

Decision

No (45/2017)

Issuing the Regulation of Real Estate Development in the Special Economic Zone at Duqm

In pursuance of Royal Decree No. 119/2011 on the establishment of the Special Economic Zone Authority at Duqm and issuance of its Regulation,

The Regulation of the Special Economic Zone at Duqm promulgated by Royal Decree No. 79/2013,

The approval of the Board of Directors of the Special Economic Zone Authority at Duqm in its Second Meeting held on June 15th, 2017;

And in pursuance of the public interest,

It is decided:

Article 1. Real estate development in the Special Economic Zone at Duqm shall be carried out in accordance with the provisions of the attached Bylaw.

Article 2. This decision shall be published in the Official Gazette and shall be effective as from the date following the date of publishing.

Issued on: 2nd of Dhul Hijjah 1438 AH

Corresponding to 24th of August 2017 AD

Yahya bin Said bin Abdullah Al-Jabri

Chairman of Board of Directors

Bylaw regulating Real Estate Development in the Special Economic Zone at Duqm

Chapter One

Definitions and General Provisions

Article (1)

In the application of this Bylaw, the following words and terms shall have the same meaning assigned to them in the Bylaw Regulating the Usufruct of State-owned Lands in the Special Economic Zone at Duqm issued by Decision No 327/2015, and in addition the following words and expressions shall have the meanings assigned to them therein unless the context requires otherwise:

Zone: The Special Economic Zone located in Wilayat of Duqm for the purpose of establishing economic, service and other enterprises, whose boundaries and location are shown on the map attached to Royal Decree No. 119/2011 and as amended by the Royal Decree No. 5/2016 Designating the Development of Ras Markaz as a Public Utility Project and Attaching it to the Special Economic Zone at Duqm.

Real Estate Development: works or projects aiming at the development of real estate by way of constructing infrastructure, utility amenities, multistory buildings and tourism complexes for residential, commercial, residential-commercial or tourism type of use.

Project: Real Estate Development Project.

Developer: master developer or sub developer.

Master Developer: the legal person licensed to practice the business of Real Estate Development.

Sub-Developer: the legal person contracted by the Master Developer in accordance with an agreement between the Parties to develop all or a part of the Project that the Master Developer carries out.

The Beneficiary: the beneficiary of the Real Estate Unit.

Real Estate Unit: part of the Real Estate Development Project that has specific boundaries and area even if it was on a planning scheme. This unit shall not include the land on which it is built.

The Planning Scheme: an engineering drawing for the Real Estate Unit which is intended to be established, showing its location, boundaries, area and the specifications necessary to define it in a detailed manner that dispels misconception.

Sale off the Planning Scheme: sale of the usufruct right of the Real Estate Unit before it is established or fully constructed.

Article (2)

The provisions of this Bylaw shall apply to all the activities related to the Real Estate Development that are established on the state-owned lands in the Zone and to all dispositions applied on the constructed Real Estate Units.

Furthermore, the provisions of the Bylaw Regulating the Usufruct of State-Owned Lands in the Special Economic Zone at Duqm referred to herein, shall be applied where there is no specific text provided in this Bylaw.

Article (3)

Omanis or other nationalities -either natural or legal persons- may acquire the usufruct right of the Real Estate Units that are constructed within Real Estate Development Projects as clarified in this Bylaw.

Article (4)

All data and information related to Real Estate Development Projects in the Zone shall be recorded in the Real Estate Development Register of the Authority. This register shall include –in particular- the name of the Master Developer and Sub-developer, the purpose of the project, the name of the Beneficiary and all dispositions applied on the Real Estate Unit.

Chapter Two

Conditions Regulating the Usufruct of State-Owned Lands in the Zone for the Purposes of Real Estate Development

Article (5)

Those interested to practice the business of Real Estate Development in the Zone shall obtain a license from the Authority as per the provisions of the Bylaw Regulating the Investment Climate in the Special Economic Zone at Duqm as issued by decision No 323/2015.

Article (6)

Benefiting of the Master Developer of usufruct rights on lands located in the Zone which are designated for Real Estate Development Projects shall be for a fee and in accordance with the following conditions:

- 1- The area of the land shall not be less than (100) one hundred thousand square meters.

- 2- The land shall be planned for residential, commercial, residential-commercial or tourism use.
- 3- The percentage of the land footprint used for construction shall be according to the percentages determined by the Authority.
- 4- The Master Developer shall prepare a master plan of the Project to be approved by the Authority.
- 5- The Master Developer shall submit the following:
 - a- A time schedule for the project implementation.
 - b- A detailed report on the purpose of the Project and ways to achieve it.
 - c- A standard form of of the sub-usufruct contract which will be signed with the Beneficiary in order to be approved by the Authority.
 - d- Evidences of expertise, technical competence and financial capability.
 - e- A marketing plan for selling the usufruct right of the Real Estate Unit.
 - f- Any other data or documents that the Authority defines

Article (7)

The right of usufruct on the lands located in the Zone which are designated for Real Estate Development Projects shall not be established except in accordance to a Usufruct and Development Agreement signed with the Authority for this purpose, provided that the Agreement shall include terms and conditions governing the usufruct right, particularly the following:

- 1- The period of the usufruct shall be up to (50) fifty years, and may be renewed for similar periods.

