

Purchase Procedure In Malaysia (New Project/Cash Purchaser)

(as of July 2021)

★ Procedure

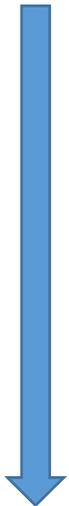
1. Booking for the property

Submit booking form and pay the booking fee



2. Conclusion of support agreement for purchase property in Malaysia

Conclusion of support agreement Between the the customer and our company



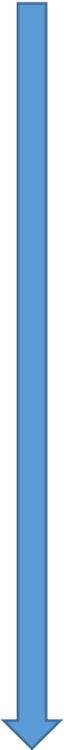
3. Sign sale and purchase agreement and other related documents



☆Point To Be Noted

- Can reserve the desired unit only after booking form submitted / booking fee paid .
- Generally ,the customer conclude support agreement at the time the booking made. Then the support by our company will be officially started.
- According to the support agreement,for the preparation of signing sale and purchase agreement our company will explain the important point of sale and purchase agreement and other related documents in Japanese.
- After 1-2 weeks developer approved the booking of the unit, the sale and purchase agreement and other related documents will be posted to the residential of the customer(place of signing the documents) .The customer need to sign the documents without delay after received it (need to beware of the deadline of signing the document set by developer).
- In Malaysia, there is no seal registration system like Japan. In case of Japanese, the signature on all the documents need to be same with signature on passport.
- If the customer cannot sign the documents in Malaysia, in principle the customer need to get the certificate of signature and certify all the document at the Malaysia embassy located in the country of residence.
- When Japanese purchase Malaysia's property, state consent is one of the requirement and the signing of state consent application form will be proceed.

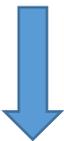
4. Pay downpayment



5. Pay purchase support fee to our company



6. Obtain state consent



7. Progress billing / architect's certificate are posted to the customer

- After all the necessary documents was signed, the documents need to be sent to developer without delay.

- In the agreement, the customer is required to pay the downpayment (generally is up to 10%) without delay after signing sale and purchase agreement . .

The downpayment shall offset with booking fee that have been paid.

e.g. Selling Price RM1,000,000

Booking Fee RM10,000

$$\begin{aligned} \text{Downpayment} &= 1,000,000 \times 10\% - \\ & \quad 10,000 \\ & = \text{RM}90,000 \end{aligned}$$

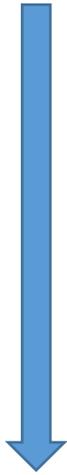
- If the payment is made from outside Malaysia, mostly proceed by overseas remittance. There are cases that the bank in Japan do not approve the overseas remittance without explanation on the remittance purpose . When apply for overseas remittance, the customer need to submit the copy of signed booking form, sale and purchase agreement signed by customer only and other documents.

- Purchase support fee is to be paid to our company based on the purchase support agreement.

- The timing of purchase support fee payment is soon after sale and agreement have been signed.

- Generally, state consent will be approved approximately 1~2 months after application submitted to state government.

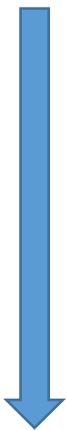
- In accordance to the construction progress of the unit that the customer purchased, the developer will request payment for progress billing.



8. Ready for handover

- final payment

25% final payment /payment method/advance payment request for service charge and other expenses/utility deposit payment request/assessment and quit rent settlement/address determination



9. Handover of actual unit and keys



- Generally, from downpayment to last payment for handover, the payment is made divided into total 8 times (5-15% of selling price per payment) , and 25% final payment to be paid at the time of vacant possession.
- Even though the payment schedule is stated in the sale and purchase agreement, somehow there might be some changes of the actual construction progress that we need to pay attention.

- Generally, once 75% payment before final payment have been made and the unit is ready for vacant possession, the Vacant Possession Letter (VP letter) will be sent to customer by developer .
- Delivery of vacant possession cannot be proceed if every requested payment have not been made.
- If the customer can not take the vacant possession after certain period from the date of vp letter , the customer shall be deem to have taken the delivery of vacant possession after certain period passed.
- The actual date that the customer took the vacant possession or the date the customer shall be deem to have taken the vacant possession is the initial date of defect liability period of the unit, so it is a very important date. Generally, defect liability period is 24 months from the date of vacant possession .

- Need to adjust the schedule with developer to take the vacant possession.
- As the developer need to adjust the schedule of taking vacant possession with many purchaser, so desired date of the customer do not always given priority.



