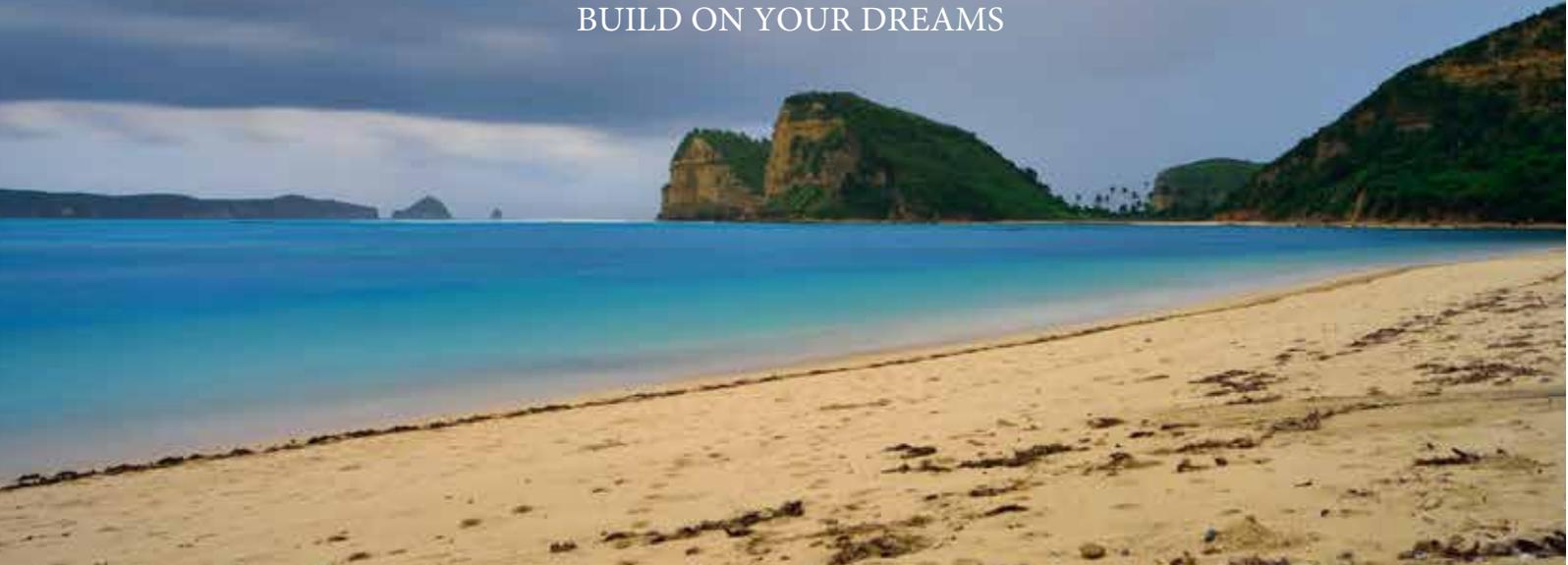




# VISI JABON

BUILD ON YOUR DREAMS



## TRANSACTION PROCESS EXPLAINED



Structuring a safe transaction process is the first step for investors in establishing a secure ownership structure. Preservation of investor capital is of paramount importance to us as a developer and broker.

### Due Diligence

It starts with thorough background checks on the freehold land title. Most reputable lawyers out of Bali and Jakarta can do the standard paperwork checks for raw land in South Lombok at the Central Lombok BPN and Forestry departments to ensure there are no encumbrances or liens.

But it requires an experienced local team on the ground to conduct the equally important local community checks (ADAT) and reconcile physical property size/shape against that stated on the certificate which is often wrong. Unlike urban areas, emerging rural areas such as South Lombok are having titles created for them for the very first time.

#### PROPERTY REVIEW:

The following fundamental areas of review on the two properties have been carried out thoroughly by the EHL office staff, internal verification and third party verification as described below:

