

PRIVATE ISLAND DEVELOPMENT DUE DILIGENCE

Selecting development regions to maximise investment uplift and yield



Contents

1. CAPITAL GROWTH POTENTIAL	3
1.1 From Regions at The Start of The Growth Curve	4
1.2 From Proximity to Flight Hubs and International Airports	5
1.3 From Restricted Numbers of Development Sites	6
1.4 From Low-Cost Purchase & Construction Costs	7
2.0 VALUE ADDING TO ENHANCE UPLIFT AND CASHFLOWS	8
2.1 Large Lot Subdivision	9
2.2 Subdivision for Private Villa Estates	10
2.3 Rezoning to Increase Value	11
2.4 Through Superior and Unique Guest Experiences	12
3.0 ENHANCED RETURNS FROM A SUPERIOR NATURAL ENVIRONMENT	13
3.1 From Regions with Rich Biodiversity	14
3.2 From Regions with Clean Air and Low Pollution Levels	15
3.3 From Regions with Protected Natural Reserves	16
4.0 ASSET SECURITY.....	17
4.1 Extended Leasehold or Freehold Land Title	18
4.2 Low Risks from Sea Level Rises / Global Warming	19
4.3 Secure Land and Title Tenure.....	20
4.4 Supportive Community and Government	21
5.0 STABLE NATURAL ENVIRONMENT	22
5.1 Low Volcano, Earthquake and Tsunami Risk	23
5.2 Infrequent Storms, Hurricanes and Tornado Risks	24
5.3 Low Winds and Waves (Guest Comfort and Amenity)	25
5.4 Legislated Conservation and Forestry Areas.....	26
6.0 LOW OPERATING COSTS.....	27
6.1 Low Operating Wage Costs	28
6.2 Low-Cost Vertical Integration Opportunities	29
6.3 Low Utility Management Costs.....	30
6.4 Low Maintenance, Repair and Waste Management Costs.....	31
7.0 LUXURY OR PREMIUM ECO TOURISM POTENTIAL.....	32
7.1 Guest Accessibility and Amenity.....	33
7.2 Unique Guest Experiences from a Unique and Rare Environment	34
7.3 From Legislated Environmental Preservation and Conservation.....	35
8.0 ENHANCED OPERATING PROFITS	36

8.1 Little to No Competition.....	37
8.2 Large Market Gaps	38
8.3 Additional Revenue Stream Opportunities.....	39
8.4 Opportunity for Higher Margin F&B and Guest Services	40
9.0 SOCIAL AND ENVIRONMENTAL CAPITAL OPPORTUNITIES.....	41
9.1 Receptive and supportive local communities	42
9.2 Readily available local workforce	43
9.3 Social initiatives to build brand social capital.....	44
9.4 Environmental initiatives for enhanced reputation	45
10.0 STREAMLINED DEVELOPMENT	46
10.1 Expedited Permits, Licenses and Master Plans.....	47
10.2 Favourable Development Regulations	48
10.3 Predevelopment Works in Parallel with Closing.....	49
10.4 Expedited Project Management.....	50
11.0 FURTHER RESEARCH ON PRIVATE ISLAND INVESTMENTS	52

1. CAPITAL GROWTH POTENTIAL

Abang Island – Anambas Archipelago (now sold)

Regions at the beginning of the development curve that are in close proximity to international flight hubs, have a limited supply of development sites, and offer low purchase and construction costs create a unique investment proposition that can significantly maximize potential capital growth for investors.

Firstly, the proximity to international flight hubs ensures easy accessibility for tourists from around the globe, providing a steady influx of visitors and potential revenue. This accessibility increases the region's appeal as a destination, driving demand for accommodations, services, and experiences.

Secondly, the limited supply of development sites naturally restricts the number of competitors, maintaining exclusivity and allowing for premium pricing strategies. This scarcity of available land not only helps in preserving the natural beauty and uniqueness of the region, making it more attractive to eco-conscious travellers but also ensures that any development carries a higher value due to its rarity.

Lastly, low purchase, construction and operational costs reduce the barrier to entry for investors and allow for a higher allocation of resources towards enhancing guest experiences. These lower initial costs also open up the potential for higher ROI, as operational efficiencies can be maximized, and savings passed on to consumers can make the destination more competitive without sacrificing profit margins.

The Anambas Archipelago

- Less than 300km from Singapore.
- Global brand commencing development.
- Development sites limited by zoning legislation.
- Average wage costs of ~US\$200 p/m.

When these factors work together, they create a compelling case for capital growth. Investors can leverage the strategic advantages of accessibility, exclusivity, and cost efficiency to drive superior and substantial financial returns from their development capital.

1.1 From Regions at The Start of The Growth Curve



The commencement of development by international brands in the Anambas Islands signifies a substantial capital growth potential for eco-resort developers. International brands bring with them global recognition, established standards of quality, and a loyal customer base, which can significantly enhance the visibility and desirability of the region as a tourist destination.

For eco-resort developers, this presents an invaluable opportunity to capitalize on the increased footfall and higher occupancy rates driven by these brands. By aligning with or positioning their developments in proximity to projects initiated by international names, developers can leverage the brand and marketing prowess of these entities to attract a more affluent and diverse clientele.

Furthermore, the presence of international brands often signals to other investors and developers the region's viability for tourism, potentially leading to increased property values and investment opportunities. Eco-resort developers can maximize this opportunity by focusing on unique selling propositions such as sustainability, local culture, and biodiversity conservation, which complement the luxury and global appeal brought by international brands, thus creating a differentiated and compelling offer to the market.

The enhancement of regional infrastructure, additional access points or frequencies or other government initiatives such as rezoning or establishing new infrastructure is also a good indicator that a region is expected to enter a phase of significant growth.

The Anambas Archipelago

- Pavilions Hotel Group commencing development.
- Sea plane AOC and air route permits in process.
- Letung regional airport expansion completed.
- Susi air additional 4 flights per week commenced.

Government funded infrastructure enhancements , privately funded access enhancements and global brands commencing development, all occurring concurrently, is a strong indicator of future regional growth.

1.2 From Proximity to Flight Hubs and International Airports



The proximity of a resort development region to international airports is a crucial determinant of its capital growth and operational profitability. First, accessibility plays a pivotal role in the attractiveness of a resort to potential visitors. Resorts located near international airports benefit from reduced travel times and costs for tourists, which can significantly influence their destination choice. This convenience enhances the resort's appeal, leading to increased occupancy rates and, consequently, higher revenue.

Moreover, international airports serve as hubs for tourists from diverse geographic locations, providing the resort with access to a broader customer base. This exposure to a global audience not only drives immediate operational profits through increased bookings but also elevates the property's profile on an international scale, contributing to brand prestige and attractiveness to future investors.

Investors and developers should consider the strategic importance of location in their planning processes. Properties near major airports are likely to experience accelerated capital appreciation due to their enhanced desirability and accessibility. Such locations are attractive not only to holiday-goers but also to corporate clients seeking venues for conferences or retreats, further diversifying revenue streams.

The Anambas Archipelago

- Less than 300km from Singapore airport (SIN).
- 400 global destinations are serviced by Singapore airport (8 times more than the Maldives', 13 times more than Fiji's, 30 times more than Seychelles)
- AOC and route permits for seaplanes in process.

The proximity to international airports is a powerful lever for driving both capital growth and operational profitability, making it a critical consideration for developers targeting long-term success in the competitive hospitality industry.

1.3 From Restricted Numbers of Development Sites



Government zoning legislation that restricts the number of development sites significantly enhances a region's potential for future capital growth and stronger operating cash flows. This approach leverages the basic principle of supply and demand; with limited development options available, each property becomes more valuable, allowing developers to command premium prices. This scarcity not only increases initial investment attractiveness but also bolsters ongoing revenue through heightened demand.

Moreover, these restrictions support environmental conservation, preserving the natural beauty and ecological integrity of a region. Such conservation efforts make these areas uniquely appealing in today's market, where environmental consciousness is on the rise. Properties in these pristine environments can attract a premium, appealing to a wealthier demographic seeking unique, sustainable destinations. This not only drives up market valuation but also ensures robust operating cash flows by catering to high-spending tourists.

Additionally, this balanced approach to development and sustainability maintains the region's long-term desirability and mitigates the risks associated with overdevelopment, like environmental degradation and market saturation, which can diminish a destination's appeal and value.

The Anambas Archipelago

- Development sites limited by govt zoning laws.
- Gazetted marine park to limit development sites.
- Limited sites available for development rezoning.
- Being in the heart of the world's coral triangle maintains pressure for limited development within the province.

Zoning restrictions that limit development sites create a lucrative scarcity, enhance environmental appeal, and ensure sustainable growth. For real estate developers, navigating these dynamics offers a competitive edge, ensuring long term enhanced profitability and growth.

1.4 From Low-Cost Purchase & Construction Costs



In the realm of development, the attractiveness and profitability hinge significantly on three cost components: labour, construction, and materials. Lower labour costs are a boon for developers, leading to decreased project expenses and enabling investments in superior materials or technology. This cost efficiency not only speeds up the completion of projects but also reduces operational costs for businesses, enhancing profit margins.

Affordable construction costs, encompassing materials, machinery, and technology, render development projects more financially accessible. This affordability attracts a wider investor base, improving the feasibility of more projects. Reduced construction expenses allow developers to allocate funds towards enhancing the project's features, such as sustainability or amenities, boosting its market value and appeal.

Material costs also play a crucial role. When the prices of essential materials like steel, concrete, and wood are lower, the overall investment needed for development drops. This reduction allows for competitive pricing or increased profit margins, making the project more appealing in the market. The ability to use higher-quality materials without inflating costs also improves the development's durability and attractiveness, drawing in more buyers or tenants.

The Anambas Archipelago

- Very low min wage costs of US\$200 p/m.
- Regionally low construction material costs.
- Environment suitable to grow sustainable building materials (palms, bamboo, fast growing timbers)
- Indonesia generally has some of the lowest construction costs in Asia / Pacific region.

Lowering these costs boosts development attractiveness and profitability. Cost-effective projects with competitive pricing enhance margins. Strategic cost management is key for real estate success, offering a competitive edge in the industry.

2.0 VALUE ADDING TO ENHANCE UPLIFT AND CASHFLOWS



Seizing innovative investment opportunities is key to achieving both enhanced value and operational success in development investments. Some key strategies to enhance value and operating returns encompasses finding development options amenable to subdividing large sites, establishing private villa estates, rezoning land, and harnessing a world-class environment for luxury guest experiences.

Subdividing large sites into private villa estates addresses the growing demand for privacy and exclusivity among luxury travellers. This approach meets the evolving expectations of discerning guests and also optimizes land use to enhance property value. Assisting to command premium pricing, accelerating investment returns, and heavily subsidise resort development costs or operations.

The strategic rezoning of land is successful strategy to unlock higher value and better use of the development's land parcels, thereby increasing the land's value and enhancing the overall appeal of the development. Such rezoning efforts are aimed at creating a vibrant, multifaceted destination that attracts a broader audience, or alternatively can be sold or leased for additional revenue streams.

The Anambas Archipelago

- Multi beach and lagoon sites suitable to subdivide.
- Laws amenable to private villa establishment
- Environment suitable to grow sustainable building materials (palms, bamboo, fast growing timbers)
- Indonesia generally has some of the lowest construction costs in Asia / Pacific region.

Adding value by focusing on delivering unique and memorable guest experiences, through personalized wellness programs, exclusive adventure activities tailored to reflect the qualities of the region, deepen guest satisfaction and loyalty. Sites and regions of unique and natural beauty support these initiatives.

2.1 Large Lot Subdivision



Multi Island / Multi Lagoon Development Site – Anambas Archipelago

Large lot subdivisions often leads to more efficient planning and development, allowing for a greater number of units, amenities, or facilities to be constructed within the same space. More units mean more potential sales or rental income, directly contributing to enhanced profits. Large lot subdivision gives developers the flexibility to phase out their projects or adjust their plans based on market demands. This flexibility means that developers can start generating revenue from completed phases while still working on others, reducing financial risk, and improving the project's viability.

Subdividing allows developers to target different market segments more effectively. For example, part of the development could cater to luxury buyers looking for private villas, while another could target mid-range buyers with smaller vacation homes or condos. This targeting can lead to higher sales prices and rental rates, and in addition developers can generate cash flow more quickly than if they were trying to sell or develop a large lot all at once. This not only helps in covering the development costs as the project progresses but also reduces interest payments and financing costs, further enhancing profits.

Developing smaller parcels can sometimes lead to lower infrastructure and development costs per unit. This is because the infrastructure (utilities, landscaping, etc.) can be scaled more precisely to the needs of the development, avoiding the overbuilding that can occur with larger plots and can also be attractive to investors and lenders, as the perceived risk is often lower compared to a single, large-scale development. This attractiveness can lead to better financing terms and the potential for increased investment, further boosting the project's profitability.

The Anambas Archipelago

- Subdivision friendly zoning and legislation
- Sites suited to large scale subdivision.
- Low subdivision and titling costs
- Land ownership corporate structures allow for very low transaction costs on subdivided sites.
- Flexible regulations allow for phased development.

