



OMAN Real Estate

Build your Future – directly on Sultanate of Oman

Villas Project



- In this presentation we want to talk to you about a particularly attractive sector: that of building and selling villas.
- Our Focus is and remains linked to the capital of the Sultanate of Oman: MUSCAT. Where most of the businesses are concentrated and where all the local population aspires to live.
- The following Program can be adapted by Investment entity and number of units achievable on an annual basis, depending on the investment capacity of the Partner.

Presentation scheme

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Presentation of the Group

Oman Real Estate is a Brand that includes a multiplicity of international Partners (construction, technical, financial, etc.).

It was born in 2021 to give unity of purpose to the Construction sector of the Group which, operating since 1988 in the Italian territory, has expanded internationally in the states of the Arabian Peninsula starting from 2016, the date from which it began to operate directly in the **Sultanate of 'Oman**, with proprietary Construction Company under local law, and with numerous **local partners** who over the years have joined the group for a better and more effective project management.

All this is made available to **new partners** who wish to enter the construction sector of the Sultanate of Oman immediately and with maximum efficiency.

Introduction to the project

- ✓ Start: 2019
- ✓ Completed projects : 8
- ✓ Current active projects : 24
- ✓ Current capacity : 36
- ✓ Expandable capacity : 72
- ✓ Current n. of engineers : 7
- ✓ Current n. foreman : 3
- ✓ Current n. of workers : 120 (with partners)
- ✓ Number of active local partners : 25
- ✓ Number of international partners : 12

Project idea

The idea of the "Villas Project" is to build a certain number of units (single or twin villas) and, as soon as 25% of the works have been completed, as indicated by local regulations, put them on the sales market as a group of operations.

The operating mode of multiple projects together allows :

- to **maximize profit**
- to **reduce delivery times**
- to **negotiate** with greater power on cost items (materials)
- to **increase profits** compared to single operations (villa by villa)
- to **optimize** the operational phases of the technical staff
- to **spread** the construction costs and the lead time of the sales

Two Programs (or more ...)

Full

- The full plan calls for the construction of 12 twin villas per year (one twin construction starts each month)
- The initial cost for each twin villa should be around 135,000 OMR (e.g. Mabilah area with 600 sqm built)
- The average selling price is expected to be around OMR 165/170,000
- Considering our construction time, 8 months per villa, the annual profit will be multiplied by 1.5 times

Half

- The reduced plan provides for the construction of 6 twin villas for the first year, and then to 12 from the second year
- The initial cost for each twin villa should be around 135,000 OMR (e.g. Mabilah area with 600 sqm built)
- The average selling price is expected to be around OMR 165/170,000
- Considering our construction time, 8 months per villa, the annual profit will be multiplied by 1.5 times

Advantages of working with us

	ALONE	WITH US
LAND COST	45.000	45.000
SQM. CONSTRUCTION	600	600
COST PER SQM.	180	150
COST OF CONSTRUCTION	108.000	90.000
SELLING PRICE	167.000	167.000
TOTAL COST	153.000	135.000
PROFIT PER UNIT	10%	24%
CONSTRUCTION TIMES	12 months	8 months
PROFIT ON AN ANNUAL BASIS	15%	36%

Program - Sequence relating to the first two twin villas

COSTS AND REVENUES															
TWIN VILLA 1	2021		2022												
	NOV	DIC	GEN	FEB	MAR	APR	MAG	GIU	LUG	AGO	SET	OTT	NOV	DIC	
OUTPUTS															
LAND PURCHASE	- 42.000														
PROJECT (DRAWINGS)		- 3.000													
COST OF WORKS			- 10.700	- 10.700	- 10.700	- 10.700	- 10.700	- 10.700	- 10.700	- 10.600			- 4.500		
REVENUE															
ADVANCE PAYMENT					33.000										
INTERIM PAYMENT								50.000							
BALANCE											84.000				
UNBALANCE TWIN VILLA 1	- 42.000	- 45.000	- 55.700	- 66.400	- 44.100	- 54.800	- 65.500	- 26.200	- 36.900	- 47.500	36.500	36.500	32.000	32.000	
TWIN VILLA 2															
		2021	2022												
		DIC	GEN	FEB	MAR	APR	MAG	GIU	LUG	AGO	SET	OTT	NOV	DIC	
OUTPUTS															
LAND PURCHASE		- 42.000													
PROJECT (DRAWINGS)			- 3.000												
COST OF WORKS				- 10.700	- 10.700	- 10.700	- 10.700	- 10.700	- 10.700	- 10.700	- 10.600			- 4.500	
REVENUE															
ADVANCE PAYMENT						33.000									
INTERIM PAYMENT									50.000						
BALANCE												84.000			
UNBALANCE TWIN VILLA 2		- 42.000	- 45.000	- 55.700	- 66.400	- 44.100	- 54.800	- 65.500	- 26.200	- 36.900	- 47.500	36.500	36.500	32.000	
TOTAL UNBALANCE		- 42.000	- 87.000	-100.700	-122.100	-110.500	- 98.900	-120.300	- 91.700	- 63.100	- 84.400	- 11.000	73.000	68.500	64.000

