



Le Jardin de Fleur RT-6
Sahara Beach & Spa Resort *****

Rental Income Projections



This five star condominium resort will feature 204 apartments, all with sea views in a prime beachfront location in Mediterranean Saïdia. Investors will benefit from guaranteed profit share of rental income from this resort.

The following example provides projections of the likely rental returns for investors, calculated on the basis of the Le Jardin de Fleur business model for RT-6.

How the rental agreement works

On purchasing a unit in Sahara Beach & Spa Resort, owners will enter into a renewable 9-year touristic lease-back agreement which will enable them to benefit from profit share of rental revenue generated by the condo-resort. The percentage of profit share will be based on the revenue generated by the rental of all of the units in the condo-resort, and not only by the individual unit. This means that when the unit is not being used by the owner, it forms part of a centrally managed condo-resort rental pool.

Up to 10 weeks free usage

In addition, as an owner, you have the option of enjoying the unit for up to 10 weeks per year as detailed on the following pages. This also applies for bookings made for your family, friends, colleagues etc. The rights to usage of the unit are based on a points system according to whether the holiday is taken in high, mid or low season.



Rental profit share

All owners will receive an individual Owner Profit Share of the total net profit income generated from the rental of all the condo-resort units. The projections for potential income from rentals contained in this document are based on estimations of the occupancy rates for this five star beach & spa resort. Depending on the occupation levels reached, the average return on investment generated from rental income is predicted to be between 7 to 11 per cent per year. This presents an incredible opportunity in comparison to other leaseback returns available in the market which can offer yields of around 4 to 5 per cent.

Management Company

On acquiring a unit in the condo-resort, owners will sign an agreement with a management company responsible for entering the unit into a centrally managed rentals pool. The management company will be responsible for maximizing revenue by managing holiday reservations from travel agencies, tour operators, GDS and CRS systems. It is envisaged that a leading hotel brand with international recognition will be elected to manage the resort and this will bring great advantages to the owners in terms of capitalizing on the management company's central reservation system and expertise in maximizing occupancy yields.

Communal amenities

The management company will be responsible for the running of the numerous communal amenities of the condo-resort which include 3 luxury lagoon swimming pools set in tropical and landscaped gardens, 3 themed restaurants, 3 bars (terrace and pool bars), a large spa & wellness centre on two floors, boutique shops and a first class business and convention centre on two floors.



Maintenance & decoration

All of the units will be sold fully furnished, equipped with luxury fittings and fully-fitted quality kitchens with German appliances. All cleaning and maintenance of the units will be taken care of by the management company.





Benefits

As an owner of a unit in the condo-resort you these are some of the benefits you can enjoy:

- **Optimum return on investment from rental income in a highly sought after tourism location - dubbed the 'Cote d'Azur' of Morocco**
- **Hassle-free investment as all the rentals will be fully managed for you**
- **Zero maintenance costs or worries –fully furnished & decorated units will enjoy daily maintenance to luxury standards**
- **Solid investment in 5 star resort in association with international hotel brand**
- **Up to 10 weeks of holiday per year in a five star beach resort for you, your family and friends**
- **Prestigious resort with impeccable standards featuring unique Moroccan-Mediterranean architecture**
- **Free use of luxury resort amenities; spa & wellness centre, tropical swimming pools, kids club etc.**
- **Free use of other Le Jardin de Fleur resort clubhouse facilities**
- **Discounts on activities in Mediterranean Saïdia golf, marina, shopping & sports**
- **Good capital appreciation should you wish to re-sell your investment**
- **Developer with solid financial backing responsible for 11 projects in government-sponsored tourism resort**



Estimated rental rates

Market research shows that the rental prices per night will start for a simple studio at € 50 in the low season and go up to € 375 for a luxury penthouse suite in the high season.

Profit projections

The following profit projections are based on the profit share model described above, and use as reference the figures from international occupancy rates and costs for similar five star hotels in Morocco:

1. **Low occupancy rate** **58%** (lowest average rate over whole year)
2. **Medium occupancy rate** **75%** (average for coastal resort hotels)
3. **Highest occupancy rate** **88%** (highest rate reached in Morocco)

Below is a table which shows predicted return on investment based on the above occupancy rate projections: (Not including owner usage of the unit)

	Total net profit income	Return on investment
1- Lowest occupancy rate	€ 4.654.239	8,17%
2 – Medium occupancy rate	€ 6.388.663	11,17%
3 – High occupancy rate	€ 7.671.089	13,46%

Calculating your individual profit share

There are several possible models which can be used to calculate the share of profit from condo-resort rentals between the owner and the management company. The following model serves as an example of how the total rental income from the condo-resort can be shared between owners. This model is an example only, and could be subject to changes in the aim of securing the best possible system for owners who acquire units in this condo-resort.

