



# **“The Village Phase II”**



## The Village Philosophy

### Philosophy

Coconut Island Development Company has created a unique concept, Phuket's only water sports island resort - 'The Village Coconut Island'. The exclusive island location offers a unique balance of tranquility, privacy and security within a relaxed and informal environment, created specifically with holidaymakers in mind.

The easy accessibility and unique concept, coupled with the added benefit of a 12-month season, should reward owners with excellent returns through the holiday rental market and provide potential for strong capital growth.

Furthermore, the estate management company, The Village Management Company [VMC] has significant experience in developing, selling, marketing and operating water sports resorts worldwide and is confident of delivering what is promised.

### Current Status of The Village

The current status of The Village is that Phase I, 44 villas, has been completed, the resort 'opened' and a Rental Pool instigated during 2009. Following the successful launch, resulting in The Village being fully occupied during the Christmas/New Year, the management has decided to continue to develop the resort with Phase II.

In the aftermath of the World Financial Crisis, the property market is beginning to thrive again; however, the wise investor will be looking to put his trust in an existing and successful development.

### Objectives achieved in Phase I

To develop a lifestyle that will:

- Provide the villa owner with a truly differentiated resort to achieve strong capital growth.
- Take advantage of the location's unique 12-month season to ensure high rental returns.
- Configure the resort to cover a variety of consumers needs.
- Ensure that the location delivers the benefits of an island lifestyle – tranquility and security.

- Ensure fast [only 5 minutes], easy access to Phuket.
- Achieve international exposure through multi-layered marketing channels including traditional travel outlets and contacts.

### Overview

Following the successful launch of a residential development in Khao Lak, Coconut Island Development Company conducted detailed research into the Phuket property market. The study highlighted the following points:

- Phuket developments are generally distinguished by their architecture or location.
- Residential developments are concentrated on the island's West Coast, which does not enjoy a 12-month season.
- Few recent developments have true beach access.
- There are few "Resort" style developments.

In order to develop a truly distinctive project, the Coconut Island Dev. Company sourced and purchased a 79-rai land parcel on Maphrao Island, a small island situated in the sheltered waters of Phang-Nga Bay, only 650m off Phuket's central east coast.

### Location

This tropical location affords easy access to the myriad of beautiful islands, bays and beaches throughout Phang-Nga and the Andaman Sea. As the marine industry in Phuket continues to develop rapidly; the addition of a dock with moorings is invaluable.

The resort offers:

- Privacy with the convenience of easy access to Phuket's amenities via a 24hr private water taxi service to Laem Hin pier. The journey takes approximately of 5 minutes.
- Proximity to;
  - Phuket International Airport – 35 minutes
  - Phuket town – 15 minutes
  - Patong - 40 minutes
  - Central and Tesco Lotus – 20 minutes
- A prime stretch of beach without any road interference.



- A North, North East aspect with stunning views of Phang- Nga Bay.
- Instant boating access to the wonders of Phang- Nga.

## Resort Strategy

### Design

Meticulous effort has gone into maximising the estate features whilst maintaining the exclusive virtues of each unit. The villas, built to very high specifications, feature the gentle curves of Thai design with aesthetic roofs that resemble the traditional Thai Long tail boat.

The Village Centre will be pivotal to the lifestyle and sense of community generated in central areas. Restaurants, shops, a delicatessen etc will provide services and facilities to enable a high level of self-sufficiency.

## The Village Site

### General:

- There are 44 villas completed in Phase I, and the plan is to build 80, 2 bedroom villas in Phase II, and 108 studio suites.
- A number of restaurants and bars stretching back from the central beach pool area.
- Shops and other general facilities and services.
- A 100 m pier and tethered buoys enables owners to moor their own boat, giving them full access to one of the most amazing sailing areas anywhere in the world.