By leveraging these strategies, developers can significantly enhance their profit margins in resort development areas. However, it's essential to carefully plan and execute the subdivision process, considering local regulations, market conditions, and the overall vision for the development to ensure its success and profitability.

2.2 Subdivision for Private Villa Estates



In the realm of real estate development, subdividing lots into private villa estates represents a strategic approach to increasing development profits. By breaking down larger parcels into smaller, exclusive plots for high-end villas, developers can better meet the specific demands of a niche market that values privacy, luxury, and unique living experiences. This segmentation allows for targeted marketing and the ability to command higher prices, directly contributing to an enhanced profit margin. Private villa estates cater to a segment of buyers looking for exclusivity and customization, factors that justify premium pricing and can significantly elevate the financial outcomes of a development project.

Incorporating over-water villa sites into a development plan can further enhance profitability. These villas offer unique, sought-after living experiences, characterized by their direct access to water and panoramic views. The unique appeal of over-water villas, combined with the relatively lower development costs associated with not requiring land acquisition, presents a unique opportunity for increased profit margins. The scarcity and desirability of such properties allow developers to set higher price points, translating into substantial profits without the substantial land costs typically associated with luxury developments.

Of particular value in searching for regions where private villa estates are permitted, will be areas where there is limited or no competition, and in the case of any existing competition, the available options are available at high prices, a precedent for exceptional ROI on future private villa developments.

The Anambas Archipelago

- Sites for over water development permitting subdivisions with no land component costs
- Bawah Elang Wing Private Villa US\$21,000 p/n, no other existing competition in the province
- Sites suited to development of private villa estates
- Pavilions Hotel Group private villa subdivision

Overall, the strategic subdivision of lots into private villa estates, and the inclusion of over-water villa sites, provide a clear path to maximizing development profits. This approach leverages the unique selling points of luxury and exclusivity, appealing directly to a market segment willing to pay a premium for distinctive experiences.

2.3 Rezoning to Increase Value



Sourcing development sites that can be rezoned offers an opportunity for further development uplift and enhanced development cashflow.

When developers identify sites with rezoning potential, they are recognizing opportunities for increased profitability and cash flow from their developments. The process of rezoning can alter the allowable uses of a property, potentially increasing its market value significantly. Transitioning the use of land to more profitable ventures, especially in resort development, can lead to a substantial return on investment once the project is completed.

Rezoning serves to optimize land use, allowing developers to construct at greater densities. This efficiency can lead to an increase in the number of units available for sale or rent, thereby enhancing the potential revenue from the development. By adapting to current market trends and consumer demands, the resulting property is more likely to remain competitive and financially successful.

Furthermore, strategic rezoning can have a positive impact on the wider area, leading to what is known as a clustering effect. As infrastructure and amenities improve, the attractiveness of the area may increase, potentially leading to further investment and development. This can have a compounding effect on property values in the region.

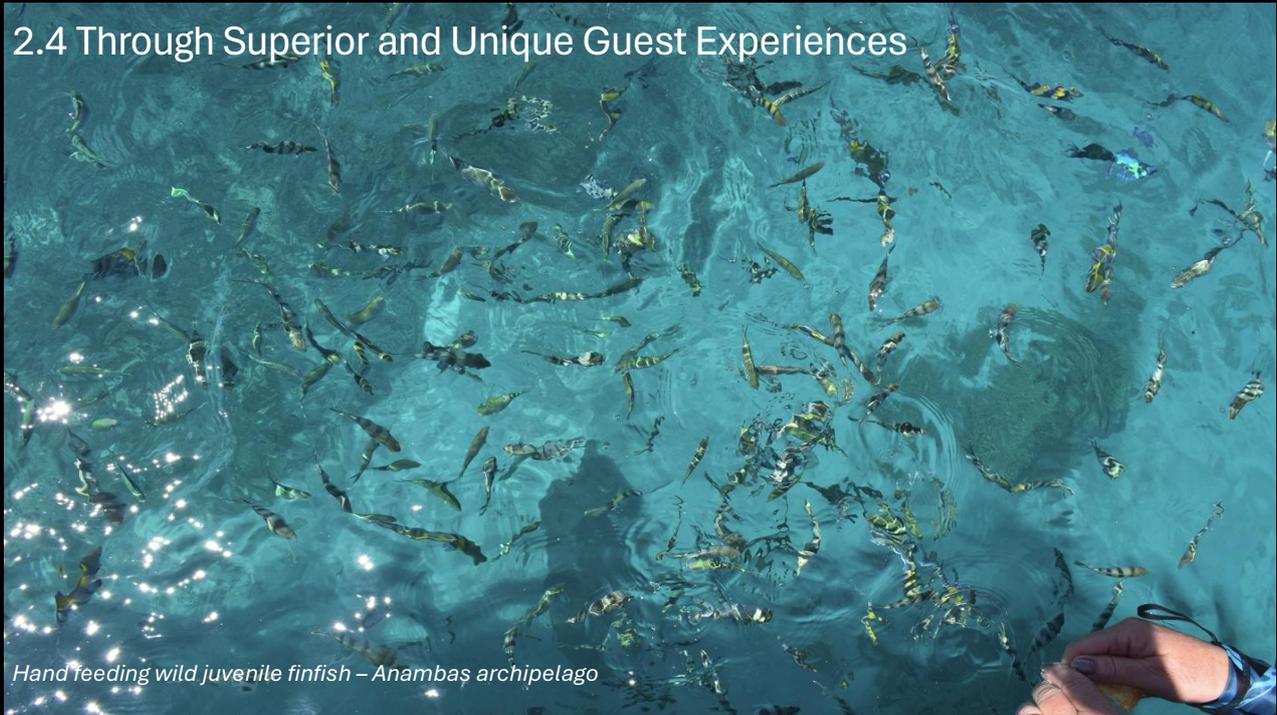
Additionally, rezoning done with consideration to regional planning and environmental sustainability goals ensures that development aligns with broader community and environmental standards, which can be advantageous for the long-term value and acceptance of the project.

The Anambas Archipelago

- Has several large-scale sites that can be rezoned.
- Rezoning from HPK (Hutan Produksi Konversi) to APL (Area Penggunaan Lainnya) shows indicative uplift of 300% based on current offer prices.
- Lower priced HPK land can be partially rezoned to accommodate water villa developments at very low purchase costs, for significant capital uplift.

In summary, through careful selection of sites and strategic planning for rezoning, developers can enhance the intrinsic value of a property, utilize space more effectively, align with market demand, and contribute positively to regional growth, all of which can result in improved financial outcomes for their development projects.

2.4 Through Superior and Unique Guest Experiences



Hand feeding wild juvenile finfish – Anambas archipelago

Unique flora and fauna, along with rich marine biodiversity, serve as key drivers for enhancing guest experiences in the tourism industry, leading to higher investment returns. Properties that leverage their natural surroundings to offer exclusive wildlife encounters or underwater explorations not only differentiate themselves in a crowded market but also appeal to the growing segment of eco-conscious travellers.

For guests, the opportunity to interact with rare species or to dive in pristine waters teeming with vibrant marine life offers a sense of adventure and connection with nature that is increasingly sought after. Experiences like guided nature walks, wildlife spotting, or snorkelling excursions add significant value to their stay, making them more willing to pay a premium for access to these exclusive experiences. This not only increases revenue per guest but also enhances overall occupancy rates.

Moreover, promoting sustainable interactions with the environment aligns with the growing trend towards responsible tourism. Properties that invest in conservation efforts or collaborate with local communities to preserve their natural heritage can attract a dedicated clientele who prioritize sustainability in their travel choices. This alignment with global conservation goals not only enriches the guest experience but also positions the property as a leader in responsible tourism, opening doors to additional revenue streams like eco-certifications, grants, and awards.

The Anambas Archipelago

- Authentic and genuine cultural appeal.
- Uninhabited tropical island environment.
- Rare terrestrial and marine life.
- Unique combinations of topography, outlooks, flora and fauna, seasonal waterfalls, and seascapes.

Social media platforms are flooded with images and stories from travellers eager to share their unique encounters with nature. This user-generated content serves as powerful, authentic advertising, drawing attention from potential guests worldwide and leading to increased bookings.

3.0 ENHANCED RETURNS FROM A SUPERIOR NATURAL ENVIRONMENT



Investing in properties located in areas with superior natural beauty, rich biodiversity, clean air and water, minimal human impact, and within protected conservation reserves offers a unique and compelling proposition for enhancing investment returns, especially within the eco-tourism and luxury travel sectors. Here's a summary of how these attributes contribute to a superior investment outlook:

Properties nestled in environments boasting pristine natural beauty and rich biodiversity appeal to high-value market segments, including eco-conscious travellers and those seeking exclusive, luxury experiences. These travellers are often willing to pay a premium for the opportunity to connect with nature in a way that ensures minimal impact on the environment, thereby driving higher revenue potential for investments in such locales.

The unique characteristics of being located in areas with clean air and water, and within protected conservation reserves, significantly differentiate a property in the crowded tourism market. This differentiation not only enhances the property's appeal but also establishes it as a desirable destination for travellers seeking authentic and sustainable experiences, providing a competitive edge in marketing and branding efforts.

The Anambas Archipelago

- Heart of the world's coral triangle
- Clean ocean air, uninhabited pristine islands
- Stunning tropical landscapes, ancient corals
- Designated marine conservation park
- Unique, rare, and endangered flora and fauna throughout the province.

Investing in regions known for their untouched natural beauty and conservation efforts aligns with the growing global trend towards sustainable and responsible tourism. Properties that actively contribute to conservation and sustainability efforts not only garner positive attention from guests and media alike but also benefit from enhanced investment appeal.

3.1 From Regions with Rich Biodiversity



Coral fields of Mengkudu Island – Anambas archipelago

The diversity of flora and fauna and the natural landscapes of such sites provide a rich backdrop for developing unique guest programming and amenities. Activities like guided nature walks, wildlife spotting, conservation projects, and outdoor adventure sports can be integral to the guest experience, adding value to their stay. These offerings not only enhance guest satisfaction but also generate additional revenue streams for the resort.

Modern travellers are increasingly seeking experiences that connect them with nature in a meaningful and respectful way. Sites with outstanding natural beauty and biodiversity cater perfectly to this demand, attracting guests who value sustainability and the opportunity to experience unique ecosystems firsthand. This growing segment is often willing to pay a premium for accommodations that offer such immersive experiences, directly impacting the bottom line through higher occupancy rates and the ability to command higher prices.

Resorts that can boast of being located in areas of rich biodiversity and natural beauty enjoy a distinct competitive advantage. They can market themselves not just as places to stay, but as destinations in their own right, offering unique experiences that cannot be replicated elsewhere. This differentiation strengthens the resort's brand image, making it more attractive to potential guests and positioning it as a leader in the eco-tourism and luxury travel market segments.

The Anambas Archipelago

- AIR – Butterfly populations, sea eagles and nesting peaks, tropical bird species.
- LAND – Giant rafflesia, tropical waterfalls, tropical monkeys, sea turtle nesting beaches.
- SEA – Endangered Sea turtles, ancient corals, rare tropical fish, whale sharks' migrations.

By adopting eco-friendly practices developers not only protect their investment but also ensure its long-term viability. Demonstrating a genuine concern for the environment can attract positive media attention and satisfy investor and consumer demand for responsible business practices.

3.2 From Regions with Clean Air and Low Pollution Levels



The clear air and waters – East District – Anambas archipelago

Sites that boast pristine environments, particularly with clean air and unspoiled aquatic ecosystems, naturally position any development there as premium offerings in the market. The rarity and increasing scarcity of such untouched locales allow developers to command higher prices, appealing to market segments willing to pay a premium for the luxury of accessing and experiencing these rare natural settings. This premium positioning leads to higher initial investment returns and sustained demand.

Investing in locations known for their natural purity resonates with the growing trend of sustainable and responsible tourism. By developing properties that prioritize environmental conservation and sustainable practices, developers can align their projects with these values, attracting a demographic of travellers who prioritize ecological responsibility in their travel choices. This alignment not only fulfills corporate social responsibility goals but also taps into a market segment that is rapidly expanding, ensuring long-term viability and relevance in the tourism industry.

Regions with no industry or heavy commercial development have cleaner air, less pollution and natural landscapes that attract a growing segment of eco-conscious travellers seeking authentic experiences away from overcrowded tourist destinations. The allure of pristine natural beauty—be it lush forests, untouched beaches, clear waters, or diverse wildlife—draws visitors willing to pay a premium for exclusivity and the opportunity to connect with nature in its purest form.

The Anambas Archipelago

- Archipelagic and largely uninhabited
- No noticeable light or air pollution on the available development islands
- No heavy industry
- No major commercial developments

This increased demand translates directly into higher occupancy rates and the ability to command premium pricing for accommodation and experiences, driving up investment returns and the value of the investment in the longer term.

3.3 From Regions with Protected Natural Reserves



The seasonal sand bar of Semut Bakau Island– A forestry reserve of the Anambas archipelago

Developing eco-resorts within protected areas, such as natural reserves, conservation regions, or marine parks, offers a distinctive advantage that can significantly enhance investment returns for investors and developers. This unique positioning combines environmental stewardship with exclusive tourism opportunities, aligning with both conservation goals and increasing market demand for sustainable travel experiences.

