

TERMS
& CONDITIONS

CONDITIONS FOR ACQUIRING REAL ESTATE UNDER THE IHS SCHEME

1. PREAMBLE

Lux Island Resorts Ltd, a Mauritian company listed on the Stock Exchange of Mauritius, is marketing a set of 49 residential units through Merville Limited, its wholly-owned subsidiary, under the Invest-Hotel Scheme (IHS). The units are located within the company's new resort, LUX* Grand Baie Resort & Residences, located in Grand Baie, Mauritius. Its IHS accreditation was issued by the Economic Development Board (EDB) on the 2nd of July 2019.

Merville Limited has signed a marketing and management contract with The Lux Collective Ltd. The Lux Collective Ltd, a public company incorporated in Mauritius, is a management company that owns several hospitality brands including, among others, LUX*, SALT, SOCIO and Tamassa. The Lux Collective Ltd markets and operates hotels owned by Lux Island Resorts Ltd in Mauritius and abroad and also operates hotels owned by third parties.

Merville Limited is referred in this document as the project's promoter and developer.

The units will be delivered furnished and marketed off-plan under a Vente en État Futur d'Achèvement contract. They are being sold with a view to being leased out under the terms of a property management mandate fulfilled by Merville Limited. This management mandate includes a set of hospitality services that will be provided to an international tourist clientele.

Merville Limited, which operates the resort in which these units are located, possesses the infrastructure and material resources to assist the units' owners with their property's management and administration.

The purpose of this document is to describe the afore-mentioned dwellings, the off-plan purchase conditions and the rights and obligations of the owner.

2. DESCRIPTION OF THE ASSETS BEING MARKETED

Anyone wishing to acquire a residential unit under the IHS scheme at LUX* Grand Baie Resort & Residences will sign a rental agreement with Merville Limited before the resort's pre-opening phase. The resort will be marketed and managed under the name LUX* Grand Baie Resort & Residences.

In accordance with Mauritian law, any foreigner who acquires a piece of real estate of a value equal to or greater than USD 375,000 (or the equivalent in any other currency) within an approved IHS, RES, PDS, IRS or Smart City real estate scheme can apply for Mauritian permanent residence. Permanent residence status, which is issued by the Economic Development Board, enables the holder to become tax resident in Mauritius and to benefit from the advantages thereof. The owner and his or her dependents retain Mauritian permanent residence as long as the property they have purchased remains in their possession.

The precise terms under which the owner entrusts the agent, Merville Limited, with the administration and hotel management, in their name and on their behalf, of the furnished accommodation described below, will be the subject of a duly authorised mandate signed when the deed of sale is issued.

All of the real estate available for sale within the LUX* Grand Baie Resort & Residences is subject to the Invest-Hotel Scheme. This scheme was created by the Mauritian government in 2015 in order to facilitate the financing of new hotel projects. Under its terms, each unit's owner has the right to occasionally stay in the property while generating rental income through the management services provided by the hotel it is located in / part of.

Three types of residential units are available for sale:

- Ocean View Villas:

These villas are built on a 5,415.97 m² plot of land leased from the Mauritian government for a period of 50 years.

- 4 units
- Total living space: 240 m²
- 2 bedrooms
- Selling price: Rs 90,000,000
- Property description: A fully furnished and decorated villa consisting of an entrance hallway, living room, kitchen with adjoining utility room, 2 bedrooms with ensuite bathrooms, guest amenities and a terrace with a private swimming pool.

- Junior Suites:

The Juniors Suites are built on a 4,966 m² plot of land leased with the Mauritian government for a period of 50 years.

- 40 units
- Total living space: 65 m2
- 1 bedroom
- Selling price: Rs 35,000,000
- Property description: A fully furnished and decorated apartment consisting of a bedroom with an ensuite bathroom and a private terrace.

The homes will be governed by the rules of co-ownership and will enable their owners to benefit from an annual rental income as well as 45 overnight stays per year – with the amenities and services detailed hereafter.

3. SERVICES AND AMENITIES PROVIDED AS PART OF THE PURCHASE

By purchasing a residential unit within LUX* Grand Baie Resorts and Residences, the owner is guaranteed a minimum annual rental income of 3% of the purchase price during the first five complete financial years of the resort's operation. The owner is entitled to collect their rent in the currency they used to purchase their property. The assets may be purchased in mauritian rupee (MUR), euros (EUR), dollars (USD) or pounds sterling (GBP).