- 2- The usufruct right shall not be subject to any form of disposition except after obtaining a written consent from the Authority, otherwise the disposition is considered void.
- 3- The Master Developer shall abide to use the land during the period defined in the Usufruct & Development Agreement as per the terms and conditions of this Regulation or the Bylaw Regulating the Usufruct of State-Owned Lands in the Special Economic Zone at Duqm referred to herein, or stipulated in Agreement.
- 4- The land shall not be used for purposes other than that for which the usufruct right is granted.
- 5- The Master Developer is obliged to implement the infrastructure, deliver the required services to the Project, adhere to the time schedule for the Project implementation, and the planning and environmental requirements as set out by the Authority.

Article (8)

The Master Developer may assign some the Project's works to a Sub-Developer in accordance with an agreement to be signed between them subject to obtaining a prior written consent from the Authority.

Article (9)

The Developer is prohibited from advertising or promoting to sell the usufruct right of the Real Estate Units before their establishment or construction completion in any means of advertising unless a written consent is obtained from the Authority.

Article (10)

The form of the legal entity of the Developer shall not be changed except after the construction of the Project is completed and handed over. Nevertheless, this change can be carried out with the Authority's consent if it serves the interest of the Project; on the condition that it does not violate the rights of the beneficiaries or the guarantees to complete the Project. .

Article (11)

The usufruct right granted to the Master Developer shall be terminated if the Master Developer violates any conditions of the Usufruct and Development Agreements signed with him, or the provisions of this Bylaw and the legislations in force. Nevertheless, the Authority may grant an extension period to the Master Developer to correct the violation or complete the Project based on reasons he declares and the Authority assesses.

Chapter Three

The Conditions for Selling the Usufruct Right of the Real Estate Units

Article (12)

The Developer may sell off the planning scheme as per the usufruct contract referred to in Clause (5c) of Article (6) of this Bylaw, after obtaining a written consent from the Authority. Any contract concluded before obtaining this consent shall be considered void.

Article (13)

The sub-usufruct contract referred to in Clause (5c) of Article (6) of this Bylaw shall determine the terms and conditions of the sub-usufruct right over the Real-estate Unit and the period of the sub-usufruct. The contract shall not contradict the provisions of this Bylaw and the legislations in force, and it shall include the following:

- 1- The name and address of the Master Developer and the name of the Sub-Developer –if available- and their addresses.
- 2- The data relating to the Project in which the Real Estate Unit is located.
- 3- The area of the Real Estate Unit and its detailed description in a clear manner.
- 4- The right of the Beneficiary to receive the schematic drawings of the interior of the Real Estate Unit.
- 5- The amount of charges fees or rent agreed upon and any other amounts that the Beneficiary is obliged to pay.

Article (14)

The Developer is obliged to hand over the Real Estate Unit for the Beneficiary, along with a copy of schematic drawings of the interior of this Unit, attached therein a certificate from the Authority stating that the Project is completed in accordance to specifications of the construction permit or agreed upon specifications.

Article (15)

The Developer and Beneficiary shall register all dispositions applied on the Real Estate Unit at the Authority, including the granting of a sub-usufruct right on it, its rental or mortgage or other charges.

Article (16)

Granting of sub-usufruct right on the Real Estate Unit for a period exceeding the usufruct period accorded for the the land on which it is built is prohibited.

Chapter Four

The Rights of the Beneficiary

Article (17)

The Beneficiary shall have the sub-usufruct right on the Real Estate Unit inclusive of all its facilities, and parts that are designated for common use. The Beneficiary shall have the right to dispose and benefit from this sub-usufruct right to the exclusion of its freehold ownership.

The Master Developer –after receiving a written approval from the Authority- has the right to dispose the usufruct rights granted to him by the Authority without prejudice to the usufruct rights over the Real Estate Units, and this disposition by the Master Developer shall carry with it the sub-usufruct rights.

Article (18)

The Beneficiaries of the Real Estate Units shall have the right to establish and manage associations for the beneficiaries of the constructed properties. They may also establish Unit Owners Association comprising a group of adjacent properties. The association shall maintain the safety of the property, its common-use parts, and annexes, and ensure its maintenance, provision of the required services for the property, and its optimal use for the purpose it was built for. For

this purpose, the association shall have the right to contract with companies specialized in the maintenance of buildings which are registered with the Authority, as per the terms, conditions and procedures specified by the Board of Directors in this regard.

Article (19)

Without prejudice to any penalty the provisions of the Foreigners' Residence Law issued by Royal Decree No. 16/95, and its Executive Regulation issued by Ministerial Decision No. 63/96, residence may be granted in accordance with the conditions and the procedures in force by the Royal Oman Police for the following categories:

- 1- Non-Omani beneficiaries and their first degree relatives concerning natural persons.
- 2- Two natural persons without relatives who represent officially the beneficiary legal entity.
- 3- The official representative of the Master Developer and his first-degree relatives.

Chapter Five

Final Provisions

Article (20)

Notwithstanding any penalties stipulated by the laws and regulations in force, the Authority may impose an administrative fine estimated according to the degree of the violation and shall not exceed (50,000) fifty thousand Omani Rials for the Developer, and (5000) five thousand Omani Rials for the Beneficiary, in the case of violating the provisions of this Bylaw or the conditions of the license issued for the Master Developer.

Article (21)

The Authority - at any time- shall have the right to acquire whatever it deems necessary from documents, data or information, and perform inspections to ensure the compliance of the beneficiary and the developer with the provisions of this Bylaw and the Usufruct and Development Agreements.

Article (22)

The Chairman shall issue, after the approval of the Ministry of Finance, the fees that accrue to the Authority against the services it renders in implementing this Bylaw.