



SAIDIA – MEDITERRANIA

M o r r o c c o

TOURIST RESORT COMMERCIALISATION

MEDITERRANIA SAIDIA in Morocco is under construction by well known developers and constructors in Spain (number 2 in the ranking list)

It will be the largest and most luxury residential and holiday destination in EUROPE. The location is on the Mediterranean coast of Saidia, which has excellent communications that allow the resort to be easily and quickly connected with the main cities in Morocco, Europe and the rest of the world.

The international airports of Oujda, Nador and **Melilla** meet all the requirements of air transportation, complemented by the improvement of the road network and the construction of the marina, apart from the other ports existing in the area.

There are several flights from Heathrow and Gatwick to Melilla which is under 70 km away from Saidia.

It is an exclusive area with endless white-sand beaches and natural protected zones.



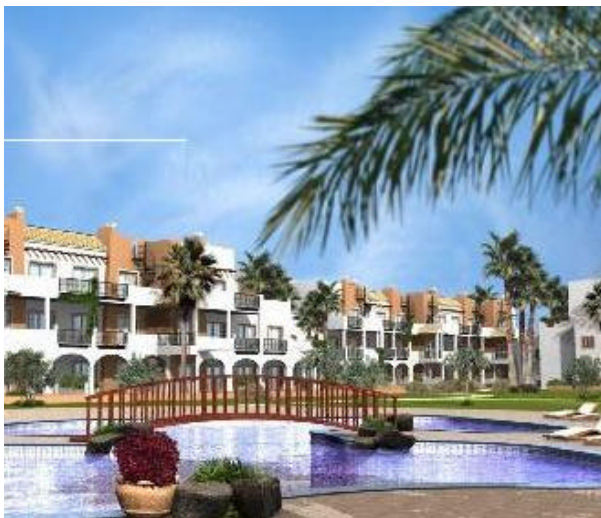
On a total of 7.000.000 m² and a 6km long beach front there will be constructed 3 golf-courses with 18 holes each; various luxury 5* and 4* hotels, directly first beach line; 17 various Beach-Clubs and bars 'chiriquitos' (luxury style!) and one lighthouse with a panoramic restaurant on the top; the yacht marina for 740 boats will be surrounded by around 20 restaurants, and exclusively shops. Further on there will be a commercial centre with named shops and restaurants, like Mango, Zara, etc.; bars and discotheques; a private clinic; sport attractions and water parks; Spa and Wellness centers; Villas and Apartments (in total 3.000 accommodation units). 40% of the whole area will be green zones.

The tourist market has grown by 18% in last year and is presently improving its infrastructures firmly betting on quality. The Moroccan government is approaching a huge expansion program in tourism and residential tourism at this moment. The government is releasing a lot of money for investments in this sector, in order to increase the numbers of holiday makers and residential tourism from now 4,5 million people per year up to 10 million.

The apartments will be on THREE levels in several blocks and are providing 1 or 2 bedrooms, between 64 and 114 m2 constructed area; prices from 68.000,- EURO up to 150.000,- EURO; the construction of these apartments has already been started and the completion is due to June 2006, also for the first of the 3 golf-courses.

The detached houses (villas) are providing a constructed area of 240 and 260 m2; the plots are available from 700 m2 on; purchase-prices from 260.000,- EURO.

There are show-flats and a show-villa already constructed.



Basic payment conditions: 3.000,- EURO reservation; up to 40% with signature of the private contract and 60% on completion; possibility of negotiation of a mortgage with a Moroccan bank, but no pre-prepared mortgage facility by the developer! (More details see attached file!)

SAIDIA - MEDITERRANIA

SPECIFICATIONS – APARTMENTS

STRUCTURE:

Reinforced concrete columns and beams structure with top slabs and joists to comply with Moroccan seismic regulations (RPS 2000).

ROOFING:

Flat terraces, waterproofed to comply with regulations, with top quality rustic-style tiles.

ELEVATIONS:

Brick cavity walls with rough rendered cement mortar.

Finished on the outside with two-colour paintwork.

Domes and cornices finished in natural red roof tiles.

Balcony and terrace with stonework finish and wrought iron railings.

OUTSIDE JOINERY:

Outside joinery in white PVC with double glazing.

Aluminium Venetian blinds in lounge and bedroom windows.

INTERNAL WALLS:

Internal dividing walls with faced red brick.

INSIDE JOINERY:

Inside windows and doors in light-coloured woods with brass handles. Built-in wardrobes to match internal doors.

Glass door to kitchen.

FLOORS:

Floors finished throughout with rustic-style tiles, with matching skirting and decorative border in lounges and dining rooms.

CEILINGS:

False plasterboard ceiling where required by the fittings.

TILING:

Ceramic tiled kitchen with all-round decorative border. Ceramic tiled bathrooms to a height of 2.40 metres with all-round border.