Eco-resorts located in protected areas offer guests exclusive access to pristine natural environments, wildlife, and landscapes that are often off-limits to the general public. This exclusivity becomes a powerful unique selling proposition (USP), attracting guests willing to pay a premium for the privilege of experiencing these untouched areas in a responsible and sustainable manner. The rarity and exclusivity of the location enhance the resort's appeal and justify higher room rates and service charges.

Operating within a protected area often requires adherence to strict environmental standards and practices, which can bolster the resort's credibility in sustainability and conservation. This can lead to recognition through eco-certifications, awards, and endorsements from conservation groups, enhancing the resort's reputation among eco-conscious travellers and providing a competitive edge in marketing efforts.

The Anambas Archipelago

- Large forestry reserve areas to ensure long term environmental sustainability
- The Anambas is a gazetted marine park
- Conservative development density regulations to preserve the environment and future investment values.

Developing within a protected area often means that the surrounding environment is shielded from overdevelopment and degradation, ensuring the long-term viability and attractiveness of the resort. This preservation of the natural setting helps maintain the resort's appeal over time, contributing to sustained demand and potential for capital appreciation.

4.0 ASSET SECURITY



Investing in regions that are not at risk of sea level rises, offer extended leasehold or freehold land titles, have secure land and title tenure, and are backed by supportive community and regional governments, provides a strong foundation for asset security and investment enhancement. Each of these factors contributes to a more stable and predictable investment environment, crucial for return on investment.

Regions unaffected by sea level rises are increasingly attractive investments due to their lower risk of environmental and property damage leading to lower insurance costs and higher investor confidence.

Investing in areas with extended leasehold or freehold land titles provides investors with long-term stability and security, essential for substantial capital improvements and enhancing property value over time. These titles offer either decades-long control or perpetual ownership, allowing for strategic, long-term development without concerns over lease expiration.

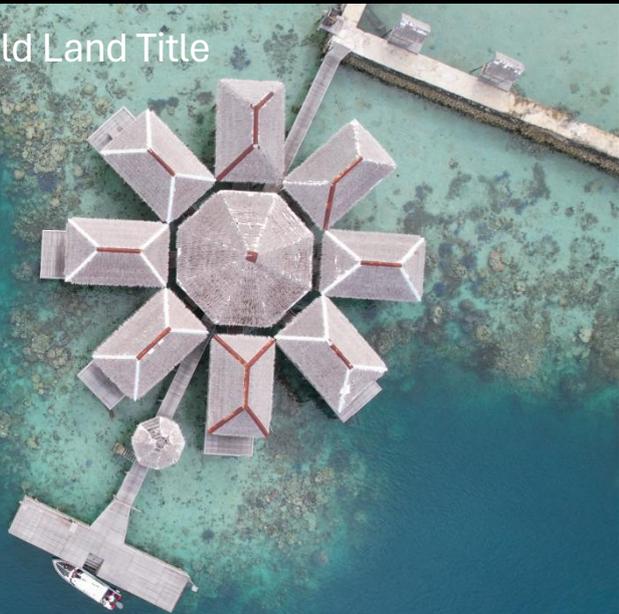
Secure land and title tenure are crucial, ensuring undisputed legal ownership and use rights, vital for attracting financing and protecting against expropriation risks or ownership disputes.

The Anambas Archipelago

- +99-year titles via PT PMA Co.
- Elevated and beachfront topography.
- Legislated foreign ownership with secure HGB land titles.
- Government promoted ecotourism investment region.

Supportive communities and regional governments are pivotal, as their endorsement can facilitate smoother project implementation, provide regulatory and tax benefits, and foster local market demand. Such backing reduces political and social risks while enhancing operational efficiency and profitability, ultimately boosting investment returns and security.

4.1 Extended Leasehold or Freehold Land Title



Anambas Dive Resort – Anambas archipelago

Extended leaseholds, often spanning several decades, provide sufficient time to recoup investment costs and profit from the venture, while freehold titles offer perpetual ownership, removing concerns about lease expirations. This permanence allows for long-term development planning, encourages significant capital improvements, and enhances the asset's value over time, as investors can make more substantial commitments to the development and improvement of the property.

Extended leasehold agreements and freehold titles represent two pivotal aspects of land ownership and investment strategies, each with its unique advantages for investors looking for long-term growth and stability. Extended leaseholds, often up to 99 years, offer investors a considerable period to develop and profit from the land without owning it outright. This arrangement is appealing for several reasons:

- It encourages substantial investment in development due to the security of a long-term lease.
- Financing becomes more accessible as lenders view the extended control as a reduced risk.
- The asset's value is likely to increase with the lease length, offering prolonged profitability.
- On the other hand, freehold titles provide ultimate security with indefinite control over the property, making them extremely attractive for investors due to:
 - Long term ownership allows continuous return generation and flexibility in property development.
 - The ability to build a legacy, with properties that can be passed down through generations.

The Anambas Archipelago

- +99-year leasehold via PT PMA foreign investment company ownership.
- Secure, predictable, and low-cost leasehold renewals (1.5% of raw land value).
- Simple and low-cost title acquisition.

Both leasehold and freehold properties offer a framework of stability crucial for substantial investments. They protect investments, boost confidence, and encourage capital flow, contributing to a stable and attractive investment climate and supporting broader economic development. This foundational security is critical for investment, enhancing property values and driving economic growth.

4.2 Low Risks from Sea Level Rises / Global Warming



In an era marked by global warming, investing in regions less affected by the predicted sea level rises is a key strategy for securing long-term asset protection and enhancing investment returns, especially for real estate and resort development. The adverse effects of climate change, including rising sea levels, pose significant risks to coastal and low-lying areas, threatening property damage, coastal erosion, and flooding. By opting for geographically higher or more stable locations, investors can shield their assets from such environmental changes, ensuring investment longevity and integrity.

Furthermore, properties in areas prone to sea level rises encounter higher insurance premiums and financing challenges due to increased risks. Conversely, regions unaffected by these changes offer more favourable insurance terms and easier financing access, bolstering financial stability and profitability. Market value and demand also skew towards properties in safer zones, with growing awareness around climate change driving buyers and renters to prioritize location safety, potentially paying a premium for secure, sustainable properties. This shift enhances potential returns and resale values.

Sustainability and a strong reputation for environmental consciousness become increasingly important, with investments in secure regions aligning with sustainable development goals and bolstering the project's image among eco-conscious consumers and investors. This commitment can serve as a unique selling point, differentiating the property in a competitive market.

The Anambas Archipelago

- Extensive elevated topography between beaches.
- Low cost to alter landscapes to mitigate effects of global warming.
- Stable granite based foundational bedrock supporting topography.

Strategic planning benefits from the stability of investing in less vulnerable areas, allowing developers to focus on improving property features and amenities without the need to account for sea level rise mitigation costs. Such investments not only fortify against the tangible impacts of global warming but also tap into a market increasingly driven by sustainability, ensuring long-term viability and success.

4.3 Secure Land and Title Tenure



Sunrise in paradise – Anambas archipelago

Investing in regions with legislated land title systems and secure land and title tenure for foreign investors significantly supports and enhances asset security investment. This legal framework is pivotal in ensuring that investments are protected and that the rights of investors are clearly defined and safeguarded. Here's how such legislative measures contribute to investment security and enhancement.

Legislated land titles ensure clear ownership records, providing investors with a solid foundation for their investments, particularly in foreign markets. This clarity and security of land tenure, backed by the local legal system, significantly reduce investment risks such as unlawful claims, expropriation without fair compensation, and disputes over land ownership. Secure land tenure not only minimizes these risks but also enhances the region's appeal to foreign investors, making it a more attractive destination for investment. The assurance of legal protection for property rights increases property values and stimulates economic development, benefiting both investors and local communities.

Moreover, secure, and transparent land title systems facilitate development and growth by encouraging investors to commit resources to long-term projects with confidence in the legal safeguarding of their investments. This can lead to infrastructure development, job creation, and overall economic progress.

The Anambas Archipelago

- Legislated HGB land title.
- Legislated low-cost renewal process
- Stable and secure HGB title can be encumbered for security or transferred or assigned as needed.
- PT company title tenure can lower subdivision or private villa estate costs

Secure land tenure is crucial for sustainable and ethical investment practices, ensuring land acquisitions respect existing rights and comply with local regulations, thus fostering a positive investment climate, community support, and government backing. This approach reduces conflict potential and ensures developments are beneficial for all stakeholders, promoting a sustainable investment environment.

4.4 Supportive Community and Government



Letung airport terminal expansion under construction – Anambas archipelago

Investing in regions where both local communities and governments are supportive of foreign eco-tourism and tourism ventures significantly improves asset security and potential investment returns. Support from these stakeholders creates a favourable environment for sustainable and profitable projects, offering numerous benefits to investors.

Governmental support can streamline regulatory processes, easing the acquisition of permits and licenses, thus reducing bureaucratic delays and costs. Supportive governments might also offer reduced import tariffs, or sustainability subsidies, enhancing project viability. Furthermore, governments promoting eco-tourism can aid in marketing, attracting tourists, and may invest in infrastructure, boosting the region's appeal to both investors and tourists.

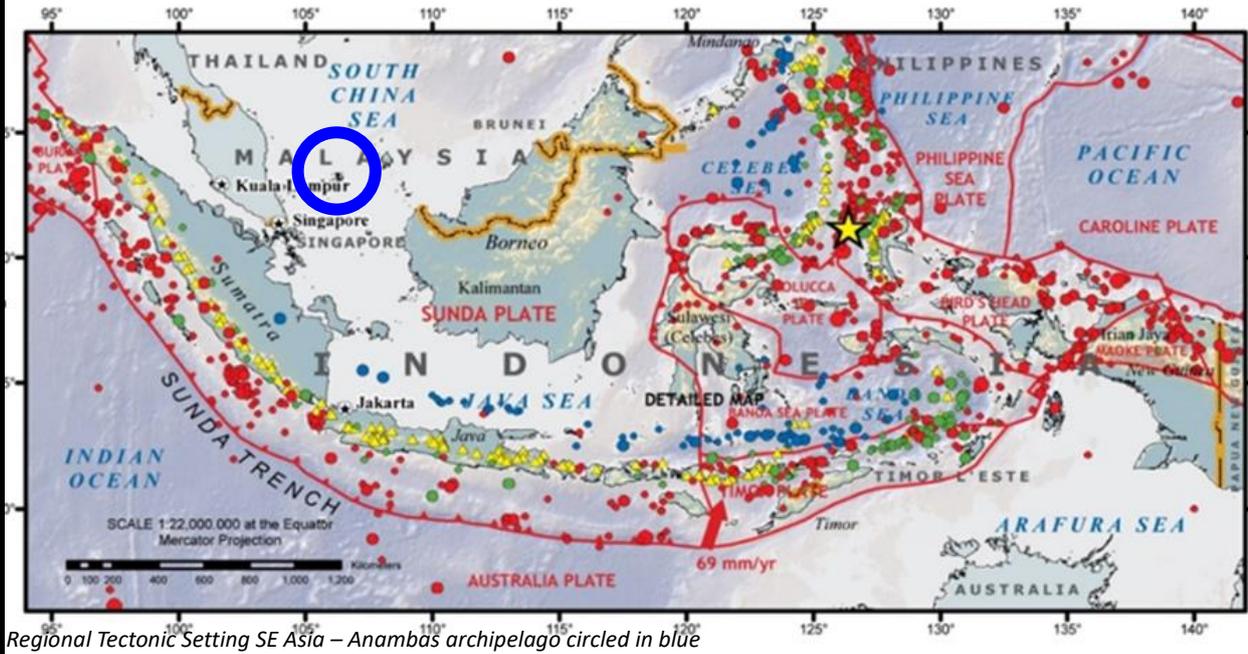
Local community support is equally crucial, fostering a welcoming atmosphere for tourists and providing labour and insight, which contribute to the authenticity and sustainability of tourism offerings. Community endorsement also offers a social license to operate, mitigating risks of conflict or disruption.

The Anambas Archipelago

- Being promoted as a new resort investment region by the Indonesian government.
- Streamlined development processes.
- Significant public infrastructure spending to expand regional airport, ferry terminals, direct sea plane access.

The combined backing of government and community not only ensures a stable investment environment but also protects against regulatory shifts and social unrest. Investments in line with local sustainability goals, contributing to conservation, economic development, and cultural preservation, tend to receive continued support, enhancing reputation and attracting eco-conscious tourists. This alignment can also unlock additional funding, such as development grants, further improving financial outcomes.

5.0 STABLE NATURAL ENVIRONMENT



Investing in regions with low natural disaster risks like volcanoes, earthquakes, and tsunamis safeguards investments by preventing catastrophic damage and financial loss. These disasters can deter tourists, affecting revenue for tourism-dependent ventures. Selecting areas with minimal geological and seismic risks maintains asset safety and secures financial investments against sudden damages, promoting consistent tourist visits and investment.

Similarly, choosing locations with infrequent storms and no history of tornadoes or hurricanes enhances investment security in tourism and real estate, reducing property damage risks and maintenance costs. The predictable weather boosts destination appeal, ensuring higher visitor numbers and financial predictability.

