

From: "jeffrey E." <jeevacation@gmail.com>
To: "Jabor Y." <[REDACTED]>
Subject: just received will reveiw tonight on plane
Date: Tue, 22 Aug 2017 18:19:02 +0000

Re: Proposed Acquisition of the Real Property Known as Bin Ennakhill in Marrakech, Morocco by Means of a Purchase from Rilton Investments Ltd, a BVI International Business Company, of 100% of the Shares of Pamur Anstalt, a Liechtenstein antstalt that owns Bin Ennakhil, for a purchase price of 25,000,000 Euro.

Dear Mr. Epstein:

In response to your request, we have reviewed the documentation and preliminary "diligence" materials provided to us with respect to the above-referenced transaction. Our observations and recommendations are provided below.

The very structure of the above-refenced transaction unnecessarily creates significant questions and issues as to the possible reasons for your acquisition through such a structure without conferring any benefits on you.

First, what reason can be provided for the transaction in 2013, 23 years after the Liechtenstein Anstalt acquired the property? It appears to be a tax avoidance restructuring using a BVI International Business Company to become the shareholder of the Liechtenstein Anstalt.

Second, what reason could there be for a US buyer to acquire the property indirectly through the purchase of shares in the Anstalt from a BVI International Business Company. Purchasing the property indirectly through this structure, which at a minimum has the optics of a tax avoidance motivated structure, rather than directly acquiring the real property itself, would in our opinion unnecessarily subject the US Purchaser and its beneficial owner to questions under tax, AML and other similar laws and should be avoided.

Third, the information and "diligence" documents provided regarding the foreign entities are superficial, insufficient and outdated; they are not a substitute for the extensive due diligence we would require in order to proceed with a transaction of this nature, even if we could recommend the transaction to you, which we cannot. The bare confirmations from the Anstalt's director in 2013 with respect to the ownership of the real property and absence of liabilities, contractual commitments and legal actions are also no substitute for a due diligence review or full access to the Anstalt's books and records. Moreover, no such confirmation was provided with respect to the BVI IBC.

Fourth, the contractual document proposed is sloppy, its representations are wholly inadequate and post signing covenants non-existent. There are no provisions or protections relating to the underlying property, which, after all, is the reason for the transaction. There are no provisions for title work, for inspections, lien searches, etc. There are no personal guarantees, escrows or holdbacks that we would ordinarily require for a transaction in which the buyer acquires ownership of an existing entity (with an unknown operating history and financial condition) that owns the real property in question, rather than outright ownership of the real property. If as we expect, the BVI IBC is a single purpose entity that only holds the shares in the Anstalt, what recourse could you take against it, if unanticipated problems arise with respect to the BVI IBC, the real property or the Anstalt that owns it?

As just a small illustrative sampling of the issues arising from our review of the documents:

There are some representations and warranties about the BVI IBC seller's ownership rights to the shares and about the capital structure of the Anstalt that owns the real property, but no representations and warranties about

the Anstalt itself, its financial condition, its operating history, tax liabilities or exposure, etc., other than incomplete and inadequate insolvency representations.

Other than incomplete representations and warranties as to the BVI IBC seller's ownership of the shares and about the capital structure of the Anstalt, there are no representations and warranties about the the BVI IBC Seller, itself, including, without limitation, financial condition, tax exposure, operating history, incumbency, etc.

There is no personal recourse from anyone on the Seller's side with respect to any of the limited matters that actually are covered in the Assignment Agreement. Moreover, to the extent that you have any rights to enforce under the Assignment Agreement, you, a foreigner, would be required to enforce them in a Liechtenstein court governed by Liechtenstein law, which for obvious reasons is far from ideal.

There are no representations and warranties about the real property itself, including who owns it, liens or encumbrances on it, matters that affect use and or marketability, any violations, any occupancy issues, etc.

There are no provisions for pre-closing inspections, access, etc. There are no provisions for a title search and review and there is no requirement to remove clouds from title and encumbrances from the property. Moreover, an August 30, 2017 closing date is completely unrealistic, as it provides no time at all in which to perform the extensive due diligence that should be undertaken with respect to the BVI IBC, the Liechtenstein Anstalt or Bin Ennakhill.

The documents that provide any background on the ownership of the property are mostly from 2013, not current and provide limited information to begin with.

Even the representation and warranty in the Assignment Agreement about Pamur Anstalt holding all necessary authorizations, permits, concessions, licenses is wholly deficient. What permits, authorizations, concessions, licenses are held, In which jurisdiction and for what purpose? What is the impact of a transfer of the Anstalt shares and a change in the directors and officers of the Anstalt on the permits, authorizations, concessions, licenses, etc.?

In short, you are being asked to close in no time at all for 25MM Euro, on essentially a blind purchase of shares in a Liechtenstein Anstalt that in 2013 purportedly owned the property and about which you have no financial, operating or historical information beyond its organization, no due diligence or even proof that it currently owns the property. You are being offered those shares from another BVI IBC about which you have no information and there is simply no way to verify proof of ownership, operating history, debts, assets, liabilities. There are no personal guarantees, escrows, holdbacks, etc. Nor have we been provided with any legitimate reason for you to adopt this pre-existing foreign ownership structure.

Accordingly, for a variety of reasons, including those briefly discussed above, we believe strongly that you should pass on this transaction. Please feel free to call me if you have any further questions.

Regards,

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please note

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