20, Brusino Arsizio (parcel 688 RFD), subject of a renovation and subdivision project into three condominium (PPP) units (Ground Floor Apartment, Floor -1 Apartment, Duplex Floor 1 + Attic) plus a shared condominium boathouse.
- The as-is value of the PT unit (120 m²) is estimated, based on a bank / real estate valuation, at CHF 542,000.-; its estimated value upon completion and turnkey sale is about CHF 1,080,000.- (indicative CHF 9,000/m²).
- The budgeted renovation cost for the PT unit (BASE scenario, VAT included, share proportional to floor area) is about CHF 285,232.-.
- The Borrower needs liquidity to cover current and past expenses related to the project and proposes to the Lender this agreement with participation in the final sale profit of the PT unit, as an alternative to a transfer of ownership or co-ownership.
- This agreement is not a sale, exchange or assignment of a share of ownership and creates no right in rem over the property: the Lender acquires solely a claim against the Borrower, remunerated as set out in Art. 4.

Art. 1 — Subject matter

The Lender provides the Borrower with the sum of CHF [AMOUNT].- (the “Financing”) as a private loan, to support current expenses and management costs of the project. In return, the Borrower undertakes to pay, at the maturity set in Art. 5 or upon the Liquidation Event of Art. 4, repayment of the principal plus the profit participation.

Art. 2 — Disbursement

The Financing is disbursed in a single payment by bank transfer within [__] days of signing, to the account indicated by the Borrower, simultaneously with the creation of the security under Art. 6.

Art. 3 — Nature of the relationship

This agreement is a loan contract with a profit participation clause, not a property sale nor the creation of co-ownership. The Lender does not become a co-owner and is not subject to the obligations or risks of ownership (maintenance, condominium charges, direct construction risks), without prejudice to credit risk towards the Borrower.

Art. 4 — Profit participation

Upon turnkey sale of the PT unit to third parties (the “Liquidation Event”), and in any case no later than the term of Art. 5, the Borrower calculates the reference net profit as: actual sale price of the PT unit, less renovation costs actually incurred and documented for the PT unit, less taxes, transfer fees, notary fees, brokerage and other expenses directly attributable to the sale. The Lender is entitled to (a) full repayment of the principal and (b) a participation of [__]% of the reference net profit, proportional to the ratio between the Financing amount and the as-is value of the PT unit (CHF 542,000.-). By way of non-binding example: a Financing of CHF 108,400.- (about 1/5 of the as-is value) would entitle the Lender to the principal plus 20% of the reference net profit; the effective percentage is the negotiated one. If the actual price is lower than the estimates, the participation is reduced by the same formula; the principal remains secured under Art. 6, within the limits of the security's realisation.

Art. 5 — Term and repayment

Maximum term of [__] months from disbursement. If the Liquidation Event has not occurred by then, the Borrower repays the principal with default interest of [__]% per year pro rata temporis, unless an extension is agreed in writing. Early repayment, in whole or in part, is allowed without penalty, the profit participation being calculated at the actual Liquidation Event.

Art. 6 — Security

To secure repayment and the profit participation, the Borrower creates by the disbursement date one of the following, agreed and formalised with a notary: (i) a second- or third-ranking mortgage note on parcel 688 RFD for an amount at least equal to the principal; or (ii) a bank guarantee or equivalent personal guarantee; or (iii) a charge on the sale proceeds of the PT unit, with an irrevocable instruction to the notary of the deed to retain and pay to the Lender what is due before releasing the balance.

Art. 7 — Representations and undertakings of the Borrower

The Borrower declares to be the lawful and sole owner of the parcel and that it is free of encumbrances incompatible with the agreement, save existing mortgage security, which will be disclosed before signing. The Borrower undertakes to promptly inform the Lender of relevant developments (works progress, purchase offers, price or permit changes) and not to create, without written consent, further security over the PT unit that prejudices the rank or effectiveness of the security.

Art. 8 — Risks

The Lender is aware that the agreement entails credit and market risk: the expected return depends on the sale of the PT unit at the estimated price and is not guaranteed. Value and profit estimates are forward-looking and are no guarantee of results.

Art. 9 — Confidentiality

The Parties keep the terms of the agreement and attached documents confidential, except where required by law or for disclosure to advisers bound by professional secrecy.

Art. 10 — Governing law and venue

Swiss law. Venue: the ordinary courts of the Canton of Ticino, unless otherwise agreed in writing.

Art. 11 — Legal and tax review

This document is a working draft for negotiation. Before signing, the Parties submit it to a Ticino notary and/or lawyer to verify compliance with Swiss law (loan, mortgage security and, if the financing were replicated with several lenders, collective capital raising rules CISA/FINMA) and the tax implications for both Parties.

Read, confirmed and signed in duplicate.
Place and date: _____

The Lender	Oscar Meleri — The Borrower
_____	_____