In addition, each owner benefits from a number of services and amenities.

1. Access to the LUX* Grand Baie resort

Each owner is entitled to stay in their villa, residence or penthouse – or any equivalent unit – within the resort for 45 nights per year. All stays will be on a half-board basis. Half-board includes breakfast and dinner served at the hotel's main restaurant and excludes lunch service. During their stay, owners will also benefit from a 30% discount on the price of the resort's catering services and spa treatments. This offer is valid for the owner, their spouse or partner, and any guests residing at the resort during their stay quota. It cannot be combined with other promotional offers.

2. The exchange programme

Each owner is invited to take advantage of The Lux Collective's hospitality network via its exchange programme. Access to other hotels should be arranged with the relevant hotel manager.

In addition to the 45 nights' stay to which each owner of a LUX* Grand Baie residence is entitled,

owners also benefit from a preferential rate on 45 nights' accommodation in any other hotel managed by The Lux Collective or that is part of its exchange programme (see clause 5.2 of this document).

Owners also benefit from guaranteed day passes at every hotel participating in the exchange programme.

A minimum of two nights' stay is required for any stay in participating exchange programme hotels.

The 30% discount on catering and spa treatments for all LUX* Grand Baie property owners is also valid in other participating hotels.

3. The LUX* Card

Upon the hotel's opening, LUX* Grand Baie property owners will be provided with a LUX* Card in their name or in the name of their spouse or partner. If the owner is an investment firm, up to four cards in the names of the firm's shareholders will be issued.

4. THE STAGES OF PURCHASING A RESIDENTIAL PROPERTY UNDER THE INVEST HOTEL SCHEME

All of the assets marketed within the LUX* Grand Baie Resort & Residences are sold off-plan under a Vente en l'Etat Futur d'achèvement (VEFA) contract, according to which:

- The property, unbuilt or under construction, is sold off-plan on the basis of detailed drawings and specifications;
- The owner delegates the supervision of the unit's construction to the promoter – who thereby takes on responsibility for all issues relating to the build;
- The promoter commits to delivering an asset completed in accordance with the plans and specifications provided, and within an agreed timeframe.

VEFA contracts are carried out in four stages:

1. Signature of a Preliminary Reservation Contract

In accordance with the strict rules set out in Articles 1601 et seq. of the Mauritian Civil Code, the owner commits to their property purchase by signing a Preliminary Reservation Contract (CRP) and providing a security deposit. The latter, representing 10% of the reserved property's price, must be paid into an escrow account in the name of Merville Limited and held either by a notary or at an approved commercial bank not later than 15 days after the CRP is signed.

2. Signature of the deed of sale in front of a notary

The buyer then commits to signing a deed of sale, to include:

- A precise and detailed description of the property being purchased off-plan;
- The construction completion date and handover date;
- Construction completion bonds (Garanties Financières d'Achèvement) for the works and/or reimbursement as well as construction-related insurance policies;
- Relevant administrative authorisations;
- A payment schedule.

3. Payment schedule

In accordance with the provisions of Article 1601-30 of the Mauritius Civil Code, the sales price is payable in instalments as the work progresses, as follows:

- Security deposit: 10%;
- Upon the signature of the deed of sale: 20%;
- Upon completion of the foundations: 5%;
- Upon completion of the ground floor slab: 15%;
- Completion of basic structure including walls and roof: 20%;
- Upon final completion of the works: 25%;
- Upon delivery: 5%

- LUX* Residences:

The LUX * Residences are built on a 7,024.92 m2 plot of freehold land.

- 6 units
- Total living space: 166 m2
- 2 bedrooms
- Selling price: Rs 35,000,000
- Property description: A fully furnished and decorated apartment that includes an entrance hall, a living room, a dining room with a kitchenette, a master bedroom and second bedroom both with ensuite bathrooms, guest amenities and a terrace with a private pool.

The Ocean View Villas and Junior Suites are built on land leased from the Mauritian government and are therefore subject to an unexpired 50-year lease. The owners' ability to renew their individual leases upon their expiry is conditional on Merville Limited's ability to renew the lease on the land with the government of Mauritius.

Should Merville Limited be able to renew the lease, each property owner will be entitled to a new lease term, provided they are able to pay their share of the lease renewal costs. It should be noted that, to date, the Mauritian government has never awarded the lease to another operator when renewing the lease in question. The Residences, for their part, are built on freehold land, and are therefore not subject to any lease renewal.