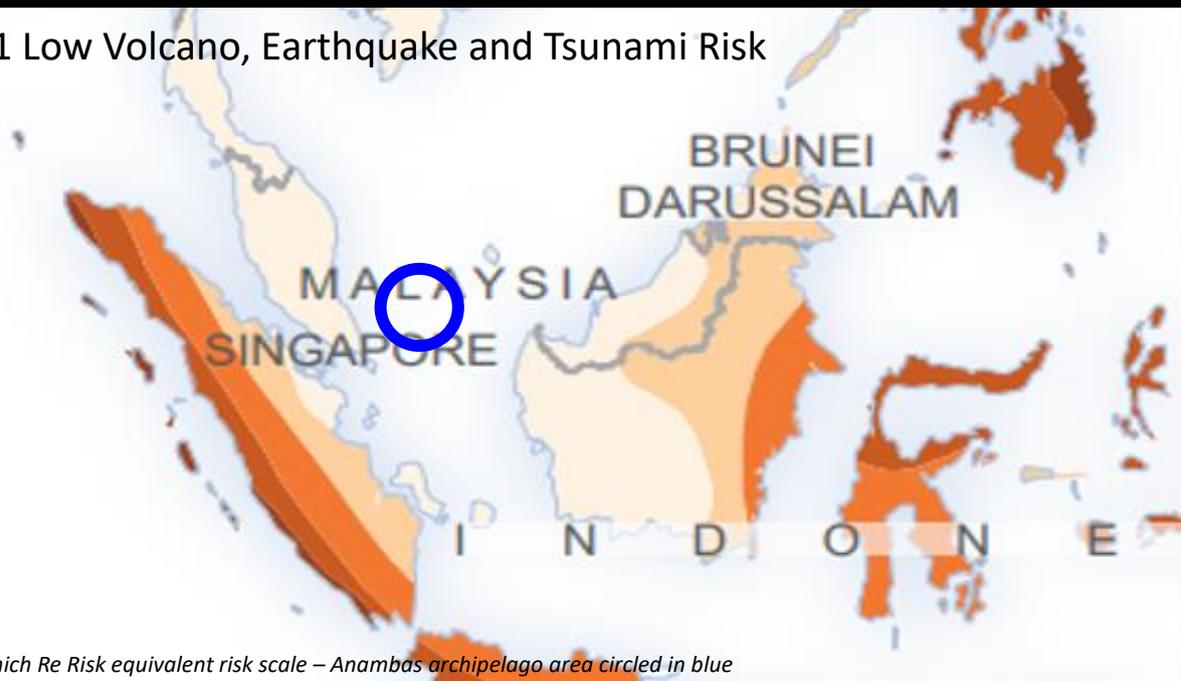
Additionally, low tropical winds and waves create a favourable environment for coastal and marine-related investments, enhancing safety for leisure activities and reducing erosion and property damage risks. This stability attracts visitors, ensuring continuous tourism activities and revenue streams. Investing near protected natural reserves further preserves investment value by maintaining natural beauty and biodiversity, attracting eco-tourism and conservation-minded travellers. The protection against overdevelopment ensures environmental stability, aligning with sustainable travel trends and enhancing investment appeal.

The Anambas Archipelago

- Lowest classification on "NATHAN" risk scale
- No significant storm cells recorded in region
- Tropical light winds rarely >20kts, calm seas
- Conservation & forestry areas are legislated
- Tectonically stable and remote from the Asia Pacific "rim of fire".

Overall, choosing environmentally stable regions—marked by low disaster risks, calm weather conditions, and protected natural landscapes—minimizes operational risks, ensures business continuity, and aligns with sustainable and safe travel preferences, boosting long-term profitability and investment attractiveness.

5.1 Low Volcano, Earthquake and Tsunami Risk



Investing in resort regions with low risks of volcanoes, earthquakes, and tsunamis significantly bolsters investment security. These areas offer a stable setting that lowers the chance of natural disasters, which can cause extensive damage to properties and infrastructure, resulting in major financial losses. Key benefits include:

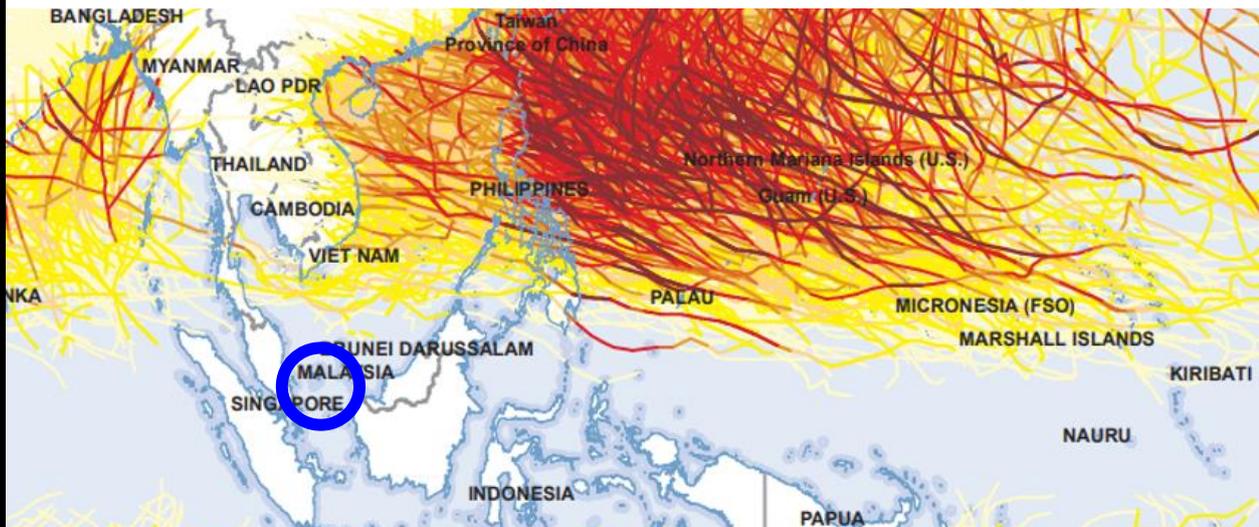
- With fewer natural disasters, the likelihood of property damage or loss decreases, sparing investors from unforeseen repair or rebuilding costs. This stability also leads to lower insurance premiums due to the diminished risk, further enhancing financial security.
- Tourists prioritize safety, making destinations known for their low natural disaster risks more appealing. This ensures a steady influx of visitors, providing continuous revenue streams for resorts, maintaining profitable operations, and fostering destination reputation and brand value.
- The lower risk profile makes these regions more attractive to investors and lenders, facilitating easier access to capital for resort development and improvement, crucial for growth and sustainability.
- Resorts in low-risk areas are likely to appreciate over time, avoiding the depreciation common in high-risk areas post-disaster. This appreciation boosts the asset's worth and overall investment return.
- The lower risk might lead to streamlined project approvals and lower insurance costs, positively affecting operational costs and profit margins.

The Anambas Archipelago

- Lowest classification on "NATHAN" risk scale
- >1,000km from closest tectonic plate boundary
- Lowest earthquake risk region in SE Asia
- Unaffected by Tohoku earthquake and tsunami of 2011 (M 9.0-9.1) and the 2004 Indian Ocean earthquake and tsunami (M 9.1-9.3)

Choosing to develop resorts in low natural disaster risk areas secures the physical and financial aspects of the investment, enhances its appeal to both tourists and financiers, and strategically derisks the investment from natural disasters, assisting to ensure long-term success and investment growth.

5.2 Infrequent Storms, Hurricanes and Tornado Risks



Tropical storms in the SE Asia 1966 to 2017– Anambas archipelago circled in blue

Investing in regions with low frequencies of storms, hurricanes, and tornadoes offers enhanced investment security for resorts due to several key factors. Firstly, the reduced risk of property damage in these areas means that resorts are less likely to face high costs from repairs or rebuilding after severe weather events. This leads to uninterrupted operations and steady revenue streams, safeguarding the investment against unexpected financial strains. The lower risk of natural disasters in these regions results in more favourable insurance premiums, significantly cutting operational costs and boosting the investment's profitability and financial stability. This aspect is crucial as high insurance costs in prone areas can diminish returns on investment.

Tourist preferences have evolved, with safety and reliability becoming paramount. Resorts in areas with minimal severe weather events can position themselves as safe havens, attracting a wider range of travellers seeking uninterrupted holiday experiences. This appeal translates into consistent occupancy rates and sustained revenue, as the threat of travel disruptions is minimized.

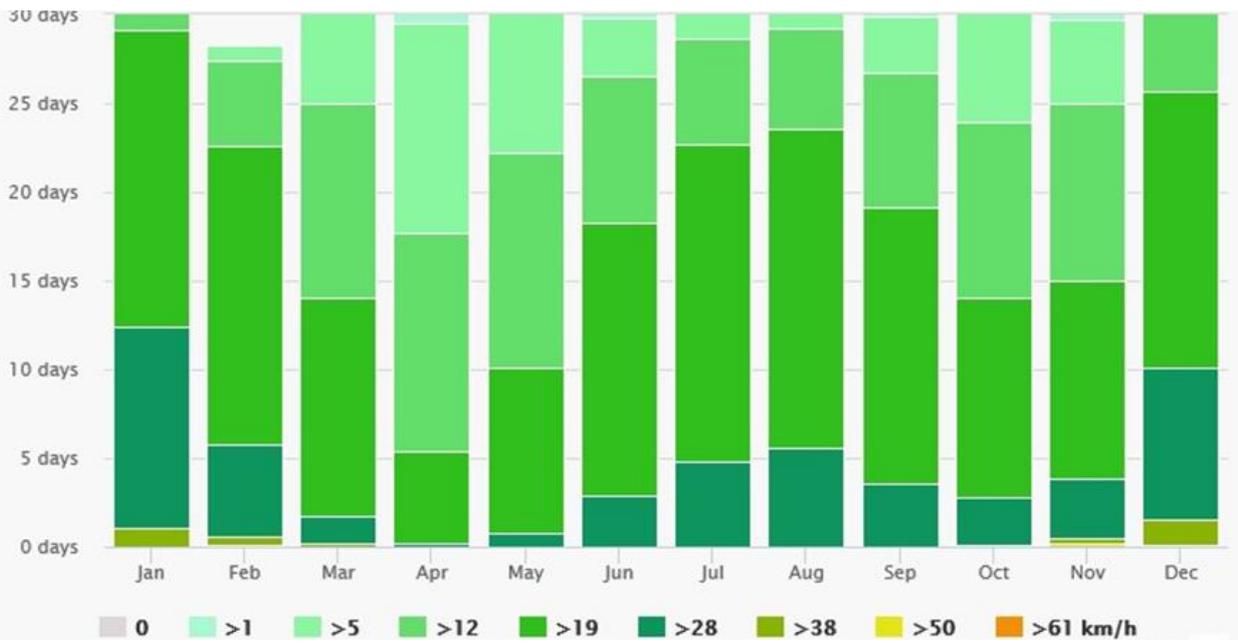
The market value of resorts in these safer regions tends to be higher, reflecting the premium on safety and reduced risk. While this might mean higher initial investment costs, the long-term security and potential for property appreciation present a compelling case for investors. The attractiveness of these regions not only promises greater security but also draws high-quality development projects, elevating the area's prestige and allure as a tourist destination.

The Anambas Archipelago

- No recorded storms of significance in 150yrs
- Outside of hurricane and cyclone transit regions
- No recorded tropical storm tracks over past 58yrs
- Lowest regional risk of extreme weather events
- No recorded typhoon or hurricane events

Overall, the predictability and operational stability offered by investing in regions with infrequent severe weather events play a crucial role in ensuring long-term planning and investment sustainability in the tourism and resort development sector.

5.3 Low Winds and Waves (Guest Comfort and Amenity)



Monthly wind strength days – Anambas archipelago

Investing in resort regions with low winds and waves significantly enhances investment security and yields better returns by offering a stable operational environment and making the destination more attractive. Low stress on coastal infrastructure from such calm conditions means less spending on maintenance and repairs, allowing for better allocation of resources towards improving resort amenities and guest services, directly impacting profitability. Calm seas also broaden the appeal for water-based activities, attracting tourists seeking safe, enjoyable experiences, leading to higher occupancy rates and the ability to charge premium prices, thus diversifying and stabilizing revenue streams.

Moreover, the reduced risk of infrastructure damage makes these resorts more attractive to potential buyers, increasing property values and resale potential. The perceived stability and lower risk attract more investors and buyers, ensuring long-term value retention and enhancing returns. The serene setting created by gentle winds and waves offers a unique marketing advantage, positioning resorts as tranquil retreats and attracting a niche market willing to pay more for such experiences, further boosting revenue and profitability.

The Anambas Archipelago

- Calm winds or light breezes most of the year
- Breeziest days rarely exceed 20knot wind speed
- Low tidal variation in region
- Low regional currents

Minimal weather-related disruptions allow for consistent revenue and easier financial planning. The predictable conditions also enhance the execution of outdoor activities and events, improving guest satisfaction and driving additional revenue. Investing in regions with environmental stability due to low winds and waves presents a compelling case for higher security and better returns in resort development.