Proposed Le Jardin de Fleur profit-share model:

This model calculates the owner's individual profit share annually on the basis of the following factors:

1. **Owner usage** - number of days (points) that you have used your unit
2. **Total condo-resort usage** - total number of days (points) that all condo-resort units have been used by owners
3. **Unit percentage value** - original sale price of your unit divided by total value of condo-resort
4. **Total net profit income** - income generated by the rental of all the condo-resort units, plus a portion of the profit from communal amenities (minus management & service costs)

Each of these factors is explained in further detail on the following pages.

Factor 1. Owner usage

The amount of days (points) an owner has used in their unit is one of the factors that is taken into account when calculating individual profit share when using this model, as the more rentals received from paying guests – the more profit will be made by the resort unit.

Every owner can enjoy the right to use the unit up to 10 weeks per year, including no more than 2 weeks in high-season. However, depending on whether the owner stays in the resort in high, mid or low season, each night is given a points allocation and each year contains 700 points per unit. The owner can use a total of 100 points per year (see table below).

Owner Points allocation	Points value in days, according to season	Maximum permitted usage (days)	Seasonal limitations
100 points per year (out of a total of 700 points)	Low season: 1 day = 1 point Mid season: 1 day = 2 points High season: 1 day = 3 points	Maximum 70 days (10 weeks) per year	No more than 14 days (2 weeks) in High season
<p><i>Low season: 01 November – 28 March</i> <i>Mid season: 29 March – 14 June; 16 September – 31 October</i> <i>High season: 15 June – July – August – 15 September; Easter week; Christmas week</i></p>			

What happens if you use additional points?

It is also possible for the owner to use additional points or additional days in high-season, but any additional days will be counted as extra points:

- If owner usage exceeds maximum 14-day limit in high-season, the points for each additional high-season day will be counted as triple points (9 points per extra day).
- If owner usage exceeds maximum annual points allocation (100 points), the number of additional points used will be multiplied by 2 and added to the previous balance. (I.e. If you use 105 points, the 5 extra points are multiplied by 2 and added to 105 – so total points used will be 115).

Points Usage Example One:

If an owner uses their apartment 2 weeks in high season, 2 weeks in mid season and 2 weeks in low season, the points usage is calculated like this:

2 weeks in high season (14 days x 3 points per day = 42), 2 weeks in mid season (14 days x 2 points per day = 28 points) and 2 weeks in low season (14 days x 1 point per day = 14 points):
Total number of individual points used (42 + 28 + 14)

= 84 points

[If a year counts as 700 points, this owner has used 84 points out of 700, which means a total of **616 unoccupied points** were made available for holiday rentals.]

Points Usage Example Two:

If an owner uses their apartment 2 weeks in high season, 3 weeks in mid season and 4 weeks in low season, the points usage is calculated like this:

2 weeks in high season (14 days x 3 points per day = 42), 3 weeks in mid season (21 x 2 points per day = 42 points) and 4 weeks in low season (28 days x 1 point per day = 28 points):
Total number of individual points used (42 + 42 + 28)

= 112 points

However, in this case the owner has used 12 more points than the allocated limit (100), so the additional points are multiplied by 2 (2 x 12 = 24) and added to the previous total. So 24 points are added to 112 giving a new total of

= 136 points

[This owner used up 136 points out of 700, which means a total of **564 unoccupied points** were made available for holiday rentals that year.]

Points Usage Example Three:

If an owner uses the apartment 3 weeks in high season, 0 weeks in mid season and 0 weeks in low season, the points usage is calculated like this:

3 weeks in high season (14 days x 3 points per day = 42) and (7 days x 9 points per extra day that exceeds the 2 week limit for high-season = 63)
The total number of individual points used (42 + 63 = 105)

= 105 points

However, in this case the owner has used 5 more points than the allocated limit (100), so the additional points are multiplied by 2 (2 x 5 = 10) and added to the previous total. So 10 points are added to 105 giving a new total of **=115 points**

[This owner used up 115 points out of 700, which means a total of **585 unoccupied points** were made available for holiday rentals that year.]

Factor 2. Total condo-resort usage

If none of the owners used their units, there would be a total of 142,800 unoccupied points per year (700 x 204). In order to calculate the total condo-resort owner usage, at the end of each year, the total number of points used by all owners is subtracted from 142,800.

Example:

If between them, all 204 owners used up a total of 15,800 points, there would be a total **125,600** unoccupied points made available for holiday rentals in the condo-resort that year.

