

ROSEWOOD
RESIDENCES
TUCKER'S POINT, BERMUDA

Buying a home in Bermuda: Executive Summary.

This is a high-level summary for persons contemplating the purchase of Bermuda real estate.

Eligibility: Non-Bermudians may purchase property in Bermuda but there are restrictions. Non-Bermudians cannot own more than two whole ownership residential properties at any one time.

Additionally, non-Bermudians must obtain a License from the Bermuda government to buy real estate. Generally, a License will be granted for privately-owned residences located within the grounds of a licensed hotel, designated as "Hotel Residences" under The Bermuda Immigration and Protection Act, 1954 and the regulations thereunder.

Should a Hotel Residence then be maintained in a qualifying rental program, the owner may also benefit from significant financial incentives under Bermuda's Tourism Investment Act, 2017.

The Rosewood Residences at Tucker's Point, Bermuda qualify as Hotel Residences. Owners are therefore eligible to apply for a Licence and may enjoy financial benefits provided they participate in the (optional) tourism rental program.

Whilst non-Bermudians may acquire other real estate under licence, there are strict limitations on the type and value of qualifying homes. Non-Bermudians may not buy undeveloped land and Hotel Residences offer a unique opportunity to buy off-plan. Significantly simpler rules apply to Bermudian purchasers and we are happy to offer clarification for them, as required.

Ownership Structure: Ownership at Tucker's Point is in the form of a 999-year lease, along with an interest in common areas. This is a common form of real estate ownership in Bermuda. Upon the sale and completion of construction for all eight Rosewood Residences the owners, collectively, will gain ownership in the entity that owns the freehold reversion and so can collectively control the common areas. They may also then collectively extend the term of the leases and act as their own landlord; this enables the leasehold estate to be valued as if it were a freehold.

Applying for a License to Acquire Property: International purchasers need to apply for a License through the Bermuda Government's Land Valuation Department. The License fee is currently 6.5% of the purchase price for hotel residences but this is waived if the property is placed in a suitable hotel rental program (see "Concessions" below). The Licence application

includes details about the property and your intended use. Our sales operations team alongside your Bermudian lawyer can assist you with the License application.

You will initially apply for a “License in Principle” and will be granted a Final License only after construction of your Residence has completed and been issued with a Certificate of Occupancy and has a property tax code and a property identifier.

Concessions: Owners of Rosewood Residences at Tucker’s Point may opt to participate in an optional tourism letting scheme, supervised by the hotel’s management. Financial incentives are available to owners where the residence or a qualifying key is placed in a suitable hotel rental program. Those concessions generally include three components:

1. Waiver of the 6.5% License Fee (on purchase price) for international purchasers
2. Waiver of any duties otherwise payable on construction materials and hotel furnishing packages, which benefit the developer and purchaser respectively.
3. A Land Tax abatement for typically, 5-10 years.

You will be asked to indicate, as part of the purchase process at Tucker’s Point, whether or not you intend to participate in the (optional) hotel rental management program so that the appropriate immigration and legal processes are followed, and so that the appropriate purchase price (with allowances for Bermuda government duty savings on furnishings) can be entered into the Sale and Purchase Agreement for your residence.

If you elect to place your residence into the (optional) hotel rental program for at least five years, the waived duties on construction materials and furnishings are not repayable. If you change your election at any time prior to reselling the residence, however, non-Bermudians will need to seek Ministerial approval and the License Fee would be repayable based on the then current market value of your residence. If non-Bermudians resell their residence without exiting the rental program, the License Fee is not repayable. The next purchaser will continue benefit from applicable concessions should he/she elect to participate in the hotel rental program.

Land Tax Abatement note: The amount of abatement varies from resort to resort but typically covers a period of 5-10 years. We anticipate that the annual Land Tax for Rosewood Residences will be in the range of \$26,606 p.a. (based on an ARV in the range of \$132,000) but this will only be confirmed once construction is complete and the Land Valuation Department assesses the property. The Developer will apply for a 10 year land tax abatement for unit owners electing to participate in the (optional) tourism letting scheme but we cannot yet guarantee what period of abatement will be granted. The abatement does not apply to non-participating units.

Furnishings: The purchase price of Rosewood Residences does not include the cost of the approved hotel furnishing package as designed by Lilian Wu Studio New York in collaboration with Rosewood. For a fully furnished three-bedroom residence, the cost is estimated as \$400,000, plus or minus 15 percent, factoring in the duty concession. For a four-bedroom penthouse residence, the estimate is \$500,000, plus or minus 15 percent (after the duty concession). The approved hotel furnishing package is mandatory for all owners who wish to participate in the hotel rental program. These costs will be payable in installments as the hotel furnishings are confirmed and ordered during the development process.