- If the customer cannot visit Malaysia to take vacant possession, our company can take the vacant possession on behalf of the customer. However, we need to issue an authorization letter to the developer.
- The important matter after taking vacant possession is to check for defects and request the developer to repair them. The developer needs to complete the defect repair within 1 month after they receive the defect notification. The methods of defect check are:
 - by customer themselves
 - simple visual check by our company staff (depends on the contents of the support agreement with our company)
 - chargeable defect check by an expert
- After vacant possession, if the customer would like to proceed with interior work, as one of the conditions, the defect check and defect repair must be completed by the interior design company.

Other points to be noted

A. Progress billing payment request from developer in accordance with construction progress

- (A) The progress billing payment request from developer in accordance with construction progress may not be on schedule as stated in sale and purchase agreement ,sometimes the order of the schedule can be changed according to actual construction progress
- (B) If the customer make the payment for progress billing by oversea remittance, it is advisable to send a little bit more amount in Japanese Yen due to the exchange rate fluctuation(Yen/RM) and remittance charges . If the amount received in RM is insufficient ,late interest will be charged automatically even the insufficient amount is small. Also, the remittance charge for additional small amount remittance is comparatively more expensive.
If the amount received in RM is more than the requested amount, the exceed amount will be allocated to next payment .Therefore it is no problem.
- (C) The payment due date stated in the payment schedule is not the date the customer proceed the payment, it is the date developer confirmed the receipt of the payment .
- (D) In Malaysia, sometimes the developer can not recognize the remitter when they received overseas remittance. Therefore, after the customer sent money to developer, the customer need to send the payment proof (remittance request form,etc.) to developer and confirm the receipt of payment with developer.
Depend on the support agreement between the customer and our company,if it is in the support period our company will assist to send the payment proof to developer and confirm the receipt of payment with developer.

B. Defect check after vacant possession

- (A) Depend on developer ,we cannot expect the finishing for the property at the time of vacant possession to be perfect like Japan .Therefore,it is advisable to do defect check by expert.
- (B) Especially if flooring and wall are using tile,we shall prevent the tile become hollow (hollow tile).There are many cases that hollow tile caused the tile to float and peel off .
- (C) Our company have a team specialize in defect check to meet customer need.
In addition, if there is many defect check request received in one time, our company will introduce defect check service provider to customer with high urgency.

C. Interior work after vacant possession

- (A) After vacant possession,interior work is needed for own stay and rental. Even though the project with fully furnished package is increasing, generally interior work and the purchase of furniture and electrical appliances are necessary.
- (B) Generally,the interior design company cannot proceed the interior work after vacant possession if the defect check and defect repair have not been completed .
- (C) If for own stay the detailed discussion with interior design company is needed. For

rental, it is advisable to take up a proposal from the interior design company that familiar with the market.

(D) Our company have a team specialize in design and interior work. Please contact us if you need further information.

C. Property management after vacant possession

(A) Our company provides property management service.

(B) Own stay in the property but sometime temporary absence from the property, sell the property without interior design, and rental purpose. Roughly these are three purpose that can be considered for keeping the property.

(C) Our company provides 2 type of management service. For the absence period and property planned to be sold, empty property mangament is applicable. For the purpose of seeking tenant and tenanted property, rental management is applicable.

(D) The reason why property management needed is that in Malaysia, everlasting summer and high humidity leads to the growth of mold. If the customer leave the property unattended during the absence, defect cannot be handled immediately (especially water leaking). Also, the checking of mail matter will be delayed. The payment for expenses and utility bill will also be delayed.

For the rental purpose property, if the customer leave the property unattended during the absence of the tenant, defect cannot be handled immediately. Also, the checking of mail matter will be delayed. When the unit is tenant occupied, claim from tenant cannot be handled timely.

(E) Our company is making use of our experience of empty property mangament and rental management for many years to manage the important asset of our customer. Please contact us if you need further information.