5.4 Legislated Conservation and Forestry Areas



Investing in resort developments within legislated conservation and forestry areas significantly bolsters both investment security and returns, aligning with sustainable development practices and catering to the growing trend of eco-tourism. These protected regions offer a competitive edge by ensuring developments are sustainable, thus preserving the natural attributes that initially attract tourists. This commitment to environmental sustainability not only safeguards the investment against ecological degradation but also maintains the area's appeal and profitability over time.

The beauty and biodiversity of these conserved areas sustain long-term appeal for a wide demographic of travellers, especially those drawn to eco-tourism, ensuring continuous demand and stable revenue streams. As the global consciousness shifts towards sustainable travel, properties in these areas are likely to appreciate in value, directly benefiting investors.

Moreover, the unique positioning of resorts in or adjacent to protected areas offers distinct experiences unavailable in urbanized settings, such as wildlife observation and educational conservation programs. This uniqueness allows for premium pricing and strengthens the resort's brand, enhancing investment returns.

The Anambas Archipelago

- Large forestry zoning areas
- Heart of the world's coral triangle
- Gazetted marine park
- Low touch development in forestry and conservation areas is permitted
- Overwater developments adjacent to forest conservation reserves is permitted

Furthermore, these investments are shielded from risks like overdevelopment, which can undermine long-term investment viability. By adhering to a framework that prioritizes environmental preservation, investors can mitigate these risks, securing the investment's attractiveness and longevity. This strategic approach not only ensures the operational viability of the resort but also contributes positively to the environmental and economic health of the conservation area, creating a sustainable and profitable investment opportunity.

6.0 LOW OPERATING COSTS



North Siantan village – Anambas archipelago

Investing in regions with low operating wage costs significantly enhances resort development returns by reducing labour expenses, one of the biggest costs in hospitality. Lower wage costs enable resorts to maintain high service standards efficiently, offering a competitive edge in the market, potentially increasing occupancy rates, and allowing for more flexible pricing strategies.

Vertical integration offers strategic benefits by allowing resort developers to control more of their supply chain, from food services to on-site activities, boosting profitability. This control over suppliers and service providers can reduce costs, ensure quality, and offer unique experiences that command a premium, opening new revenue streams.

Furthermore, low utility costs in the development region decrease daily operational expenses, such as electricity, water, and gas, especially crucial for resorts with extensive amenities. This competitive advantage allows for economic operation and high service levels, improving profit margins or enabling reinvestment in the resort to enhance guest experiences and attract more visitors.

The Anambas Archipelago

- Low wage costs for construction - US \$200 p/m
- Low-cost agriculture, aquaculture, and mariculture value adding
- Security & low costs of hydrocarbon free water and power generation
- Low wage, materials, and services costs for ongoing operations

Lastly, low maintenance costs for wages, services, and materials are vital for keeping a resort in top condition affordably. Regions with lower maintenance costs facilitate regular upkeep and improvements without significantly impacting profit margins, ensuring the resort remains attractive and functional, maintaining high occupancy rates, and competitive pricing. This efficiency directly translates into better financial performance and returns for investors.

6.1 Low Operating Wage Costs



Coconut harvesting Mentalak Island – Anambas archipelago

Low operating wage costs in a resort development region significantly enhance investor returns by directly reducing one of the most substantial operational expenses associated with running a hospitality business. Labor costs encompass a wide range of roles critical to resort operations, including front desk staff, housekeeping, maintenance, food and beverage service, and recreational activities personnel. When wage costs are low, the overall financial burden of maintaining a high level of service is reduced, allowing for more efficient allocation of resources across the resort's operations.

This efficiency does not only lead to immediate cost savings but also provides a competitive edge in pricing strategies. With lower operational costs, a resort can offer competitive rates without compromising on profit margins, making it an attractive option for budget-conscious travellers without sacrificing the quality of service. Alternatively, the savings realized from lower wage costs can be reinvested into enhancing the resort's facilities, services, or marketing efforts, further driving occupancy rates and revenue.

Moreover, the ability to manage operational costs effectively contributes to financial stability and resilience, allowing investors to navigate market fluctuations more successfully. It also opens the possibility of offering enhanced compensation packages to key staff, improving staff retention and motivation, which in turn can lead to higher guest satisfaction and repeat business.

The Anambas Archipelago

- Low wage costs for construction
- Operational wage costs of US \$200 p/m
- Opportunity establish hospitality traineeships
- Large pool of artisanal fishing and farming families to bring into hospitality industry at low cost.
- Opportunity maximise employee / guest ratios at a very low cost

In essence, low operating wage costs in a resort development region act as a lever to enhance investor returns by enabling cost-effective operations, competitive pricing, reinvestment in the property, and improved service quality, all of which are key drivers of profitability and long-term investment success in the hospitality industry.

6.2 Low-Cost Vertical Integration Opportunities



Aquaculture cages Air Senna village – Anambas archipelago

Eco-resort investors leveraging vertical integration, such as farm-to-plate models, significantly boost returns by managing more supply chain segments. This strategy slashes costs and enriches guest experiences, aligning with the rising demand for travel authenticity and sustainability. Direct partnerships or ownership of local farms to supply the resort cut food and beverage procurement costs by eliminating intermediaries, thereby reducing transportation, storage, and handling expenses, directly enhancing dining service profit margins. Furthermore, vertical integration ensures a reliable goods supply, boosting operational efficiency and mitigating supply chain disruption risks.

Farm-to-plate and similar models profoundly increase an eco-resort's appeal by offering unique experiences that resonate with guests' growing desires for genuine, sustainable travel options. This not only satisfies consumer demand but also elevates the resort's brand image as eco-friendly and community centric. Such branding supports premium pricing strategies, higher occupancy rates, and fosters guest loyalty, directly improving financial outcomes.

These initiatives set eco-resorts apart in the competitive marketplace by catering to eco-conscious travellers seeking destinations that reflect their ethical values. This differentiation acts as a potent marketing tool, drawing a committed customer base prepared to pay more for environmentally responsible travel choices and providing rich content for compelling marketing narratives.

The Anambas Archipelago

- Untapped vertical integration opportunities
- Margin throughout the supply chain
- Many vertical integration initiatives will also have eco and sustainable tourism margin benefits
- Opportunity to supply further markets for first movers in these areas

Engaging in vertical integration like farm-to-plate showcases an eco-resort's dedication to sustainability, lessening environmental impacts from food transport and agriculture. It strengthens community bonds by backing local economies, enhancing the guest experience with genuine local encounters, and building a favourable brand reputation for long-term loyalty and market advantage.

6.3 Low Utility Management Costs



Teluk Kelapa integrated power, hydroponic and aquaculture pod concept – Anambas archipelago

Investing in self-owned and managed sustainable utilities, such as solar-powered energy and water systems, alongside the recycling of grey and blackwater, significantly boosts investor returns and supply security for eco-resorts. These measures not only underscore a commitment to environmental sustainability but also bring considerable financial and operational benefits. Solar power generation reduces reliance on external utilities, offering substantial savings on electricity and water expenses once initial setup costs are met. Technologies for recycling water can cut down water purchase costs by reusing water for various non-potable purposes, directly improving profit margins.

Such sustainable utilities ensure resort independence from external supply challenges, like power outages or water scarcity, offering a competitive edge, especially in regions facing these issues. This autonomy ensures uninterrupted operations, enhancing the resort's reputation and guest satisfaction. Aligning with the increasing demand for sustainable travel, eco-resorts investing in green utilities attract eco-conscious travellers, supporting higher occupancy rates and enabling premium pricing.

Long-term, these investments make resorts more sustainable and resilient against rising operational costs and environmental regulations, ensuring compliance, and reducing potential legal risks. Moreover, renewable energy and water recycling lower the resort's environmental impact, crucial for preserving the local ecosystem that enhances the resort's attractiveness.

The Anambas Archipelago

- PPA for solar from US\$0.13 kWh
- Solar farms can be established with \$0 land cost by being marine based
- Cost effectively generate water during daytime with excess solar generation

Eco-resorts can highlight their sustainability efforts as a unique selling point, improving brand value and attracting positive attention. This focus on sustainability can lead to bolstering the resort's standing in the eco-tourism market and further driving guest interest and investment returns.

6.4 Low Maintenance, Repair and Waste Management Costs



Low maintenance, repair, and efficient waste management costs are pivotal in boosting investment returns for eco-resort developments. By prioritizing these areas, eco-resorts can significantly elevate their profitability, operational efficiency, and sustainability. Durable, low-maintenance building materials and landscaping, alongside sustainable design principles tailored to the local environment, can minimize the need for frequent upkeep and repairs, reducing operational costs. High-quality, sustainable construction not only lowers long-term maintenance expenses but also boosts operational efficiency and profitability.

Effective waste management, through recycling, composting, and minimizing food waste, offers substantial cost savings and environmental advantages. Transforming waste management into a cost-effective, possibly revenue-generating activity by repurposing waste for landscaping or energy generation aligns with eco-tourists' sustainability expectations, enhancing the resort's appeal and competitive edge.

Energy and water efficiency measures, like rainwater harvesting, greywater recycling, and using energy-efficient appliances, significantly cut utility costs. Investments in renewable energy sources, such as solar panels, offer long-term savings and reduce the resort's environmental footprint, aligning with the branding of eco-resorts and drawing guests who prioritize sustainability, thereby boosting occupancy rates and revenue.

The Anambas Archipelago

- Topography suitable for subsurface black and grey water irrigation
- Some of the lowest labour, services, and materials costs in SE Asia
- Sustainable construction materials regionally available.

These strategies ensure long-term cost advantages, contributing to a sustainable and financially robust business model capable of adapting to economic shifts and evolving consumer preferences. Demonstrating a commitment to sustainability increases the eco-resort's brand value and supports premium pricing. Focusing on low maintenance, repair, and efficient waste management is essential for enhancing the financial viability and sustainability of eco-resort developments.

7.0 LUXURY OR PREMIUM ECO TOURISM POTENTIAL



Bawah Reserve Elang Wing, from US\$18,000 per night – Anambas archipelago (image courtesy of Conde Nast Traveller)

Enhanced resort development, capital growth, and operating profits are significantly influenced by several key factors: Guest Amenity and Environment, Accessibility for Guest Convenience, High-Value and Unique Guest Experiences, and Preservation and Protection of the Surrounding Environment. Each of these elements plays a crucial role in attracting and retaining guests, thereby driving financial success.

Offering superior amenities and maintaining an inviting environment directly contribute to guest satisfaction. Resorts that provide diverse and quality amenities, such as wellness facilities, recreational activities, and comfortable accommodations, can command higher prices and encourage longer stays. A well-maintained environment enhances the guest's overall experience, leading to positive reviews and repeat visits, which are vital for long-term profitability.

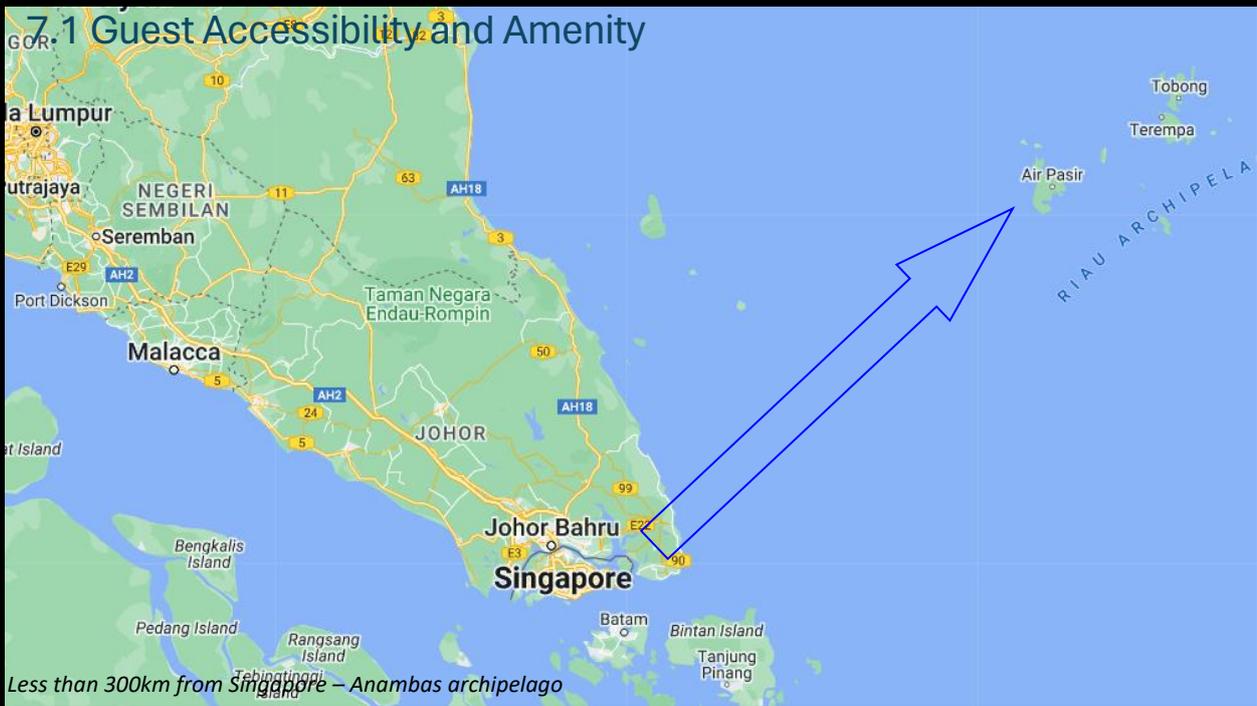
Easy access to the resort and within the resort itself is paramount for attracting a broad demographic of guests. Accessibility features, such as convenient transportation links, user-friendly website bookings, and on-site mobility solutions, remove barriers for guests, including those with disabilities. This inclusivity not only expands the market reach but also fosters a positive reputation, contributing to increased occupancy rates and revenue.