Remainder of bathroom wall painted.

PAINTWORK:

Matt paint finish on vertical and horizontal surfaces.

SANITARY WARE:

In white vitreous enamel, with single mixer tap.

ELECTRICAL:

Electrical installation protected by regulation bipolar differential current and with two phase differential current plus neutral with a rating of 10 to 30 amps.

Telephone points in all bedrooms and lounge. Television points in master bedroom and lounge.

INSTALLATIONS:

100-litre electric water heater in utility room for domestic hot water.

KITCHEN:

Fitted with wall and floor units. Oven, hob and extractor fan. Two-bowl ceramic kitchen sink with single mixer tap.

Granite work surface. Plumbing for washing machine.

DEVELOPMENT:

Ground floor apartments with private levelled plot. Single torsion (ST) mesh fencing.

Covered parking area

Prices subject to change without notice

This apartment has been discussed with you it is 2nd floor B in Block 12 - 2 bedrooms facing

Green Area not far from the pool

RESIDENTIAL COMMERCIALIZATION: **APARTMENTS AND VILLAS**

The steps that a buyer has to take in order to purchase residential apartments and villas in the Saidia Resort can be resumed as follows:

I.-Legal documents for the commercialization of apartments and villas

The commercialization can be carried out through two different types of contract:

- 1º) Commitment of Sale Document. (private document)
- 2º) Sale and Purchase contract (executed before Notary Public), executed once the construction of the dwelling has finished.

Both contracts will abide by the pattern designed by the company.

The main **terms** of the said contracts can be resumed as follows:

Commitment of sale

- Object of the commitment.
- Delivery deadline: Includes the construction period, as well as the obligation of the seller to obtain the title of the Plot and the occupation licence.
- Sale price, form of payment and down payment. It is not usual in Morocco to guarantee the deposit amounts paid, it could exceptionally be done for specific cases.
- Expenses and taxes to be met by the buyer.
- Prohibitions for the future buyer: the document of commitment does not give the buyer any kind of property right on the object of sale, so he/ she could not charge it with any property rights, neither could it be leased to other people, unless the seller specifically authorizes it.
- The buyer has the obligation to adhere to the Resort Management Regulations (Reglamento de Gestión de la Estación), whose content is attached to the commitment to sale, and whose development concerns to the SAS (specifically authorised by the buyer), and obligation of the buyer to pay the corresponding fee.

Sale and purchase contract

- Object of the sale
- Property transfer (from the registration of the sale in the Land Registry) and transfer of ownership of title (from the signing of the contract).
- Price
- Obligation of the buyer to adhere to the Resort Management Regulations (Reglamento de Gestión de la Estación), whose content is attached in the commitment to sale, and whose development concerns to the SAS (specifically authorised by the buyer), and obligation of the buyer to pay the corresponding fee.

II.-Payment of the price

The price will be paid making the breaking down of principal and VAT.

The payment of the price will be carried out with the Morocco legal currency, i.e., Dirhams.

There would be the possibility to establish the price in Euros, with reference to the exchange rate in force on the day that the contract of sale and purchase is executed, so that the payment is carried out in Dirhams.

In case of payments carried out on account, the price will be fixed to the exact price in Dirhams resulting on the date of execution of the sale and purchase contract.

In relation to the form of payment, in case of **non-residents**, the client could proceed as follows:

- Opening a bank account in convertible Dirhams in a finance company in Morocco. This account will be supplied with foreign currency, which will serve to make the payments to Fadesa. This alternative guarantees a better management in case of repatriation of the invested money and the benefits obtained in a potential sale that the client could want to carry out in the future.
- Making a bank transfer to a Fadesa account in Morocco. This possibility would only be possible if the payment were carried out without instalments and what is more, although this possibility permits the repatriation of the invested money, it makes the management much difficult, since it would be our bank the one processing the certificates for the client. This option should be absolutely exceptional and for cases authorised by the company.

III.- Procedure to open a bank account in Morocco

The requirements are minimum and can be summed up in the following points:

- Signing of a bank account opening contract

- Recognition of the client's signature
- Passport photocopy
- Manuscript application for the opening of the account signed by the client

In case of a company:

- Articles of Association
- Agreement of the Board of Directors empowering the persons who are going to represent the Company and publication of the advertisements in a newspaper or powers of attorney of the persons empowered to operate in that account
- Copy of the registration of the Company in the Companies Registry
- Certificate of legal force duly authenticated in the Consulate
- Copy of the passports of the attorneys of the Company
- Opening account application

All these documents must be translated into French.