The homes will be entirely furnished and fit out by Merville Limited during the construction phase. They will also be insured by the developer under a comprehensive insurance scheme for the rental of furnished tourist accommodation.

It should be noted that the price of the property excludes:

- Value Added Tax (VAT): Merville Limited is currently negotiating with the Mauritian government regarding this tax. Two options are being considered:
 - a) Either VAT will be payable when the property is purchased and refunded to the purchaser thereafter; or
 - b) The asset will be exempt from VAT at the time of purchase.
- Registration rights, consisting of:
 - a) USD 70,000 for each villa or 5% of the property's value, whichever is higher
 - b) 5% of the property's value for LUX* Residences and Junior Suites
- Notary fees and costs as follows: A Rs 22,500 fee on the value of the property up to Rs 1,750,000; a 0.5% fee on the remaining property value; as well as a Rs 15,000 conveyancing fee and other administrative costs.

4. Completion of works and handover

The target date for delivery of LUX* Grand Baie Resort & Residences properties is the 1st of October 2021, which is also the target date for the start of the resort's operations. From the day that all of the properties constituting the IHS real estate complex are operational and income-generating, property owners can claim the 45 nights' stay provided for in the rental contract agreed at the time of sale.

5. OWNER'S COMMITMENTS AND OBLIGATIONS

By purchasing a private residence at LUX* Grand Baie Resort and Residences under the IHS scheme, property owners agree to comply with a number of obligations relating to property's rental management and the use of the accompanying services.

1. Rental management of the residential property

In accordance with the terms of the IHS investment scheme, each property – which is likely to be the subject of real rights and in particular the right of ownership – must be leased exclusively to Merville Limited upon purchase.

The owner therefore agrees to:

- Not personally rent out the property during rental periods, failing which the owner accepts the financial consequences of cancelling any rentals already agreed by the owner or their agent on the day of notice and of rehousing the reservation-holders;
- Grant Merville Limited exclusive rights to the property's rental and rental management for the lease period;
- Inform Merville Limited as soon as possible of the periods when the property will be privately occupied, so as to allow Merville Limited to optimally manage its rental schedule;
- Provide Merville Limited with unlimited access to the property throughout the duration of the management contract;
- Immediately notify Merville Limited of any legal or material changes that could affect the mandate;
- Authorise the Manager, Lux Collective Ltd, to prospect for potential rental customers for the property in Mauritius and abroad by any and all means;
- Authorise Merville Limited and The Lux Collective Ltd to make and distribute any reproductions of the property, in particular any photographs and videos, and grant the agent intellectual property rights regarding the property free of charge (representation and reproduction rights, distribution rights, etc.);

2. Booking conditions

The reservation policies, including cancellation policies, that apply to residents of LUX* hotels also

apply to property owners. Any reservation, whether for LUX* Grand Baie Resort & Residences or a hotel that is part of the group's exchange programme, must therefore be requested in writing.

Reservations will be confirmed if they are requested more than 40 days prior to the scheduled arrival date, and if the requested room is available at the time of booking. Any reservation made less than 40 days before arrival will be subject to availability. Reservations will be confirmed at least seven days before the requested arrival date.

If an owner cancels their reservation within 20 days of their arrival date, the cancelled nights will be regarded as having been consumed when calculating the 45 nights' stay the owner is entitled to, in the event that the reservation was for owner's own property.

If the reservation was made at another hotel that is part of the LUX* exchange programme, that hotel's cancellation policy will apply.

The villa's manager should be the owner's main point of contact. All bookings should be made through The Lux Collective's central reservation service.

3. Notes on the exchange programme

The owner is authorised to spend a maximum of 45 nights in his or her property within the LUX* Grand Baie Resort & Residences. The owner is also entitled to 45 nights at other hotels managed by The Lux Collective and that are part of the group's exchange programme.

The hotels included in the exchange programme will be communicated to owners at the start of each fiscal year, and will be updated periodically to add or remove certain establishments.

LUX* Grand Baie will apply a 60% discount on the best available rate for the room category reserved by a property owner in participating exchange programme hotels. The best available rate for each hotel is the rate published on the hotel's website.

Each owner and their guests will also benefit from a 30% discount on all of the catering services provided by exchange programme hotels. The price of the stay will be allocated to each owners' account.