Providing unique and memorable experiences can set a resort apart from its competitors. These experiences, tailored to meet the desires of guests seeking authenticity and personalization, can justify premium pricing and stimulate word-of-mouth marketing. Guests willing to pay more for exclusive experiences contribute directly to higher operating profits.

The Anambas Archipelago

- Tropical wilderness, uninhabited islands, and beaches
- Potential immigration at resort
- Rare tropical flora and fauna
- Surrounded by legislated marine park

Sustainable practices and conservation efforts resonate with today's environmentally conscious travellers. Resorts that prioritize ecological preservation can leverage this as a unique selling proposition, attracting guests who value sustainability. Moreover, sustainable practices can lead to cost savings in operations and supporting both enhanced operating cashflows and future capital growth.



Accessibility to resorts, especially those near international hubs or offering on-site immigration facilities, is crucial for boosting investor returns. These features significantly enhance a resort's attractiveness to international travellers, positively affecting occupancy rates, guest satisfaction, and profitability. Proximity to major airports makes resorts more accessible to a global audience, particularly appealing to high-end travellers who prioritize convenience. This accessibility increases occupancy rates and allows for premium pricing, boosting revenue and investor returns.

On-site immigration facilities provide a unique value proposition, offering a seamless travel experience by streamlining the arrival and departure process. This convenience attracts guests seeking hassle-free travel, setting these resorts apart from competitors. It encourages repeat visits and positive word-of-mouth, further boosting occupancy rates.

These amenities not only reduce travel stress and fatigue, enhancing the overall guest experience but also increase satisfaction, critical for repeat business and positive reviews. High satisfaction rates support higher room rates and occupancy, positively impacting revenue and profitability. Resorts with such accessibility and services gain a competitive market advantage, attracting premium segments including business travellers and luxury tourists.

Moreover, operational efficiencies arise from reduced travel times and streamlined guest arrivals, leading to predictable guest flow and turnover. This allows for efficient staff scheduling, inventory

management, and service provision, reducing operational costs and contributing to more profitable operations, thereby enhancing investor returns.

The Anambas Archipelago

- Less than 300km from Singapore
- 400 direct global destinations from Singapore airport
- Potential on site immigration permitted
- Potential direct sea plane access from Seletar airport in Singapore

7.2 Unique Guest Experiences from a Unique and Rare Environment



The uninhabited beaches and ancient corals of Telebang island – Anambas archipelago

Resort development in areas offering unique natural experiences, such as exotic wildlife, birdlife, sea life, and rare environments, holds considerable promise for enhanced investor returns. This potential is driven by the increasing demand for immersive, authentic travel experiences that connect guests meaningfully and sustainably with the natural world.

Resorts providing unique natural experiences can command higher prices due to their exclusivity. Eco-conscious travellers and nature enthusiasts highly value the opportunity to engage with unique ecosystems, justifying premium room rates and activity fees. This premium pricing directly increases the resort's revenue and profitability, enhancing investor returns. In the competitive hospitality sector, offering rare environmental experiences significantly differentiates a resort. Providing guests with close encounters with unique ecosystems or endangered species sets these resorts apart, attracting a broader audience and establishing the resort as an eco-tourism leader, which enhances its brand value and global appeal.

The allure of unique natural experiences can significantly increase occupancy rates. Travelers seeking memorable and distinctive experiences are drawn to resorts in biodiverse regions, ensuring a consistent visitor flow and high occupancy rates crucial for financial success. Unique guest experiences generate compelling marketing content. Exotic wildlife encounters and pristine natural settings are highly shareable on social media, attracting a wide audience, and raising the resort's international profile.

The Anambas Archipelago

- AIR – Butterfly populations, sea eagles and nesting peaks, tropical bird species.
- LAND – Giant rafflesia, tropical waterfalls, tropical monkeys, sea turtle nesting beaches.
- SEA – Endangered Sea turtles, ancient corals, rare tropical fish, whale sharks' migrations.

Aligning with sustainable and responsible tourism trends attracts eco-conscious guests. Resorts that contribute to conservation efforts and protect natural habitats appeal to this market segment, enhancing the resort's reputation and fostering long-term guest loyalty. A resort known for unique environmental experiences creates lasting value and reputation and ensures repeat visits and positive word-of-mouth, leading to sustained demand, premium pricing, and high occupancy rates, crucial for long-term investment returns.

7.3 From Legislated Environmental Preservation and Conservation



Resorts near protected marine parks offer unique access to unspoiled natural environments and marine biodiversity, attracting guests willing to pay premium prices for exclusive experiences like guided snorkelling, diving in untouched reefs, or observing marine wildlife. This exclusivity allows resorts to increase room rates and charges for ancillary services, boosting revenue and profitability. The global demand for sustainable and responsible travel aligns with these resorts' operations within conservation areas, enhancing their appeal to eco-conscious travellers. This alignment not only improves the resort's brand and marketability but also positions it as a responsible travel choice, leading to potentially higher occupancy rates and the ability to command premium pricing.

Legislated protection of surrounding natural areas ensures the long-term attractiveness and sustainability of the resort by protecting the natural assets that draw guests. This safeguards against overdevelopment and environmental degradation, maintaining the resort's appeal for future generations and supporting sustained demand and investment returns. Government support for developments in or near protected areas can reduce costs and improve financial feasibility through grants, tax incentives, or other benefits, promoting sustainable tourism and conservation. This support can also ease approval processes for resort expansions or enhancements, facilitating growth.

The Anambas Archipelago

- Within a gazetted marine park
- Within the world's coral triangle
- Surrounded by forest conservation zones
- Limited areas for development, ensuring superior guest experiences for generations to come

Marketing and branding opportunities arise from the association with protected marine parks, allowing resorts to differentiate themselves and highlight their commitment to environmental preservation. This can attract media attention, awards, and certifications, boosting the resort's reputation and appeal. The clientele attracted to these resorts often prioritizes the quality and sustainability of their travel experiences over cost, leading to higher per-guest revenue through accommodation and ancillary services.

8.0 ENHANCED OPERATING PROFITS



A resort development in a region with minimal competition is poised for significant operating profits and high capital growth due to its near-monopoly status. This unique position allows the resort to set premium prices for its rooms, amenities, and services, benefiting from high occupancy rates and market control without the challenge of undercutting competitors. The resort's exclusivity attracts guests willing to pay more for a distinctive and less crowded experience, enhancing immediate revenue and establishing a strong, sustainable brand presence.

Vertical integration represents an additional strategy for boosting operating profits, allowing the resort to control various supply chain aspects—like food sourcing, activity provisions, or transportation. This control reduces operational costs, ensures quality and sustainability, and enables the offering of exclusive, high-value experiences that attract higher prices and improve profit margins. Such integration also fosters unique guest experiences, fostering brand loyalty and encouraging repeat visits.

Exploring additional revenue streams, especially in unique settings like remote islands, further enhances profitability. By developing exclusive tours, specialized workshops, and premium wellness programs, resorts can not only increase guest spending but also enrich the guest experience, leading to higher satisfaction and positive recommendations. Diversifying income sources reduces dependence on room revenues, providing financial stability across varying market conditions.

The Anambas Archipelago

- 1 competitor at US \$1,800-\$25k p/n
- No existing US \$250-\$1,800 p/n competitors
- Little planned competition
- Monopoly (remote island) with low supply costs for vertical integration opportunities.

Offering unique dining experiences that showcase local ingredients and culinary traditions justifies premium pricing. Effective management of F&B operations, including local sourcing and waste reduction, directly boosts profitability. High-quality F&B offerings elevate the resort's reputation, attracting guests who value culinary excellence, further contributing to the resort's financial success and long-term growth.

8.1 Little to No Competition



Uninhabited Nawan Island – Anambas archipelago

A luxury resort development in a region with scarce competition from other 4 or 5-star properties stands to achieve significant capital growth and enhanced returns. This scenario offers a lucrative opportunity for investors and developers to fill a market gap, attracting travellers seeking high-end accommodations in underexplored destinations. Here's how strategic positioning in such markets leads to superior financial outcomes:

In areas devoid of comparable luxury offerings, a newly established resort can swiftly become the premier choice for affluent travellers, enjoying considerable pricing leverage. This exclusive status allows the resort to implement premium pricing strategies for its rooms, amenities, and services, directly boosting revenue per guest and overall profitability. The absence of direct competition not only inflates short-term earnings but also bolsters long-term capital growth. The unique market entry enables the resort to solidify its brand presence and foster guest loyalty amid minimal competition. Exceptional service and the allure of exclusivity encourage repeat visits and recommendations, securing a consistent revenue flow and reinforcing the resort's standing as the destination matures, aiding continuous capital appreciation.

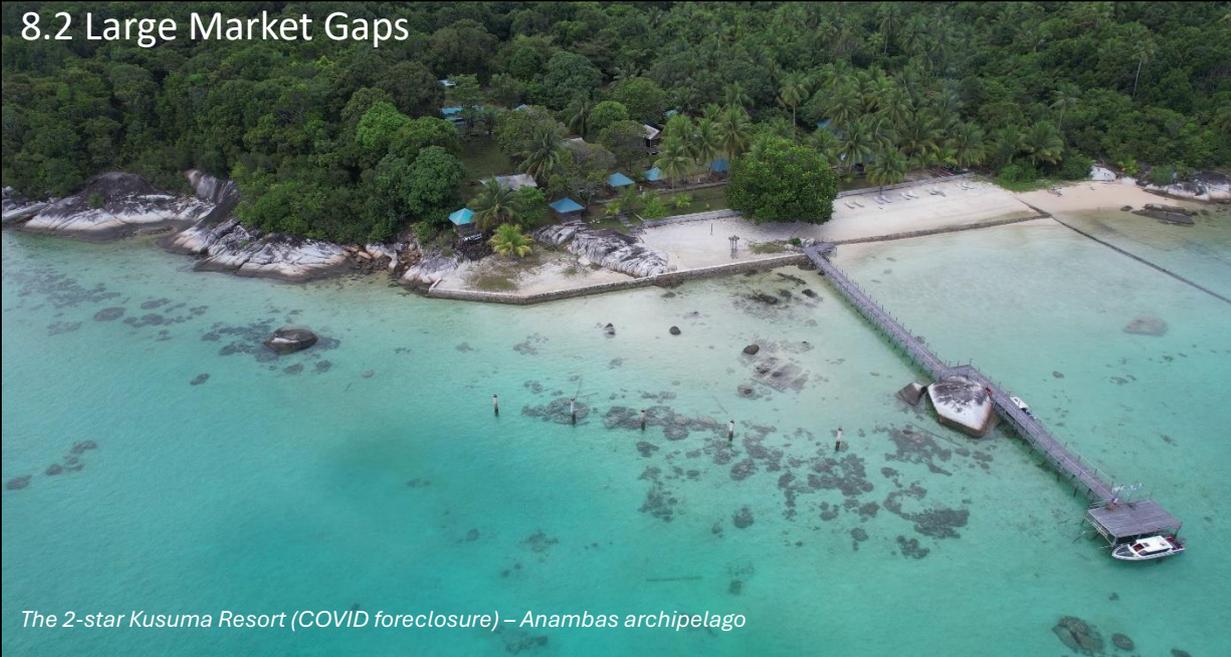
Targeting untapped segments such as luxury travel enthusiasts, destination weddings, and corporate events, previously underserved due to inadequate accommodations, can significantly elevate occupancy rates and average daily rates (ADRs), enhancing financial returns. Early capture of these markets positions the resort as the preferred choice, ensuring future business as the destination gains popularity. The resort's distinct position as one of the few luxury venues in a budding destination heightens its investment appeal. The prospect of high returns, shaped by the limited competition and the potential to pioneer the luxury segment in the region, renders the investment particularly attractive.

The Anambas Archipelago

- 1 competitor at US \$1,800-\$25k p/n
- Very high room night precedent has been set for the region
- Little planned competition in the 4 star to 5 star market

Early establishment grants a strategic advantage, setting a high standard for future competitors and creating entry barriers through established reputation and guest loyalty. This first-mover benefit ensures the resort's continued dominance, securing sustained capital growth and improved returns even as the market evolves.

8.2 Large Market Gaps



The 2-star Kusuma Resort (COVID foreclosure) – Anambas archipelago

Developing a resort within the USD\$250 to \$1800 per room night range in a region with significant market gaps presents a lucrative opportunity for developers by tapping into the unmet demand for luxury accommodations. This price spectrum spans from upper-mid luxury to ultra-luxury segments, each catering to a clientele with specific expectations for exclusivity and personalized service. Filling this gap allows for premium pricing, leading to enhanced room revenues and overall profitability. Such a development can become a preferred destination for luxury travellers, capturing a considerable market share in a space with less competition.