IV.-Execution of the contract before Notary Public

The procedure of executing the definitive sales contract is different depending if there is mortgage or not, although there are two steps to be taken in both cases:

- Once the construction of the dwelling has finished, the seller applies in the Town Hall for the licence of first occupation.
- Now a topographer appointed by the seller leaves in the Registry a dossier of the project of the finished construction and its division into plots (plots division).

1°) Sale with Mortgage

- The seller reaches with the buyer a definitive commitment to sell for the full legal ownership, once the necessary adjustments with regard to the initial commitment agreement have been carried out, a dossier with the said adjustments have been presented by the already mentioned topographer in the Registry, and the first occupation licence and the corresponding record number ("titre foncière") have been obtained.
- This definitive commitment to sell between the seller and the buyer is brought by the buyer to the Bank that is going to finance the purchase of the dwelling so that the Bank, according to it makes the mortgage agreement.
- Once the mortgage agreement has been finished, the Bank sends it to the Notary so that this Notary authenticates it and makes only one sale and purchase and mortgage agreement for the dwelling.
- Once this document is made and authenticated by the Notary, this is once again sent to the Bank to be signed by the Bank and by the seller and buyer in the presence of the Bank.
- As soon as the contract is executed by the Notary, the buyer will have to deposit the price agreed in the seller's account designated for that purpose. This account will be blocked until the Notary finishes with the verifications described next.

- The topographer puts at the disposal of the Notary the dossier delivered in the Registry and already returned by the same so that the Notary verifies the ownership, that it is free from debts, etc. of the dwelling already sold.
- Once these verifications have been carried out, the Notary brings the sales agreement to the Registry so that this document is registered with the name of the buyer.
- Once this procedure have been carried out, the Notary gives the Bank the order to proceed to the payment of the price blocked in the buyer's account to the seller.

What is more, **non-residents** are entitled to apply for a mortgage loan to finance the purchase of apartments in Morocco with some conditions:

- minimum 30% of the price of the apartment must be paid in foreign currency
- either a guarantee from a foreign bank must be presented, or permit a first mortgage in favour of the Moroccan Bank on the property

2°) Sale without Mortgage

- Buyer and seller sign before Notary the definitive sales agreement.
- At this moment, the buyer will have to hand in to the seller the agreed price with a cheque certified by the Bank.
- In the sales and purchase agreement, the buyer accepts the commitment to register the document in the Registry within a determined period.
- The Notary brings to the Registry the sales and purchase agreement signed in his presence by seller and buyer, obtaining therefore the corresponding record number to be given to the buyer.

V.-Payments of the buyer at the purchase

The buyer will have to be prepared to carry out other payments in addition to the ones already mentioned:

1. "*Droits d'enregistrement*" equivalent to transfer tax and stamp duty
 - Rate 2,5% over the value of the purchased property
2. "*Droits de la conservation foncière*", equivalent to the registration in the Land Registry:
 - the applicable rate is 1%, however, and as a penalty, it could be increased up to 2% if the registration is delayed more than 18 months.
3. Notary Fees:
 - 0,5% over the purchased property
4. Notary fee.

VI.- Capital repatriation

The individuals and corporate persons not living in Morocco are entitled to the net repatriation of all the invested capital and benefits obtained, justifying however the payments of fees and taxes carried out (added value, tax urbaine, tax d'edilité, ...)

For that purpose, the person will have to open a file in the Exchange Office in Morocco, justifying the investment through presentation of all kind of documents that justify its payments in foreign currency.

It is essential that the non-resident investor opens a bank account in convertible Dirhams in a finance company with central office in Morocco that will issue the certificates corresponding to each deposit in foreign currency carried out in that account.

However, it is possible that the client pays the price through bank transfer, what will make the arrangements for the invested capital and benefits repatriation more difficult (although not impossible).

VII.-Applicable tax regulations

1. Real Estate Tax (Tax Urbaine)

- Local taxes
- The tax basis is the rent value of the immovable property. The applicable rate is the 13,5% of the rent value
- Exemptions: new buildings, enlargements and machines and devices involved during 5 years.

2. Rubbish-collection tax (Tax d'edilité)

- Local taxes. All the immovable properties and machines subject to the "Tax Urbaine" are also subject to these taxes, calculated on the same basis.
- Rates: 6% or 10% to be determined depending on the agreements reached with the town halls corresponding to this area.

However, this tax will be with complete certainty included in the fee corresponding to each owner in the Management Institution, negotiated in any case with the Moroccan Government.

3. Added value: In case the current buyer wanted to sell the purchased property in the future.

- 20% over the difference between the selling price (minus expenses) and the purchase price increased with the purchase expenses, investment charges as well as paid interests in case of financing
- There is no way the tax is lower than 3% of the selling price
- 0% in case the dwelling had been used as principal residence during ten years

Contact: Anna Farrugia
Harlon Overseas Property
Wimbledon London

Tel: 020 8942 9558
Email: property@harlon.co.uk