### Central area amenities

- Central 25m pool and a 'tropical river pool'
- Restaurants
- Sports bar with TV coverage of prominent events
- Beach bar
- Delicatessen/Patisserie
- Souvenir and local craft shops
- Air-conditioned gymnasium
- Spa & Massage centre
- Beauty salon
- A golf course and
- 2 floodlit tennis courts

### Other Facilities

- Satellite television and Internet access in each villa
- 24-hour reception
- Tour and taxi services
- Sales & Rental office
- Laundry service
- Business centre and library
- Dinghies, catamarans and other water sports equipment
- Boat storage
- 24 hour water taxi service to Phuket main island at Laem Hin.



5. Booked services - additional services such as Maid service, laundry etc.
6. Management of the Rental Scheme

In addition the management company will provide 24-hour reception, maintenance and security teams to manage the upkeep of the facilities and ensure that both owners and guests are warmly welcomed and guaranteed an enjoyable stay.

## Annual Maintenance Budget

The Village Management Co [VMC] will provide Annual Accounts showing all the costs of running the villas and central facilities. This, combined with the 15% management fee, will provide the basis of the charges for the following year – specifically for those owners opting not to be in the Rental Pool. VMC will provide the accounts and budget to the CIOA.

### 1. External maintenance

Regular maintenance will be performed on all central areas and all areas external to the Villa, invoiced 6 months in advance if the Villa is not placed in the Rental Scheme.

Tasks include the following:

#### General

- Common Area Maintenance such as gardening, road and path maintenance and cleaning
- Common Pool Maintenance/Cleaning
- Common Area Lighting
- Provision of water supply
- Regular air conditioner service
- Pesticide services as required
- Garbage Collection
- Timely service of septic tanks – were appropriate
- 24 Hour Water Taxi
- 24 Hour Guards and Security

## Maintenance Programme

### Overview

It is common practice for the Developer to retain responsibility for maintaining the common areas until the project has been completed. At this juncture the Maintenance Programme is contracted out to a professional estate management company that liaises with the Owners Association.

The experienced management company, The Village Management Ltd, has been awarded tenure for the estate management at 'The Village.' Controlled by the same team that developed Sunsail, the world's leading Water sports Club and Yacht Charter ([www.sunsail.com](http://www.sunsail.com)), so bringing Holiday Company credibility of over 25 years of hands-on experience to the resort.

Efficient resort management and maintenance are essential to protecting owners' investments. Fittingly, the scheme proposed by The Village Management Co for 'The Village' is fully-integrated and comprehensive, focused on the following key areas:

1. Management and maintenance of all the Common Areas.
2. Management and maintenance of services and areas external to the Villa itself
3. Management and maintenance of the internal aspects of the Villa
4. Sinking Fund for capital repairs



- Management office staff and running costs including reception and receipt of mail

### External Villa Maintenance

- External redecoration (Approximately every 3 years)
- Teak Oiling (up to twice per year)
- Regular Maintenance of the villa garden and pool
- Annual Air conditioner maintenance

### External Charges

Villa Type Phase I	External (compulsory)*
A - 2 Bed	18,500
B/D - 3/4 Bed	30,000
C/E - 4/5 Bed	45,000
Villa Type Phase II	External (compulsory)*
F - 2 Bed	15,000

\*Current 2010 costs/month THB

### 2. Villa Internal Maintenance – (Optional)

- Re-decoration approximately every two years
- Regular general internal maintenance and upkeep
- Upkeep of satellite television and Internet

### Internal Charges

Villa Type	Internal (optional)*
A - 2 Bed	5,500
B/D - 3/4 Bed	8,800
C/E - 4/5 Bed	12,000

\*Current 2010 costs/month THB

### 3. Sinking Fund (Compulsory)

There is a one-off Sinking Fund charge of 100,000 **THB** per villa, payable upon receipt of your completed villa. This sum will be held in the estate maintenance account to cover unexpected but necessary maintenance, replacements and/or improvements to the estate. From time to time the Sinking Fund might need topping-up to ensure that the resort infrastructure is fully maintained for the benefit of all owners.

### 4. Booked services (Invoiced at time of benefit)

A full range of services are available upon request including; maid, baby sitting, shopping, laundry, transfers, taxis, car hire, excursions and tours.