<p><b>1) Ownership Preliminary Document Internal Check:</b></p> <p>Documents collected from owner, internal verification of ownership based on provided docs:</p>	<ul style="list-style-type: none"> <li>- EHL Staff: Suzzar</li> <li>- Documents:               <ul style="list-style-type: none"> <li>a) Land Certificate - Issued by Central Lombok Land Agency No. 116 / Titik BAHU SURABANDI / Size: 13,500 m<sup>2</sup></li> <li>b) Location: Serangan, Selong Belian Village, Kecamatan Praya Barat, Central Lombok Regency.</li> <li>c) Doc Received From: Mike Keelan</li> <li>d) SPPT - Annual Land Tax Paper: <b>Not Received</b></li> </ul> </li> <li>- EHL Review Comments:               <ul style="list-style-type: none"> <li>a) Land Certificate Size = 13,500 m<sup>2</sup></li> <li>b) Land Certificate West Boundary Shape</li> </ul> </li> <li>- EHL Preliminary Check: <b>Approval Granted</b></li> </ul>
<p><b>2) Land Owner Internal Verification:</b></p> <p>Owner/Seller identified from docs provided, personal information recorded, consent to sale confirmed:</p>	<ul style="list-style-type: none"> <li>- EHL Staff: Suzzar</li> <li>- Date: March 28, 2016</li> <li>- Seller = Owner: Mike Keelan, Location: Serangan, Selong Belian</li> <li>- EHL Verification: <b>Approval Granted</b></li> </ul>
<p><b>3) Land Ownership Data Verification:</b></p> <p>Provided data cross-referenced against government records, government departmental verification of ownership, accessed from land agency, district, and village offices.</p>	<ul style="list-style-type: none"> <li>- EHL Staff: Suzzar</li> <li>- <b>Ownership Document &amp; Related Officer:</b> <ul style="list-style-type: none"> <li>a) Land Certificate - Central Lombok Land Agency (BPN)</li> <li>b) Selong Belian Village Office Chief: H. Lulu Nuraini</li> <li>c) Tel: +62 87864472112</li> <li>d) SPPT Annual Land Tax Paper: <b>Nil</b></li> </ul> </li> <li>- <b>Approvals:</b> <ul style="list-style-type: none"> <li>a) <b>BPN Statement Verification:</b> SEP NOT issued by BPN</li> <li>b) <b>Ministry Office Verification:</b> Cannot be granted without SPPT Land Tax Paper</li> </ul> </li> </ul>
<p><b>4) Location Site Inspection</b></p> <p>Internal verification of boundaries &amp; size (GPS), cross-referenced against BPN Land Agency certified boundaries &amp; size.</p>	<ul style="list-style-type: none"> <li>- EHL Staff: Suzzar</li> <li>- <b>Owner:</b> Not available to show boundaries</li> <li>- <b>Owner Representative:</b> Serangan Village Chief H. Sunda Sari Tel: +62 8133912136</li> <li>- <b>Property Boundary:</b> BPN Markers (ie, all other boundary corners shown by Serangan Village Chief)</li> <li>- <b>Address Boundary:</b> Forest Boundary</li> <li>- <b>Cross Reference:</b> Certificate stated size and boundary map</li> </ul>

The title risk this presents is significant, given all the local hand shakes and verbal agreements of the recent past which are unrecorded / unknown by government departments.

We meet previous owners to ensure no monies are still owed. We meet with neighbors to check boundaries are where they are supposed to be. We even get the village chief to sign a declaration letter thereby relegating any future claims or issues his responsibility, with that responsibility transferred to his successor.

VISI JABON

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www.visi-jabon.com



## Important Clauses

Within the Development Agreement are a series of clauses intended to protect the investor. They are available upon request and included as the Appendices but here is a brief summary of the important ones and their intended purpose.

**Variation Report** – this applies if there is any material change to the design that occurs during the construction phase. Its imperative once agreed, we stick to the plan. However, some things cannot be predicted such as availability of materials or significant price changes in materials for example. Such changes are submitted and need to be approved by investors prior to implementation with the revised plans redistributed.

**Delay Notices** – this is a formal notification if the work schedule is delayed and the developer won't meet the next construction target. Unseasonal weather is a common cause in tropical locations like South Lombok, as is unforeseen community issues, problems with material quality or delivery, sickness in key personnel or contractor changes.

**Sunset Clauses** with off plan developments, such as **Visi-Jabon** this refers to delays in securing the minimum number of sales in order to fund construction of the whole estate including infrastructure and setup of services. Deposits are held in escrow until this minimum target is secured, otherwise investors have the choice of being refunded their monies in full or waiting, normally with some form of compensation.

**Overdue Notices** – this is with relation to investor payments which are delayed, despite all construction targets being met by the developer. Delays in payments by some investors will adversely affect the work schedule and hence other investors so it's important everyone understands the penalties and legal recourse the developer can take if forced to.

**Default Clauses** – when overdue payments risk hindering the overall development, an investor is considered in default. Like the overdue notices, it's for the benefit of all investors to have these clearly communicated from the outset. Construction is fluid and a delay in one area will create delays in others, which will increase costs and timeframes.

## Settlement

Unlike the purchase of a ready built villa, settlement for an off plan villa such as Visi-Jabon is a minor event.

The developer will submit a Notice of Practical Completion on the date it considers the villa finished. The investor will have up to 3 months to sign off or submit a Defect Report, before making the final Retention Fee payment.

At this time the first annual Estate Management Fee will be due and the investor should sign all the ownership documents.