Should an owner stay at a hotel that is part of the exchange programme and exceed the 45 nights they are entitled to, the best available rate with no further discounts will apply to the excess nights. Catering services and spa treatments, among other services, will be charged in line with the prices displayed within the hotel.

6. PROPERTY ADMINISTRATION & RENTAL MANAGEMENT

1. Co-ownership regime

The real estate complex at LUX* Grand Baie Resort & Residences will, upon its completion, be placed under a co-ownership regime as set out in articles 664 et seq. of the Mauritian Civil Code. A set of co-ownership rules and a division description will be established by the reserving party prior to the sale, should it take place.

The real estate complex will be for residential use only.

2. Lease agreement

Each dwelling must be leased to Merville Limited upon its completion, and will be governed by a lease agreement instigated by both parties and establishing in particular:

- The right of the owner, under certain conditions, to occupy or use – for themselves or for any other person designated by them – their residence or any other property forming part of the hotel's property portfolio, for a period not exceeding 45 nights in any given 12-month period;

- The method of calculating the rent accruing to the owner, to be established as a percentage of the total income from all of the properties within the IHS real estate complex;
- A guaranteed minimum revenue representing 3% of the purchase value over a period of 5 years, from the day that all of the properties constituting the IHS real estate complex are operational and income-generating, or from any other date agreed by the two parties.

The fixed asset replacement reserve fund has been created to repair and maintain the units (excluding damage caused by the owners and their guests) and the accommodation's common areas, in order to maintain the resort's five-star rating.

Merville Limited will provide the owner with a quarterly hotel revenue report. This document will provide details of the units' pooled revenue in the previous quarter as well as the owner's share of the pooled revenue.

If the owner's return on investment, within the parameters set out above, comes to less than 3% per annum, Merville Limited guarantees a 3% return for the first five full years based on the amount invested by the owner. On an indicative basis and without any obligation whatsoever on the part of Merville Limited, the annual return on a similar product launched by the group in 2015 is around 6% per year.

All payments to the owner must be made in the same currency as the original investment and by wire transfer to the owner's bank account.

8. APPLICABLE LAW, CLAUSES AND DISPUTES

1. *Applicable law*

The property's management is government by a co-ownership regime and is subject to the provisions of the Mauritian Civil Code.

2. *Disputes*

In the event of a dispute arising from the interpretation or implementation of the contract's clauses or of the provisions of the Mauritian Civil Code, the parties will endeavour to amicably resolve the dispute in question.

It is expressly agreed that in the event of the non-performance, by either party, of one of its commitments, and in the event that insolvency, receivership or compulsory liquidation proceedings are initiated by one of the parties, the other party shall have the right to rescind the contract.

The offending party alone will bear the financial consequences, if any, of cancelled guest stays.

3. *Death or incapacity*

The deed of sale will contain a preferential pact according to which the owner or his or her successors and assigns may not sell or otherwise alienate, in whole or in part, their property without first having given the original seller the right to acquire said property at the price set by the owner or his or her successors and assigns.

The owner expressly authorises the agent or his or her successors to substitute, in order to execute the mandate, any natural or legal person of their choosing, in the event of the death or incapacity of the mandate holder, or in the event of a change in the legal situation of the authorised representative.

4. *Termination of the mandate*

The mandate will end if Merville Limited is unable to renew the lease on the land where the properties forming part of the hotel are located, including the Ocean View Villas and Junior suites. Should the aforementioned leases successfully be renewed, then the mandate will continue by tacit agreement including for the Residences.

7. CALCULATION OF OWNER'S INCOME

The rental agreement governs the property's rental by its owner to Merville Limited. Its share of revenue will be calculated according to the steps listed below.

- Step 1: The revenue derived from the units as a rental pool, minus a 5% reserve to cover the cost of furniture replacement, corresponds to the adjusted total revenue of the pooled units;
- Step 2: The total adjusted revenue from the pooled units is attributed as follows: 60% for Merville Limited and 40% for the owners;
- Step 3: The owners' revenue is apportioned based on the Net Internal Area possessed by each owner. This corresponds to the owners' net income.

Pooled revenue is revenue generated from the rental of the unit alone, and does not include taxes or revenue generated from room service, food and beverages, spa treatments, dry cleaning, shopping, paid activities and dry cleaning.

The 60% share of the total adjusted pooled revenues retained by Merville Limited covers operating expenses, fixed costs and the IHS units' share of management costs for the resort's operation. Owners therefore do not have to pay any additional costs for the maintenance of their homes.