

Gibraltar Residential Properties Limited

(a wholly-owned Government company)

Nelson's View, Cumberland Terraces and Bayview Terraces ("the Developments")

Terms and Conditions of Sale

1. How do you apply to buy a property at these Developments?

- Applications to purchase a property at these Developments (hereafter called "Applications") must be submitted on the attached form entitled "Application for South District Developments". All sections of the Application Form must be accurately completed. Incorrect information will result in the application being disregarded.
- Completed Application Forms must be inserted into the Tender Box marked "South District Developments" at No.6 Convent Place not later than 5:30pm on Friday 3rd June 2011.
- Properties are offered on an "as is, as seen" basis.
- The properties are being offered for sale at the prices shown on the published price list. There is no point in offering a higher price.

2. Who is eligible to buy a property at these Developments?

- You must be on a Government housing waiting list or eligible to be on a Government housing waiting list; *or*
- You must be a Gibraltar believer (Registered, or eligible to be registered, as a Gibraltarian in the Register of Gibraltarians at the Civil Status and Registration Office of the Government of Gibraltar) who is living outside Gibraltar as a result of social or economic necessity; *or*
- A person who has been residing in Gibraltar for at least 10 consecutive years at the date of application for the unit.
- These properties are primarily intended for first time buyers.
- Preference may be given to buyers who surrender a Government flat.
- Preference may be given to young married couples who do not own and have never owned a home.
- Preference may be given to applicants who offer to purchase more than a 50% share.
- Co-ownership terms are available as follows:
 - 2 and 3 bedroom flats – co-ownership is available;
 - 4 bedroom flats – co-ownership is restricted to families with four children or more.

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3. How will these properties be allocated?

The properties will not be allocated on a first come first serves basis. There is, therefore, no need for you to rush to submit an application. All applications must be in by 5:30pm on Friday 3rd June 2011.

4. What resale restrictions apply?

These properties are not being offered for sale to the highest bidder and, in addition, there is a large element of public subsidy in the sense that:

- (1) The flats are being sold with no developer's profit; and
- (2) The prices make no provision for the value of the land because the Government has given the land free of charge to ensure the lowest possible cost selling price.

Accordingly, to avoid speculation, and in recognition that Government has undertaken this project to enable buyers to acquire a home to live in, there will be certain resale and occupation restrictions as follows:

In the case of an owner of less than a 100% share in a given unit:

- (1) A resale of that unit will not be permitted during the first three years from the date of purchase, except by (1) a mortgagee financial institution or (2) an owner who, in the Government's opinion, has a genuine and compelling family circumstance. In the latter case, the Government's approval will be required both as to the resale and the resale price. Government will be entitled to retain 60% of the profit of any sale authorised during the first three years.

- (2) During the fourth to tenth years from the date of purchase, resales are permitted subject to the following conditions:
 - a) The Government of Gibraltar must, prior to the sale, agree in writing to the resale price;
 - b) The Government of Gibraltar must have first option to purchase the unit at the agreed resale price;
 - c) The Government of Gibraltar must be entitled to a share of the resale profit (after the deduction from that profit of a fixed sum of £3,000 for the kitchen and £5,000 for other fixtures and fittings) as follows:
 - (i) Year 4 - 60% of such resale profit;
 - (ii) Year 5 - 50% of such resale profit;
 - (iii) Year 6 - 40% of such resale profit;
 - (iv) Year 7 - 30% of such resale profit;
 - (v) Year 8 - 20% of such resale profit;
 - (vi) Year 9 - 10% of such resale profit;
 - (vii) Year 10 - 5% of such resale profit.

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- d) On subsequent resales of the unit, the new buyer will have to purchase from the Government of Gibraltar, or Gibraltar Residential Properties Limited (“GRP”) as the case may be, its share in the unit as follows:
- (i) On the first resale, 40% of such share as the Government of Gibraltar (or GRP as the case may be) may have in the unit;
 - (ii) On the second resale, 40% of such share as the Government of Gibraltar (or GRP as the case may be) may have originally had in the unit;
 - (iii) On the third resale, 20% of such share as the Government of Gibraltar (or GRP as the case may be) may have originally had in the unit.

In the case of an owner of a 100% share in a given unit:

- (1) The resale restrictions set out in paragraph 4(1) above shall apply;
- (2) After a period of 3 years from the date of purchase there shall be no resale restrictions save for the payment to the Government of Gibraltar of a 10% share of the profit made on any resale of the unit that occurs during the period of 8 years from the date of purchase.

In any case, no resales will be permitted during the first fifteen years from purchase save to persons who have been ordinarily resident in Gibraltar for at least three years at the time of the resale.

Properties must be occupied by the Applicant as his/her only residence and may not be licensed, sublet, lent or left vacant (without the Government of Gibraltar’s prior written consent) for more than sixty days in any given year.

5. Viewing, Allocation, Contract and Completion Documentation

- Allocation will be by way of draws. The successful applicants shall then be invited to view the available flats for which they have applied, in the order drawn, before selecting one flat.
- Applicants should ensure that they have the financial means to complete the purchase before submitting their application.
- Successful applicants must:
 - When a flat is allocated to them, sign the attached reservation agreement and pay a non-refundable reservation fee of £500 by 5pm on the third business day after allocation of the property. The right to buy is not transferable to any other person;
 - By 5pm on the tenth business day (about two weeks) after allocation to them of a flat, prospective buyers must sign a purchase agreement and thereafter will be served with a Completion Notice. Neither the Purchase Agreement nor the Completion Notice are transferable. Successful applicants will have 28 days from the date of the Completion Notice to complete the purchase of their flat.

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- Upon completion, purchasers will receive an underlease for between 149 and 150 years and a share (which they must accept) in Cumberland Terraces Management Limited, Bayview Terraces Management Limited or Nelson's View Management Limited, as applicable. The management company will own and manage the common areas of the estate and the residue of the underlease.

- The texts of the following documents will be issued to prospective purchasers upon allocation of the property:
 - Purchase and Sale Agreement
 - Underlease
 - Constitution of Cumberland Terraces Management Limited/ Bayview Terraces Management Limited/ Nelson's View Management Limited as applicable.

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