

From: Karyna Shuliak <[REDACTED]>
To: "Marc.Kensington" <[REDACTED]>
Cc: Alex Peto <[REDACTED]>, Mark Lloyd <[REDACTED]>
Subject: Re: Bin
Date: Wed, 03 Apr 2019 20:40:49 +0000

Dear Marc,

The survey is not scheduled. I will not take one step more unless and until I have a signed contract by your vendor. Thanks.

I have jumped through one hoop after another at your request and have been both respectful and patient. I am willing to split 50 50 any tax savings at the end that you can arrange.

I look forward to receiving a signed contract no later than next Monday. I know you are trying hard. The Rabat tax authorities were very unpleasant. Thank you for your help.

Sincerely,

Karyna

On Apr 3, 2019, at 3:13 PM, Marc.Kensington <[REDACTED]> wrote:

Karyna,

Just a quick question before talking to the vendor: estimate closing date, where are we with the due diligence, survey confirmed for next week or no need to do this ?

Kind regards

Le mer. 3 avr. 2019 à 18:45, Karyna Shuliak <[REDACTED]> a écrit :

Dear Marc,

According to the tax people, your idea might be viable. With the caveat that is better for you, buy it at 10m million euro? Higher capital gain tax, but you could make more money if it gets reduced. Your vendor would need to accept 20m total as three for tax and fees. If you think possible and get me a firm commitment, we will forward the AML letter which is already in my possession. Please let me know asap as this is taking much too much of my time.

Thank you.

Best regards,

Karyna

On Apr 2, 2019, at 12:35 PM, Marc.Kensington <[REDACTED]> wrote:

Dear [REDACTED],

You offered to give a 4 years loan to the vendor or was I wrong ? What means 46 million in debit during 4 years.

My solution is needs much less cash.

- 21 million for Pamur paid to the vendor
- 8 million for buying the property in Morocco
- 29 million all together and 6 million back to Pamur owned by you after 4 years (1, 5 million in 2020, 2021, 2022 and 2023)

- the taxes are paid by the 8 million (for this reason only 6 million back)
- no loan to the vendor and full control of the money going back to Pamur.

And the vendor pays the taxes in Morocco under your control. This is a complicated solution to manage both interests. But may be too complicated.

Kindest regards

Le mar. 2 avr. 2019 à 18:07, Karyna Shuliak <[REDACTED]> a écrit :

Dear Marc,

1. The tax problem is not mine and we would NEVER do anything to try to avoid. Its not the way we do business.
2. Do I understand correctly that you propose I pay 21 million to vendor, 8 million to pamur plus 2 million for fees and tax to government subject to your trying to get a reduction? So a total of 31 million out of pocket and then get back 8 over 4 years ???

Sincerely,
Karyna

On Apr 2, 2019, at 3:17 AM, Marc.Kensington <[REDACTED]> wrote:

Dear Karyna,

More comments about the way to close this deal would not help, many important sales happen this way but as the tax authorities are now aware about your project, they will survey who uses the palace and try to catch you. Not sure that they will succeed, but only trying would bother you.

If you want to continue the buying process, I would suggest the following strategy:

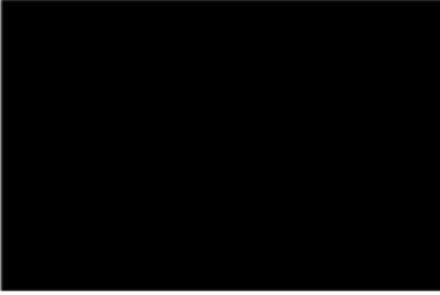
- 1) Complete the AML, even it is silly as you say.
- 2) Value the Bin Ennakhil at the minimum or a little bit more than requested by the tax authorities in Morocco. There is a "référentiel des prix de l'immobilier" for all the main cities (on internet but I can provide it for you and your lawyers). The value in this Palmeraie area is 1 000 dirhams / sq. m. land (45 700 000 dirhams) and 10 000 dirhams / sq. m. built up area, not including the basements and utilities (around 30 000 000 dirhams). A total value of 8 million euros (86 800 000 dirhams) is more than ten percent over the tax valuation. Nothing can happen, check this please with your Moroccan lawyer / accountant.
Pamur sells the property to Haze Trust for this price. Follow the capital gain tax calculation with a very low cost estimation of 30 million dirhams (probably only a few invoices remaining after so many years), the amount of taxes would not exceed: $(86\,800\,000 - 30\,000\,000) \times 0,31 = 17\,608\,000$ dirhams.
Additionally, Haze Trust has to pay the registration fees. About 6 million dirhams.
At the same time, Haze Trust buys Pamur for 21 million euros (the former 23 less 2 for the taxes and fees in Morocco).
After 1, 2, 3 and 4 years, Pamur owned by the Haze Trust, recovers 25% per annum of the sale price less taxes.
- 3) Check this way please. The most difficult will be to negotiate another price reduction of 2 million euros but if you agree with this strategy, I will push strongly.
- 4) Coming back to the capital gain taxes of 17 608 000 dirhams. I offer to manage the tax declaration and reduce the amount to be paid. If this happens, we can discuss about a success fee.

Yours sincerely

Marc LEON
Partner

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