=====

Initial cost and carrying cost for purchase property in Malaysia

(as of July 2021)

【The cost at the time of purchase】

1. When foreigner purchase property in Malaysia, state consent application cost need to be paid (compulsory)
 - (1) The amount of state consent application cost is different depends on each state government, approximately RM1,000~10,000
 - (2) For new project, sometime developer will bear the state consent application cost
2. When foreigner purchase property in Malaysia, payment of levy will be requested by state government
 - (1) The state consent is depends on state government (currently there is consent system in Penang and Johor)
 - (2) In Penang the amount of levy is 3% of selling price.
In Johor the amount of levy is 2% of selling price or RM20,000, whichever is higher
3. Legal fee and other expenses for preparing sale and purchase agreement
 - (1) Sometime developer will bear the legal fee and other expenses for preparing sale and purchase agreement (nowdays mostly bear by the developer)
 - (2) In case of second hand property the legal fee and other expenses for preparing sale and purchase agreement is 1.0~1.5% of selling price (regulated legal fee + other expenses)
 - (3) Sometime stamp duty involved. The amount of stamp duty is depends on selling price. Calculation basic) (if tax law changed it does not apply)

The first RM100,000 selling price x 1%

RM100,001 ~ RM500,000 selling price x 2%

RM500,001 ~ RM1,000,000 selling price x 3%

RM1,000,001 ~ selling price x 4%

e.g.: RM1,500,000 → RM1,000 + RM8,000 + RM15,000 + RM20,000

= RM44,000.-

4. Legal fee and other expense for loan application
 - (1) approximately 1.0% of loan amount
 - (2) Sometime developer will bear Legal fee and other expense for loan application
 - (3) Stamp duty is 0.5% of loan amount
5. In case execute the sale and purchase agreement and loan agreement in Japan
 - (1) Execute and certify the documentets at Malaysia embassy in Japan and need to pay the certification fee to embassy.
 - (2) We will quote the support fee separately if documentatation certification support by our company is needed.

6. Valuation fee

- (1) In case the customer purchase the second hand property by loan ,the customer need to get the the valuation price.
- (2) The customer need to pay the valuation fee to valuer appointed by bank.
The is valuation fee is approximately RM2,000~4,000

7. The purchase support fee to our company

(1) New project

- ① Full support from booking to vacant possession
5% x selling price (there are additional tax imposed in Malaysia or Japan)
- ② Support from booking to execution of sale and purchase agreement :
3% x selling price (there are additional tax imposed in Malaysia or Japan)

(2) Second hand property

- Full support from booking to vacant possession
3% x selling price (there are additional tax imposed in Malaysia)

【 Carrying Cost 】

1. Service charge and sinking fund - payable to managemet office (every month)

(1) Service Charges

approximately RM3.0~RM6.0 per 1 m² per month
RM300~RM600 per 100 m²

(3) Sinking Fund

Approximately 10% of service charge

2. Fire insurance - payable to management office (once a year)

(1) Insurance for whole building

(2) Managment office pay the inclusive insurance fee,then allocate the share of the insurance fee to each unit.

0.1% of agreed insured value

Approximately RM100~RM200 per 100 m²

3. Assessment - payable to city council (two times a year Febuary and August)

(1) Assessment

(2) Pay the tax 2 times a year calculated by valuation price by a specified tax rate

(3) The assessment rate is different depend on the location and usage purpose (residential /commercial) of the property

Approximately RM1,000~RM2,000 per 100 m²

The assessment has a tendency to be higher in city center and commercial center.

4. Quit rent — payable to land office (once a year)
 - (1) Quit Rent
 - (2) Each unit receive individual quit rent billing from land office , or in some cases management office will pay the inclusive quit rent ,then allocate the share of the quit rent to each unit.
 - (3) The quit rent rate is different depend on the location and usage purpose (residential /commercial) of the property
approximately RM1,00~RM2,00 per 100 m²
The quit rent has a tendency to be higher in city center and commercial center.

5. Utility bill (when tenant absent)
 - (1) Electricity Bill - Payable to electricity company (Tenaga Nasional Berhad) or management office.
The electricity bill is influenced by using time of aircond in Malaysia of everlasting summer and also property area . However ,the unit cost of Kwh is lower than Japan.
 - (2) Water bill - payable to water authority or management office
Approximately RM10~RM30 monthly
 - (3) Sewerage charge - payable to Indah Water (2~4 times a year)
RM8 monthly
 - (4) Gas charge - payable to Gas Malaysia
In malaysia gas supply is only available in tiny parts of Kuala Lumpur.
Other than that ,IH which is increasing nowadays and traditional LPG cylinder are available

6. Internet fee - select the provider from 2~3 company in Malaysia
Generally, besides owner own stay unit,mostly the internet service is not available.
When tenant moving in ,the tenant need to sign up the internet by himself/herself.
Approximately RM140 monthly(500MBPS)

7. Income tax - When the property is tenant occupied,the income tax is imposed on the rental income
 - (1) Tax payment by self-assessment
 - (2) In case of non resident (length of stay in Malaysia not more than 182 days)
Tax rate for rental income after deducting the expenses is 30%