Considering that the maximum exposure per transaction is calculated in 66,400 OMR (against the 135,000 OMR of total expenditure), that is half of the basic calculation, this means that on the real invested capital the profit doubles, going from 36% **to 72% on annual basis**. Which becomes 77.50% with 2 operations, increasing further, the higher the number of villas built in sequence.

Economic Needs

Below is a summary of the focal points of the project, as a whole, in order to identify the necessary economic reserve:

- Launch of the plan for the development of 12 Twin Villas per year
- The program includes the launch of a new Twin Villa every month
- 8 are the months to complete each Twin Villa
- Each Twin Villa has an average area of approximately 600 m² (300 m² each)
- Construction cost calculated in about 150 OMR / m²
- Land cost 40/45,000 OMR (Mabilah parameters 4 and 6) (estimate)
- Total cost for each finished Twin Villa: 135,000 OMR (estimate)
- At any given time we should have 10 active construction projects, 2 in preparation and one completed and finished ready to be delivered

As can be seen in the table above, the economic stock calculated for each unit is equal to 66,400 OMR (which drops to 122,100 OMR with two projects in progress, and to 167,100 with three. Continuing to decrease, the more active projects are). To support the project as a whole, however, it is necessary to plan the stock of 135,000 OMR for each Twin Villa, not having exact certainty on the timing of the sale of the units. Any excess liquidity can be used and "recovered" to start the next operation in advance. Thus bringing the number of operations on an annual basis beyond the 12 foreseen, with a consequent increase in profits for the same amount of invested capital.

Analysis of the Areas of Interest

Area	land price for 600 m	building area	avrage selling price	cost	total cost	profit	percentage	duration	profit per year
Mabilah 4	44000	600	80000	84000	128000	32000	25%	10	30%
Mabilah 6	50000	600	80000	84000	134000	26000	19%	10	23%
Mabilah 8	40000	600	75000	84000	124000	26000	21%	10	25%
Alkhoud 6	75000	600	110000	102000	177000	43000	24%	12	24%
Alkhoud 7	80000	600	120000	102000	182000	58000	32%	12	32%
Al Mawalih	90000	600	120000	102000	192000	48000	25%	12	25%
Alhail South	95000	600	120000	102000	197000	43000	22%	12	22%
Alhail North	85000	600	120000	102000	187000	53000	28%	12	28%

Area	land price for 600 m	building area	avrage selling price	cost	total cost	profit	percentage	buliding cost
Mabilah 4	44000	600	82500	81000	125000	40000	32%	135
Mabilah 4	44000	600	87500	84000	128000	47000	37%	140
Mabilah 4	44000	600	92500	87000	131000	54000	41%	145
Mabilah 4	44000	600	92500	90000	134000	51000	38%	150
Mabilah 4	44000	600	92500	93000	137000	48000	35%	155
Mabilah 4	44000	600	92500	96000	140000	45000	32%	160
Mabilah 4	44000	600	92500	99000	143000	42000	29%	165
Mabilah 4	44000	600	92500	102000	146000	39000	27%	170

Above, the analysis of the local market with construction costs by type, and related revenue (data from projects already completed)

How do we calculate the Sales Prices?

What is the right price at which to sell that leads us to a certainty of profits?

- the market is indeed full of offers
- but we are building fast
- and we buy the materials with excellent discounts
- the normal profit of the residential sector (villas) is stabilized at around 20% for the traditional investor (in the single construction)
- to do this we would have to sell at 20% of our cost, which is at least 8% below the market
- this means that we are selling at about 5-7% less than the market, thus increasing our competitiveness and therefore facilitating the sale
- therefore our 300 square meters of twin villa (one half therefore), in Mabilah we can successfully offer them for a minimum of 80/85,000 Omani Rials.

Price Analysis of the Villas

Area	Building area	Selling price	age	Quality
Mabliah 4	265	77,000	new	140
Alhail South	325	125,000	new	155
Al Mawalih	350	135,000	new	160
Al Khoud 7	315	122,000	new	150
Al Khoud 6	330	105,000	new	130
Al Khoud 7	420	142,000	new	150
Al Khoud 7	532	280,000	new	160
alkhoud 5	577	285,000	new	160
Mabliah 4	420	115,000	new	145
Mabliah 5	500	119,000	used	150
alkhoud 6	300	120,000	new	150
mabilah 8	345	85,000	new	135
Falaj Al sham	430	135,000	new	150
Al Mawalih	375	155,000	new	155

Above, the analysis of the local market with the current sales prices of the villas, by area (data extracted from concluded sales)

How do we calculate the Risks ?