### 5. Rental scheme (Optional)

The Village Management Co also operates the rental scheme. Please see the details in the next section.

#### Rental Scheme Participants

Owners who opt to join the Rental Scheme will not be required to pay the above external or internal maintenance charges.

### Please note:

All rates set in this document are provisional during the development phases. Once the resort is completed the rates will be based on actual costs and reviewed annually in line with local costs and inflation.

## Rental Scheme

### Terms and conditions

**Phase II Villas will be included in the Rental Scheme unless the owner specifically asks to be excluded.**



- In order to be excluded, from the Villa Rental Scheme the Owner should inform the management company in writing at least 6 months in advance of his intentions.
- Should the owner wish to resign from the rental pool then he is required to satisfy any existing bookings that cannot be accommodated elsewhere (during the notice period)
- Following notice of exclusion, the owner will only receive payment for any bookings specific to his villa.

### **Payments and Statements**

- The Owner will receive a returns statement every six months.
- All sums due to the owner will be paid 6 months in arrears.
- Payments will be made to owner specified bank accounts in owner specified currencies net of any currency charges.

### **Reservations and Cancellations**

- Owners are advised to make personal reservations well in advance, as villa nights will be sold to tour and travel operators in advance.
- All reservations are subject to villa availability and whilst every effort will be made to accommodate an owner in his own villa, occasionally, should it not be available then an alternate villa may be allocated.
- Cancellations must be reported in writing at least 30 days prior to arrival date, [90 days for Peak period bookings] to ensure maximum availability of the villa.
- Any cancellation made less than 30 days prior to arrival will incur a forfeit of 10% [100% in the Peak period] of the potential rental return against future rental returns and loss of the entitlement days involved. This rule applies to 'no shows' as well.

## **Rental Revenue**

### **Income**

- Villa Owners who have paid for the Villa in full [ie no mortgage] will be entitled to 5% pa of the price paid for 5 years.
- Villa purchasers using any of the finance packages will need to discuss the options with the Sales Dept.

## **Owners Expenses**

- The owner is responsible for all costs incurred in using his villa whilst he is in residence (Maid, linen, utilities etc); currently a set fee according to the size of the villa.
- Any additional services, such as babysitting services and excursions will be chargeable.
- Occasionally there are exceptional repair costs; these costs will be invoiced or deducted from the next owner payment if relevant.
- Owners will be liable for any Vat or tax that may be applicable on rental income.
- Personal income tax, Owners are also responsible for ensuring they pay all personal tax that may be due.

## **Owners Usage**

1. Phase II Owners are entitled to use their villa for a total of 30 days in each calendar year. A maximum of 15 days may be used during the high season and 15 days in the low season.
2. For every day of owner usage in the Peak season 2 days will be deducted from the owner's entitlement.
3. Owners may only use their villa for a maximum of 4 weekends in any season.
4. Usage in excess of 30 days is possible, providing that this usage is not in the Peak period, and upon 7 days notice and subject to availability.



## Example Seasons (updated annually)

- The Peak Season includes Christmas and New Year, beginning the weekend before Christmas and ending the weekend after 1 Jan.
- High Season 1st November – 30th April
- Low Season 1st May – 31st October

## Owners Options

1. Owner Occupier or Regular User
2. Long Term Rental Pool Arrangements

### 1. Owner Occupier or Regular User

The Village will be an ideal place for the Owner Occupier to live in an exclusive island location with its unique blend of peace, privacy and security within a relaxed environment yet only 20 mins from all Phuket's major amenities including the British International School.

The Owner Occupier and those regular users, who do not wish their Villa to be entered into the Rental Pool, will be required to pay the External Maintenance Fees as outlined previously.

Owners who wish to earn rent from time to time, when they are not using their Villa, but do not wish to be a permanent part of the Rental Pool, can opt to be included on an 'overflow' basis for times when The Village is fully

booked for a given Villa type.