The flexibility in pricing within this range enables dynamic rate adjustments to optimize revenue per available room (RevPAR), a key performance indicator in the hospitality industry. Additionally, the target clientele often seeks out premium services and experiences, such as spa treatments and gourmet dining, creating additional high-margin revenue streams. A luxury resort that delivers exceptional service and unique experiences can establish a strong brand identity, fostering guest loyalty. Satisfied guests are likely to return and recommend the resort, facilitating repeat business and enhancing the resort's reputation at lower marketing costs, boosting long-term profitability.

Moreover, targeting the luxury market segment enables operational efficiencies, such as economies of scale in purchasing and investment in energy-saving technologies, which can significantly reduce operational costs. Offering a variety of high-value services also allows for optimized staff utilization and productivity, improving profit margins.

The Anambas Archipelago

- Little planned competition in the 4 star to 5-star market
- No medium to large 4–5-star developments pending
- No competition <\$1,800 USD p/n

Such luxury resort developments are attractive to investors, offering high return potential and facilitating access to expansion capital. As the resort elevates the region's status as a luxury destination, the property's value should appreciate, providing substantial capital growth opportunities.

8.3 Additional Revenue Stream Opportunities



A resort development in a region without competition, offering multiple revenue streams, presents a highly lucrative opportunity for developers. This unique scenario allows a resort to dominate market niches such as exclusive tours, wellness and spa services, unique dining, adventure sports, cultural programs, and eco-tourism activities. With no competitors, the resort can monopolize the demand for these services, enabling premium pricing and higher profit margins. This exclusivity boosts the resort's appeal, leading to increased occupancy rates.

The absence of regional competition enables the diversification of income, reducing reliance on room revenues and enhancing financial stability across varying market conditions. Ventures like marinas, luxury yacht charters, exclusive golf courses, and hosting high-profile events open new revenue channels, creating a more resilient financial model. Offering a wide range of unique on-site activities and services not only justifies higher room rates but also encourages on-property spending, elevating guest satisfaction and loyalty. These exceptional experiences become vital marketing tools, attracting new guests through word-of-mouth and social media exposure.

Operational efficiencies are another benefit, as the resort can optimize supply chain management and staffing across its operations, reducing costs, and improving profit margins. Furthermore, this distinctive position enhances the resort's brand, distinguishing it as a premier destination for travellers seeking unique experiences. This brand differentiation strengthens market positioning, attracting diverse audiences, including those willing to pay a premium for exclusivity.

The Anambas Archipelago

- First mover opportunities in resort supply of marine aquaculture, mariculture, and agriculture to future resorts
- First mover opportunities in resort support and guest experiences, boat dive, and snorkelling tours for future resorts

In essence, a resort in such a position can significantly increase profits by leveraging these advantages. It not only elevates immediate financial performance but also establishes long-term market leadership and investment attractiveness. The combination of monopolizing niche markets, diversifying income sources, enriching guest experiences, operational efficiencies, and strong brand differentiation constitutes a strategic advantage that substantially boosts profitability and cements the resort's competitive edge.

8.4 Opportunity for Higher Margin F&B and Guest Services



A tropical island resort with a monopoly over services and food and beverage (F&B) supply, paired with low supply chain costs, stands to achieve substantial profits. This monopoly allows the resort to control pricing and quality, setting premium rates for unique services and dining experiences unavailable elsewhere on the island. This exclusivity justifies higher pricing, enhancing revenue per guest. Tailored services and F&B create distinctive experiences, boosting guest satisfaction, loyalty, repeat visits, and positive word-of-mouth, thereby increasing occupancy and revenue.

Significantly, low supply chain costs reduce operational expenses, increasing margins on F&B and ancillary services. This cost advantage enables reinvestment into guest experiences or higher profit retention. Moreover, supply chain management flexibility allows for adaptive pricing strategies, optimizing revenue.

The comprehensive service range, focusing on quality and uniqueness, supported by low operational costs, offers an exceptional guest experience. This convenience and exclusivity drive guest spending on activities and dining, directly increasing per-guest revenue. Operational efficiencies from monopoly control and cost management streamline operations, reduce waste, and ensure high-quality service delivery. Adaptability to guest preferences and market trends maintains the resort's competitive edge.

The Anambas Archipelago

- Paddock to plate opportunities to maximise margins throughout the value chain.
- No existing supply chain for western style food and beverage.
- First mover opportunities in wholesale resort supply of food and beverage

Owning a service monopoly on a tropical island enhances the resort's brand and market positioning as a unique destination for travellers seeking luxury, privacy, and convenience. This strong market position attracts guests willing to pay premium prices, ensuring high occupancy and sustained demand. The combination of monopoly control, cost advantages, and strong branding contributes to long-term capital growth and improved investment returns, solidifying the resort's financial success.

9.0 SOCIAL AND ENVIRONMENTAL CAPITAL OPPORTUNITIES



Kepri Estates team with students at Lingai - Anambas Archipelago

Developing a resort in a developing country with rich natural resources presents a prime opportunity to enhance brand value, reputation, and profitability through strategic community engagement, workforce development, social initiatives, and environmental sustainability. Engaging local communities in resort operations enriches guest experiences with authentic cultural interactions, building the resort's reputation as an ethical tourism destination. This approach attracts guests who value responsible tourism, boosting occupancy rates and profits.

Employing and training a low-cost local workforce enhances service quality and community well-being, fostering a positive brand image and ensuring staff loyalty, which translates into better guest experiences. Social initiatives that benefit local communities also provide unique marketing opportunities, appealing to guests interested in meaningful travel experiences, thus opening additional revenue streams.

Adopting environmental sustainability practices positions the resort as a leader in ecological conservation, attracting eco-conscious travellers and setting the resort apart from competitors. Marketing these initiatives effectively enhances brand awareness in the sustainability space, attracting a dedicated customer base and supporting premium pricing strategies.

The Anambas Archipelago

- Opportunities for social investment and training
- Many profitable conservation initiatives available
- Numerous low cost social and environment initiatives to build brand capital and enhance development margins.

Overall, leveraging these strategic advantages in developing countries not only drives societal benefits but also secures long-term resort profitability and success by meeting the increasing demand for responsible and sustainable tourism options.

9.1 Receptive and supportive local communities



Anambas Dive Resort (COVID Foreclosure) with Temburun waterfall in background – Anambas archipelago

The receptive and supportive nature of local communities plays a critical role in the success of resort developments. Local populations that perceive a resort as beneficial to their community, through job creation, economic stimulation, and participation in community development initiatives, tend to be more inclined to support the resort's presence and expansion. This support is not just a social advantage but a cornerstone for creating a harmonious operational environment that favours growth and sustainability.

Financially, the backing of the community can streamline various aspects of resort management and development. A positive relationship with the local populace can lead to easier access to permits, resources, and even local knowledge, which can prove invaluable in navigating the unique challenges of the region. Moreover, active participation in the community, whether through sponsoring events, engaging in local infrastructure projects, or supporting local arts and culture, not only bolsters the resort's image but also ingrains it as a vital part of the community's fabric.

These activities, though they may incur costs upfront, are an investment in building long-term goodwill and a strong brand identity. Such a brand, known for its ethical practices and community engagement, resonates with modern travellers who prioritize sustainability and social responsibility in their travel choices. This alignment with guest values can lead to increased demand for the resort, enabling it to enjoy higher occupancy rates and the flexibility to set premium prices.

The Anambas Archipelago

- Kepri Estates has a full-time community liaison on investors behalf
- Kepri Estates maintains strong relationships with all key officials and businesses in the province to ensure full alignment between local communities and potential investors development aspirations.

Ultimately, the support and engagement of local communities are indispensable assets that enhance a resort's operational efficiency, market appeal, and financial performance, laying a foundation for both immediate and long-term success.

9.2 Readily available local workforce



Local ferry transporting villagers between local villages – Anambas archipelago

The presence of a readily available local workforce offers a multitude of benefits for resort operations, striking a delicate balance between enhancing operational efficiency and fostering a rich, authentic guest experience. Lower labour costs, a direct consequence of tapping into the local employment pool, serve as a pivotal factor in improving operating margins. This cost-saving measure is particularly significant in the hospitality sector, where labour expenses account for a substantial portion of operational costs. Moreover, local employees bring an invaluable dimension of authenticity to the guest experience, offering genuine cultural insights and interactions that are increasingly sought after by travellers seeking meaningful connections with their destinations. This authenticity can significantly boost guest satisfaction, encouraging repeat visits and positive word-of-mouth referrals, both of which are indispensable for sustained profitability.

Beyond the immediate financial advantages, investing in the local workforce through targeted training and development initiatives represents a strategic investment in the resort's future. Elevating service standards through such programs not only ensures guests receive high-quality service but also strengthens ties with the community. Demonstrating a commitment to local talent development enhances the resort's reputation as a socially responsible entity, further endearing it to both local populations and socially conscious travellers.

The Anambas Archipelago

- Readily available workforce in the community
- Potential to vacate train local students for the hospitality industry
- Potential to build significant social capital both provincially and regionally.

Additionally, fostering a work environment characterized by fair employment practices and opportunities for growth cultivates high staff morale and loyalty. Ultimately, the strategic engagement of a local workforce underpins not only improved operational efficiencies and margins but also contributes to the resort's long-term success and sustainability.

9.3 Social initiatives to build brand social capital



Community discussions while waiting for the Letung ferry – Anambas archipelago

Engaging in low-cost social initiatives presents an invaluable opportunity for resorts to significantly bolster their reputation by demonstrating a profound commitment to social responsibility. By actively participating in and supporting initiatives that positively impact the local community—such as enhancing local educational facilities, contributing to healthcare improvements, or backing sustainable development projects—a resort can underscore its dedication to making a meaningful difference. This commitment to societal well-being is increasingly important to a discerning segment of consumers who seek to support businesses that contribute positively to their surroundings.

The strategic implementation of social responsibility initiatives not only elevates the resort's standing within the community but also strengthens its appeal to potential guests. Today's travellers are more conscious than ever about the ethical implications of their travel choices, often favouring establishments that align with their values of community support and sustainability. By fostering a positive impact on local communities, a resort can cultivate a brand image that resonates with these values, leading to enhanced brand loyalty, increased guest retention, and the attraction of new customers who prioritize ethical considerations. This alignment with guest values can translate into higher occupancy rates, providing the leverage to implement premium pricing strategies without detracting from demand.

The Anambas Archipelago

- Numerous value adding opportunities to engage the local community and increase development margins
- Vertical integration opportunities to that can involve the local community and provide both a positive community and positive financial return for developers

In essence, low-cost social initiatives not only fortify the resort's reputation and ethical brand image but also contribute tangibly to its financial success and long-term growth, underscoring the profound impact of corporate social responsibility on today's hospitality landscape.

9.4 Environmental initiatives for enhanced reputation



Engaging in low-cost environmental initiatives is a strategic approach for resorts to enhance their brand credibility and reputation amidst a market increasingly prioritizing sustainability. Adopting environmentally friendly practices such as energy conservation, waste reduction, water conservation, and promoting local biodiversity not only demonstrates a commitment to environmental stewardship but also contributes to operational cost savings. By focusing on sustainability, resorts can distinguish themselves as leaders in environmental responsibility, a distinction that resonates strongly with today's eco-conscious consumers.

This commitment to the environment allows resorts to tap into a niche but rapidly growing segment of the travel market: individuals who base their accommodation choices on environmental impact. Such guests are often willing to pay a premium for the assurance that their stay contributes minimally to environmental degradation, thereby enabling resorts to command higher prices without diminishing demand. Additionally, achieving environmental certifications or winning sustainability accolades further amplifies a resort's reputation for green practices. These recognitions serve not just as endorsements of the resort's environmental efforts but also enhance its market visibility and appeal, contributing significantly to its competitive edge.

The Anambas Archipelago

- Low-cost initiatives and conservation opportunities within the province, that could also assist to increase development margins in the medium term – finfish conservation and aquaculture, mariculture, sustainable agriculture, re-employment of artisanal fishermen and families to hospitality related occupations, as a few examples

Through effective communication of their environmental initiatives, resorts can engage with guests on a deeper level, fostering emotional connections based on shared values. This alignment with guest values not only encourages repeat visits but also inspires positive word-of-mouth recommendations, an invaluable marketing tool. Ultimately, low-cost environmental initiatives not only bolster a resort's brand credibility and appeal to a sustainability-focused audience but also play a crucial role in driving long-term profitability and capital growth by aligning the resort's operations with the evolving preferences of today's travellers.



Selecting a resort development region that facilitates expedited permits, boasts favourable development regulations, allows predevelopment activities before purchase completion, and supports parallel workstreams managed by knowledgeable local project management is crucial for faster, cost-effective resort development. Regions offering streamlined permit processes greatly reduce project initiation times by simplifying the acquisition of necessary approvals, making them highly attractive to developers. These areas often prioritize projects that promote economic growth or sustainability, offering a quicker path through bureaucratic procedures.

Moreover, locales with development-friendly regulations, such as those allowing for higher density constructions or providing incentives for sustainable practices, significantly enhance the project's profitability potential while minimizing environmental and operational costs. The ability to engage in predevelopment investigations and assessments provides a strategic advantage, enabling informed decision-making and more favourable negotiations.