What are the risks we will face?

⇒ Land prices?

We have a wide choice of the areas indicated in the table and excellent relationships with landowners and local real estate agencies.

⇒ Construction prices?

Our many years of experience combined with those of our local partners over twenty years makes us safe in the determination of costs.

⇒ Time of sale?

We operate in a sector that does not know stagnation, given the high demographic increase in the country and the consequent continuous rise in demand for this type of residence.

⇒ Funds from banks?

We are already active with credit lines and certain income from profits already accrued. Added to this is the support of the partners who participate in the projects, and who introduce their resources in time, thus guaranteeing the certainty of reaching the end of construction.

Meetings and Follow Up

The Construction Program linked to each individual Project is constantly monitored, according to the administrative and operational structure promoted through the use of our high organizational standards.

Partners are offered numerous moments of control and verification according to the types of meetings listed below:

- Monthly meetings
- Quarterly meetings
- Annual meeting
- Annual evaluation

On these occasions of meeting and verification, all the options will be put in place and evaluated aimed both at maintaining the original program and, if possible, at further improving it, according to the results that can be evaluated during the course.

Management charges

What are the management charges ? These are the macro items that represent the overall cost of developing each Project. Below is the summary list.

- Monthly cost of carrying out the project: payment of SALs, procurement of materials, vehicles and transport. All this translates into the cost per square meter already exposed.
- Cost of the engineer: monthly salary, car, fuel and accommodation.
- Cost of the PRO (for the sale and purchase of land): fees for success.
- 2500 OMR per month: fixed management charges.
- Performance incentive: see table below.

Expected Profit	Profit Bonus	Profit on 1,5 Mil.	Profit Bonus	Profit after Bonus
24%	2%	360,000	7,200	23,52%
28%	3%	420,000	12,600	27,16%
32%	5%	480,000	24,000	30,40%
36%	8%	540,000	43,200	33,12%

Operating Mode offered to the Partner

ECONOMIC APPROACH AND PROCEDURES

In order to make each real estate transaction linear, it will operate through **2 specific companies**.

The **first Company** is represented by our local company, an LLC, which can operate in the Sultanate territory with its own licenses and authorizations.

This company will acquire :

- ✓ land rights (ownership or possibly even a partnership with a local landowner, to whom a building surface will then be made, based on the equity value, as a counterpart at the end of the operation).
- ✓ The authorizations to build, depositing the related projects and fulfilling the entire municipal authorization process, including the payment of charges for building licenses.
- ✓ It will entrust the construction assignment to the **second Company**.

But who is the second company that will carry out the construction represented?

Legal Entity with the Partner

It will be an FZC, a Free Zone Company, also of building constructions, with its licenses whose partners will be:

- 60% to Italian Partner
- 40% to local LLC (owner of the land and building permits)

In this case, the Italian partner will only pay the charges relating to the purchase of the land, planning and municipal charges (of which perhaps the first, the most expensive, can be replaced by an additional local partner, as we have seen above). .

The subdivision of the shares owned by the FZC will correspond to that relating to the realization / subdivision of the revenues of the single real estate transaction conducted jointly where, 40% represents the profit required by the LLC for the use of the same company (legal entity, headquarters, staff , licenses, offices, etc.), and 60% will go to the Italian partner who will be responsible for financing "his" operation.

Guarantees and Money Control

It is evident that in a procedural structure such as the one described above, the partner will always have control of his own money, both because most of it will enter the FZC of which the partner will share the signature rights of the bank account, holding the shares of majority (and therefore control), and because this company will receive the construction contract (and therefore it will be clear how much will be spent for each cost item relating to the development of the Construction Project).

It is important to note that the FZC does not need to be capitalized.

It can be opened and **registered in 48/72 hours** and immediately has his own bank account.

The cost of setting up, registering, obtaining a license with registered office, etc., is around 8,000 / 10,000 OMR depending on the Free Zone chosen (there are more than one).

To this are added some rather modest monthly fixed costs, for keeping the company alive, domicile, accounting, administration, annual renewal fees, etc.

Everything is described in detail in the **Partnership Agreement**.

Thanks for the attention

Operation proposed in collaboration between :

- ✓ **OMAN Real Estate** – www.OmanRE.it
- ✓ **Malnati Fabrizio Omar Constructions LLC** – www.malnatigroup.com
- ✓ **Global Management Advisors Ltd** – www.globalmanagementadvisors.co.uk
- ✓ **Arkiplus International** – www.arkiplus.eu