The Rental Return for their particular Villa, in this case, will be split 50% for the Owner and 50% for the Management. However, opting for this arrangement will require the owner to opt for Internal Maintenance.

## 2. Long Term Rental Pool

### Overview

Rental income is generated with minimal hassle for the owner, the scheme instigated by The Village" is comprehensive, ranging from sourcing customers for the villas right through to managing their stays, ensuring customer satisfaction. In addition the management will ensure that the villas are fully maintained and operational to protect investments and yield the greatest possible returns.

### Management and Services

The Village Management Co has developed a Sales and Marketing Department whose objective is that of generating property rentals.

For the benefit and peace of mind of having this experienced, professional body representing your investment, the management company will share the net rental return with the villa owner – 60/40%. The 40% enables The Village Management Co to operate the rental programme, covering the following Sales and Marketing services:

1. Advertising activity (Online and in appropriate publications)
2. Marketing collateral (Brochures and sales material)
3. Research
4. Sales staff and management
5. Management of distribution, costs
6. Computer systems including web development
7. Telephone and communication costs
8. Attending 'Road Shows' & Exhibitions



## Legal Outline Owner Contracts

There are 4 contracts

1. Lease Agreement - For the land the Villa sits on
2. Share subscription Agreement - For the Share in CIOA providing controlling interest of the land holding company
3. Villa Sale and Purchase Agreement – For purchase of the villa
4. Estate Management Agreement - Estate Rules and details of maintenance and rental scheme of the owners' villa

## Land Lease Agreement - Land Ownership

Thai Law prohibits the foreign ownership of a Freehold land title; however it can be accomplished by the incorporation of a Thai company, which owns the land on behalf of the foreign buyer. A foreigner can only own 39% of a Thai company and this Thai Entity also will require up to three (3) Thai shareholders and, further, will necessitate the filing of an annual tax return.

The Village Coconut Island Resort is offering the simplest and therefore most popular form of land ownership. The Village properties will be sold with a registered, 30-year leasehold title, for the land, which is allowed by

Thai Law in the name of Foreigners, renewable for two additional 30-year periods. After this the Lease Renewals are controlled by CIOA.

The lease, endows the owner with the usual rights of access to all common area facilities.

There are a number of benefits to owning leasehold title. Leaseholders are able to:

- Have their own name on the lease agreement and shares register
- Retain full control of the sale of the lease or sub-lease without requiring approval from the lessor
- Forgo the hazards of sourcing Thai shareholders to establish a Thai company
- Avoid annual audits and accounting fees required for Thai companies
- Maintain control of the lessor and other lessees on handover, as

an offshore company [The Coconut Island Owners Association Ltd] controls CIHC Ltd.

The cost of the lease is included in the total purchase price, in addition to the build cost and share subscription fees. Lease extensions cost approximately 10,000 THB payable upon approval by the Owners Association.

## Villa Sales and Purchase Agreement

Although foreigners are not permitted to own freehold land title in their name, they are allowed to own 100% of the buildings situated on the land. For this purpose, buyers enter into a Sales and Purchase Agreement, with Coconut Island Development Company Ltd, which includes details of the agreed payment schedule.

## Share Subscription Agreement

An offshore company, Coconut Island Owners Association Ltd., (CIOA) has been incorporated. Each owner will purchase, as part of his contract, a share for each villa and land plot. By the completion of the project, the lessees, i.e. the buyers, will collectively own all the shares in CIOA, which





## How to purchase a property

**There are 3 ways of purchasing a property in The Village:**

1. Pay the full price and choose to permanently reside in the villa or use it for an unlimited number of days per year. Paying the annual management/maintenance fees.
2. Pay the full price, put the villa in the rental pool [with 30 days owner's usage per year], and receive a 5% Guaranteed Rental return for the first 5 years, whilst not paying any annual fees other than insurance.
3. Via one of 3 available finance/mortgage packages supported by a Thai bank. Further details are outlined on the following page.