Factor 3. Unit percentage value

Due to the difference in sales prices of the condo-resort units, another factor that this model takes into account when calculating profit share is the original sale price of your unit when you purchased it. This figure is divided by the total value of the condo-resort to obtain what will be known as the 'unit percentage value'.

Example:

If you paid 250,000 euros for your apartment and the total value of the apart-hotel was 57,000,000, your **unit percentage value** would be:

Original sales price of unit: 250,000
÷ total value of condo-resort: 57,000,000
= Unit percentage value of **0,0044%**

Factor 4. Total net profit income

As one of the 204 condo-resort unit owners, you will receive an individual Owner Profit Share of the 'total net profit income' generated by rentals of all condo-resort units.

According to this model, the **total net profit income** is calculated as follows:

Total Net Rental Income of all condo-resort units*
+ 30% of profit from communal amenities (restaurants, spa, shops etc.)
= **Total Net Profit Income**

*The Total Net Rental Income of the condo-resort is calculated by subtracting the management costs & service charges from the gross rental income. The management costs & service charges account for rental management administration costs for all of the condo-resort units (including marketing costs, credit card fees, travel agent commissions, reservation fees and overhead).

Individual profit share calculation

To determine your profit share based on this model, all of the factors mentioned previously are brought together into the following overall calculation:

Annual non-usage → percentage(*)	(*) Annual non-usage percentage= owner's unoccupied annual points (see factor 1) ÷ total condo-resort total unoccupied annual points (factor 2) x total number of units in condo-resort
x Unit percentage value (factor 3)	
= Owner profit percentage	
<hr/>	
→ Owner profit percentage	
x Total net profit income (factor 4)	
= <u>Your individual profit share</u>	
<hr/>	

See how this calculation is applied to each example on the following pages.

Example calculations

Example One

Owner originally paid € 250.000 for apartment, and in one year uses their apartment 2 weeks in high season, 2 weeks in mid season and 2 weeks in low season. Owner uses a total of 84 points out of 700 in a year leaving a total of 616 unoccupied points made available for holiday rentals.

Annual non-usage percentage(*) 1.0 →	(*) Annual non-usage percentage= Owner's unoccupied annual points: 616 ÷ Total condo-resort unoccupied annual points: 125,600 (example only) = 0.0049 x Total number of units in condo-resort (204) = 1.0%
x Unit percentage value 0,0044 →	Unit percentage value = Sale price of owners unit: 250.000 ÷ Total sales price of condo-resort: 57,000,000 = 0,0044%
= Owner profit percentage 0,0044	
→ Owner profit percentage 0,0044	
x Total net profit income € 5.000.000 (example only)	
=	<u>Individual profit share for the year : € 21.725 (8,69 % Return on Investment)</u>

Example Two

Owner originally paid € 250.000 for apartment, and in one year uses their apartment 2 weeks in high season, 3 weeks in mid season and 4 weeks in low season. Owner uses a total of 136 points out of 700 in a year leaving a total of 564 unoccupied points made available for holiday rentals.

Annual non-usage percentage(*) 0,91 →	(*) Annual non-usage percentage= Owner's unoccupied annual points: 564 ÷ Total condo-resort unoccupied annual points: 125,600 (example only) = 0.0045 x Total number of units in condo-resort (204) = 0,91%
x Unit percentage value 0,0044 →	Unit percentage value = Sale price of owners unit: 250.000 ÷ Total sales price of condo-resort: 57,000,000 = 0,0044%
= Owner profit percentage 0,0040	
→ Owner profit percentage 0,0040%	
x Total net profit income € 5.000.000 (example only)	
=	<u>Individual profit share for the year : € 20.152 (8.1% return on investment)</u>

- Calculating individual profit share -

Example Three

Owner originally paid €250.000 for apartment, and in one year uses their apartment 3 weeks in high season, 0 weeks in mid season and 0 weeks in low season. Owner uses a total of 115 points out of 700 in a year leaving a total of 585 unoccupied points made available for holiday rentals.

<p>Annual non-usage percentage(*) 0,95 →</p>	<p>(*) Annual non-usage percentage= Owner's unoccupied annual points: 585 ÷ Total condo-resort unoccupied annual points: 125,600 (example only) = 0.0046 x Total number of units in condo-resort (204) = 0,91%</p>
<p>x Unit percentage value 0,0044 →</p>	<p>Unit percentage value = Sale price of owners unit: 250.000 ÷ Total sales price of condo-resort: 57,000,000 = 0,0044%</p>
<p>= Owner profit percentage 0,0042</p>	
<p>→ Owner profit percentage 0,0042%</p>	
<p>x Total net profit income € 5.000.000 (example only)</p>	
<p>= <u>Individual profit share for the year : € 20.900</u> (8.3% return on investment)</p>	