Car ownership: There are restrictions on multiple car ownership in Bermuda. Each residence at Tucker's Point comes with an Assessment Number allowing you to purchase a car in Bermuda once construction finishes and you have legally closed. Each residence also includes an assigned secure garage for storage of your car both when in-residence and when off island. Each secure garage includes an option to add a dedicated EV charger. Small electric rental cars and golf carts may also be rented for guest and extended family use via your concierge service.

Ongoing Property Costs: Purchasers of a home at Rosewood Residences Tucker's Point, Bermuda will be liable, directly, for ongoing costs including:

- HOA fees
- Utility bills based upon individual meters
- Residence Land Tax (less any land tax abatement as described above)
- Home Contents and/or Auto Insurance as applicable (all other insurance is covered under the HOA)
- Membership Dues for Tucker's Point Club Golf, Beach and Tennis should they decide to enroll

Owners may be able to offset some of these ongoing running costs by participation in the (optional) hotel rental program.

Construction and Deposits Timing: Construction of Rosewood Residences Tucker's Point, Bermuda must commence within 120 days after securing Building Permits and selling at least four of the eight residences. The target date for completion of construction is within 20 months after commencement.

The deposit structure is as follows:

- The first deposit, equal to 1/6 of the purchase price, is due five working days after selection of the residence (on Selection Day). This deposit is held in escrow until a purchaser receives their License in Principle from Immigration, if applicable, and until a Building Permit is issued

- The second deposit, equal to 1/6 of the purchase price, is due five working days after official written notice of the commencement of construction.
- The third deposit, equal to 1/3 of the purchase price, is due five working days after the architect certifies substantial completion of construction of the residence (essentially, when internal works commence).
- The 1/3rd balance of the purchase price is due on legal closing.

Closing and Ownership Transfer: For purchasers at Tucker's Point, all of the closing documents will be pre-prepared by the seller's lawyers (Wakefield Quin). A Bermudian lawyer may assist you in reviewing these documents and completing the closing process. Your lawyer will also help with any other necessary due diligence on the property as well as Bermuda License and immigration procedures.

Legal Fees: Purchasers and the seller will each pay their own attorney's fees. For purchasers at Tucker's Point, the purchaser also pays the Bermuda Bar Scale recommended fee (of \$3,500) for the pre-prepared Sales and Purchase Agreement (SPA) and closing documents prepared by the seller's attorney (Wakefield Quin).

Purchasers at Tucker's Point, also pay 100% of the Stamp Duties on the closing (title) deed, as is the standard for pre-construction real estate sales in Bermuda.

Early Occupancy: To avoid delays in occupancy of your residence at Tucker's Point, you will have the opportunity to occupy your new home prior to final closing under an Early Occupancy Agreement. After the issuance of a substantial completion certificate, occupancy certificate, confirmation of your assessment number/ARV and delivery of the lease, you may move into your new residence by providing final payment and signing an Early Occupancy Agreement.

Formal completion of the contract will then take place, typically within 10 working days after the later of your occupation date and granting of your Final License.

Residency: While buying property in Bermuda does not automatically grant residency, you may explore options for residency if you plan to spend a significant amount of time in Bermuda.

Those who invest at least \$2.5M in real estate such as The Rosewood Residences at Tucker's Point, Bermuda have the right to apply for an **Economic Investment Residential Certificate**, which entitles them to reside in Bermuda (year-round should they so wish) and to work in any business in which they have invested, provided the qualifying investment is maintained for 5 years. Such residency may then be extended indefinitely provided they have resided in Bermuda for a minimum of 90 days for each of those 5 years. Bermuda Residents who spend a

significant amount of time in Bermuda may eventually qualify for naturalisation as a British Overseas Territories Citizen of Bermuda.

Disclaimer: THIS DOCUMENT IS INTENDED TO PROVIDE A BRIEF SUMMARY OF SOME OF THE CONSIDERATIONS IN BUYING A HOME IN BERMUDA FOR INTERNATIONAL PURCHASERS. IT DOES NOT FORM A PART OF ANY LEGAL CONTRACT AND DOES NOT CONSTITUTE FORMAL ADVICE. PURCHASERS OF ANY PROPERTY IN BERMUDA MUST REVIEW ALL OF THE RELEVANT DOCUMENTS CAREFULLY AND SHOULD ENGAGE THEIR OWN LEGAL AND OTHER PROFESSIONAL REPRESENTATIVES TO ASSIST THEM IN THEIR DECISION.