The steps involved in acquiring one of the properties are as follows:

### 1. Select your Leased Plot and Villa

1. Complete the Reservation Agreement [pay the Reservation Fee within 7 days] agree a Payment Schedule/Finance Package
2. Submit your first payment within 30 days.

### 2. The Contract

1. Receive the following legal documentation:
  - **Villa Sales and Purchase Agreement** (Purchase of the Villa)
  - **Land Lease Agreement**  
(Your lease for the land on which the Villa is located)
  - **The Share Subscription Agreement** (which enables the control of the Land holding Company upon completion of the project)
  - **Estate Management Agreement**
2. Review and resolve any queries
3. Sign the Agreements which form the Contract, complete the 25% payment.
4. Make the scheduled payments\*.

### 3. Handover

At the appointed time:

1. Sign Handover Documentation
2. Pay the final installment as per the Sales and Purchase Agreement/ continue `mortgage payments
3. Pay 100,000 THB for Sinking Fund
4. Pay any outstanding taxes, fee etc
5. Transfer ownership of the property into purchasers name.

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6. Take possession, and record the Lease against the title of the property.

\*For sums over \$20,000, or equivalent, you must instruct your bank to remit foreign currency equal to the invoiced Thai Baht, add all charges in relation to the transaction and, include the wording "for the purchase of Villa 'x', and Land Lease at The Village, Coconut Island."

#### 4. Ongoing

Once owners take up residence in their new properties, they are asked to keep the developer informed of any defects. Owners are obliged to pay the annual fees stated in the Estate Management Agreement, unless, of course, the Villa is entered into the Rental Pool.

### Purchase Synopsis

The fully furnished **Villa price is 16,000,000 THB** for the Lease, Villa and the Share in the Coconut Island Owners Association Ltd.

### Purchase a Phase II villa for the full price:

1. Having selected a villa and agreed the price, pay the 150,000 THB Reservation Fee and sign the Reservation Agreement, with a Payment Schedule attached. This reserves the Villa for a maximum of 30 days whilst the contracts are drawn up and, if required, an off-shore [BVI] company is set up.
2. On contract signing the balance of the first 25% is paid.
3. Subsequent payments are made as per the Payment Schedule.

### Purchase a Phase II villa via a Finance Agreement.

Following detailed discussions with a Thai bank, we are able to offer 10 year mortgages to buyers of our Phase II villas, who agree to place the villa in the Rental Scheme for the duration of the mortgage. The Bank interest is 7.5% per annum and we have 3 different mortgage options:

#### Option 1. 'Reducing Balance Payment Mortgage'

The buyer pays 8,000,000 THB during the construction phase and obtains an 8,000,000 THB 10 year mortgage, commencing on handover.

The monthly mortgage repayments are covered in the main by The Village Guaranteed 5% pa Rental Return and the Owner tops up the required variable monthly amount ie Month 1 =50,000, month 60 =29,417 and the final month 417 THB.

**The total paid by the owner is 11,025,000 THB.** [8,000,000 + 3,025,000 over 10 years]

#### Option 2. 'Spread payment Mortgage'

The buyer pays 8,000,000 THB during the construction phase and obtains an 8,000,000 THB 10 year mortgage on handover.

The monthly mortgage repayments are covered in the main by The Village Guaranteed 5% pa Rental Return and the Owner tops up the required amount by a fixed quarterly payment of 85,000 THB.

**The total paid by the owner is 11,400,000** [8,000,000 + 3,400,000 over 10 years]

#### Option 3. 'Single Payment Mortgage'



The buyer pays 10,000,000 THB during the construction phase and obtains a 6,000,000 THB 10 year mortgage on handover.

The monthly mortgage payments are covered in part by The Village Guaranteed 5% pa Rental Return, and the Owner pays the balance of 810,365 THB at the end of the 10 years.

**The total paid by the owner is 10,810,365** [10,000,000 + 810,365 in 10 years time]

**There is a 1.5% Mortgage set up fee.**

**Mortgage balances can be paid off at any time; however, an early settlement fee will apply.**