The Anambas Archipelago
<ul style="list-style-type: none"> • Kepri Estates local knowledge & extensive network • Pro development govt. regulations and guidelines • Available exclusively through Kepri Estates • Kepri Estates project management expertise

The efficiency of development is further optimized in regions where executing parallel workstreams is feasible, especially when coordinated by local project management well-versed in the region's regulatory and cultural nuances. This approach accelerates the development timeline and reduces costs by simultaneously advancing multiple project components. Choosing regions that support these efficient development practices not only shortens project timelines and reduces expenses but also offers a competitive edge in the marketplace, ensuring the project's success and economic viability in an increasingly competitive industry.

10.1 Expedited Permits, Licenses and Master Plans



The acceleration of permits, approvals, and licenses is a critical factor in streamlining development projects, especially in the context of resort development where timing can significantly influence market entry and profitability. This expedited process is vital, as traditional permitting can often become a bottleneck, delaying projects and escalating costs. By reducing the time spent in bureaucratic processes, developers can move more swiftly from planning to construction, thereby speeding up the time to revenue generation.

Achieving faster permitting often involves cultivating strong relationships with local regulatory bodies, which can lead to a more collaborative and efficient review process. Additionally, leveraging the expertise of local facilitators who possess a deep understanding of the bureaucratic landscape can navigate and expedite the approval process more effectively. These facilitators can identify the most critical elements required for approval and work directly with the necessary officials to ensure all documentation and requirements are met promptly.

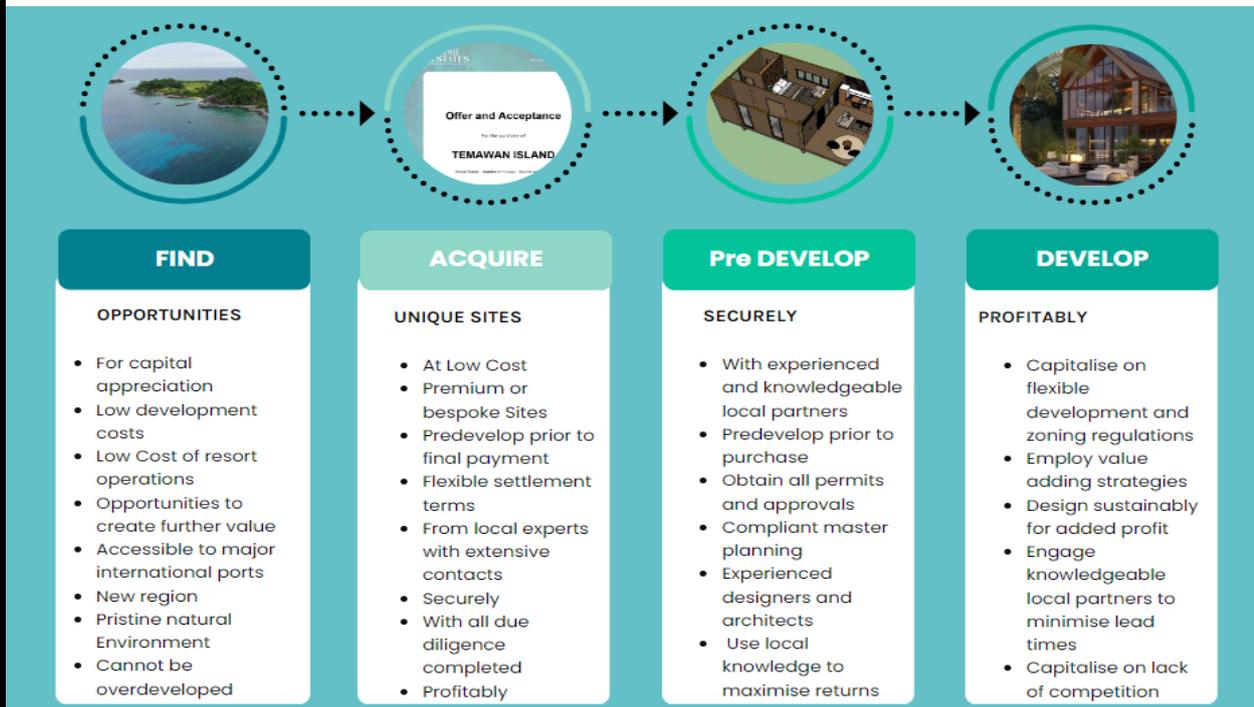
Some regions offer specialized programs designed to fast-track certain types of projects, especially those contributing positively to the community or environment through sustainability or economic development initiatives. Projects that align with these criteria may receive priority in the process.

The Anambas Archipelago

- Kepri Estates extensive relationships cover
 - Business permitting, licensing and development applications
 - Nominee director duties to expediate approvals
 - Private sector relationships for all predevelopment and master planning works

The financial implications of expedited permitting are significant. By decreasing the time to start construction and operations, developers can reduce the costs associated with holding undeveloped property, such as interest on construction loans and other financial burdens that accrue over time. This efficiency not only enhances the project's financial viability by reducing unnecessary expenditures but also allows for a quicker return on investment, creating a more attractive proposition for investors and stakeholders involved in the development process.

10.2 Favourable Development Regulations



Favourable development regulations serve as a cornerstone for the success and viability of any development project, especially in the dynamic and competitive landscape of resort development. Such regulations, when strategically leveraged, not only make a project more feasible but also significantly enhance its profitability. For instance, regulations permitting higher density development allow for a more efficient use of land, enabling the construction of additional units or amenities that can generate further revenue. Similarly, mixed-use development regulations can create a vibrant community by combining residential, commercial, and recreational spaces within a single project, appealing to a broader range of customers, and increasing the project's marketability.

On the sustainability front, regulations that encourage or incentivize sustainable practices can lead to significant cost savings. These savings stem from reduced energy consumption, lower waste production, and minimized environmental impact fees. Moreover, adopting sustainable practices can attract a growing demographic of eco-conscious travellers, further boosting occupancy rates and revenue.

Investors who adeptly navigate and utilize these favourable regulations can not only ensure compliance with local standards but also position their projects to outperform competitors. By maximizing the developable area, optimizing operational efficiencies, and embracing sustainability, investors can create projects that stand out in the market for their innovation, appeal, and profitability.

The Anambas Archipelago

- Pro development government legislation
- Local knowledge available to fast-track development approvals
- Local team with extensive knowledge on land use and how to fully capitalise on development investment in the province

Understanding and capitalizing on these regulatory opportunities thus becomes a strategic advantage, enhancing the project's competitiveness and long-term success in the increasingly green-conscious and efficiency-driven global market.

10.3 Predevelopment Works in Parallel with Closing



The capacity to undertake predevelopment activities prior to the closure of a property purchase is a strategic advantage that can substantially mitigate risks associated with development projects. Engaging in preliminary activities like soil testing, environmental assessments, and initial design work affords developers a comprehensive understanding of the land's potential and limitations. This early insight is critical, influencing the project's overall design, budget considerations, and planned timelines. Such informed analysis can prove indispensable during negotiations, enabling developers to secure more favourable purchase terms or make well-informed decisions about proceeding with or abandoning the project.

Furthermore, early engagement with local communities and stakeholders sets a positive tone for the project, fostering goodwill and establishing a foundation for future collaboration. This proactive approach can significantly streamline the approval process, as addressing community concerns and incorporating stakeholder feedback early can mitigate objections and facilitate smoother project implementation. Identifying potential issues at the outset allows developers to adjust plans, accordingly, preventing expensive modifications and delays that often arise when problems are discovered during the construction phase.

The Anambas Archipelago

- LIDAR and bathymetry prior to closing
- Predevelopment master planning via Kepri Estates to get development fast tracked once business licenses and permits are issued
- Nominee director services to cut through the red tape and expedite timeframes to development
- Capitalise on other projects under management by sharing logistics and other services for lower development costs

By conducting predevelopment works before finalizing the property purchase, investors can dramatically reduce the likelihood of encountering unforeseen obstacles that can derail project timelines and inflate costs. This strategic foresight ensures a more efficient, cost-effective, and predictable development process, enhancing the project's viability and potential for success.

10.4 Expedited Project Management



Tenak and Tengerran Islands being developed in parallel by the Pavilions Hotel Group – Anambas archipelago

Utilizing parallel workstreams under the adept supervision of local project management is a transformative strategy for enhancing the efficiency and effectiveness of development projects. By engaging in multiple project phases concurrently—such as design development, obtaining necessary permits, and conducting pre-construction groundwork—developers can significantly accelerate the project timeline. This method contrasts sharply with traditional sequential approaches, where each phase must be completed before the next begins, often leading to extended timelines and increased costs.

Local project managers, with their deep knowledge of the area's regulatory environment, cultural context, and market dynamics, play a pivotal role in this process. Their expertise enables the seamless coordination of these simultaneous workstreams, ensuring that activities are synchronized and that any arising issues are promptly addressed to prevent delays. This proactive management style is crucial for identifying and mitigating potential conflicts between different phases of the project, thus avoiding costly setbacks and rework.

Moreover, these managers' familiarity with the local landscape allows them to navigate the bureaucratic process more efficiently, potentially expediting permit approvals and compliance with local regulations.

The Anambas Archipelago

- Capitalise on Kepri Estates extensive local knowledge and robust relationships with government and the private sector
- Kepri Estates can offer a broad range of services from acquisition through to completion of development
- Local experts with boots on the ground to expedite and cost effectively manage from concept to completion

Their relationships with contractors, suppliers, and government officials can also be instrumental in securing more advantageous agreements, reducing project expenses further. In essence, the strategic implementation of parallel workstreams, guided by skilled local project management, not only shortens development timelines but also enhances project outcomes by leveraging local insights to minimize costs and maximize efficiency, providing a significant competitive edge in the fast-paced world of development.

The Exceptional Anambas Value Proposition for Investors and Developers

Attribute	Anambas	Seychelle	Maldives	Palawan	Caribbea	Fiji
Asset Security						
Land areas less susceptible to climate change (sea levels)	✓	✗	✗	✓	✓	✓
No historical major storms, monsoons, or tornado/cyclone	✓	✗	✗	✗	✗	✓
No historical seismic, volcanic or tsunami events	✓	✓	✗	✗	✓	✗
Freehold or Leasehold title >99 years	✓	✗	✗	✗	✓	✓
Superior Operating Profit						
Vertical integration opportunities ("paddock to plate")	✓	✓	✗	✓	✓	✓
Low Development and Construction Costs	✓	✓	✗	✓	✗	✗
Lowest ongoing landholding costs	✓	✗	✗	✗	✗	✗
Lowest labour cost	✓	✗	✗	✗	✗	✗
Superior Capital Growth						
<\$10/m2 land pricing	✓	✗	✗	✓	✗	✗
Global exposure to establishment as rising eco-tourism province	✓	✗	✗	✗	✗	✗
Uplift from global brands commencing development	✓	✗	✗	✗	✗	✗
Opportunity to buy, rezone and sell (or subdivide)	✓	✗	✗	✗	✓	✓
Subdivide and on sell villas or plots for profit	✓	✗	✓	✗	✓	✓
Superior Guest Experiences						
<90 minutes from major international airport (+20 flights per day)	✓	✗	✗	✗	✗	✗
Development within gazetted park or reserve areas	✓	✗	✗	✗	✗	✗
On site immigration (subject to approval)	✓	✗	✗	✗	✓	✗
Direct international flight access to resort (subject to approvals)	✓	✗	✗	✗	✗	✗
Globally recognised epicentre for marine biodiversity	✓	✗	✗	✗	✗	✗

For more information on how the paradise islands of Anambas provides an exceptional value proposition to developers and investors, please contact one of our friendly team members at sales@kepriestates.com

11.0 FURTHER RESEARCH ON PRIVATE ISLAND INVESTMENTS

1. [Private Island FAQ](#)
2. [Private Island Blog](#)
3. [Private Island Options \(in Anambas\)](#)
4. [Private Beach Options \(in Anambas\)](#)
5. [The Anambas Guide \(relevant to researching other regional areas also\)](#)
6. [Private Island Development Services by Kepri \(relevant to sourcing experts elsewhere also\)](#)
7. [YouTube Video on the Anambas province](#)
8. The 100-point private island investment checklist (coming soon – sales@kepriestates.com)

Recommended corporate structures for private island investments.



Corporate Structures for Private Island Purchases

Last updated: Oct 2023

Our corporate structure suggestions are designed to provide the best outcomes for discretionary revenue as well as social and financial benefits, and the best taxation structures for private island investors.

For further details on the features and benefits of the corporate structures outlined here, please contact us directly at sales@kepriestates.com

This document does not constitute financial or taxation advice and you should always seek professional taxation and financial advice relevant to your country of residence and personal circumstances, no warranty, express or implied is given with this information.



www.kepriestates.com

Larger Developments

- Whole of Island Purchases
- Large Multi Development Sites
- Subdivisible Sites
- Establishing Private Residences / Villas as part of developments



Dubai Parent LLC Company

- Loans interest bearing development funds to PT PMA Development Co.
- Receives operating dividends.
- Aggregates Operating Funds and disburses to PT PMA Companies.



PT PMA "Land Owning Company"

- Owns part of all of the site(s)
- Can lease to operator PT PMA
- Can subdivide sites
- Conservation Reserve established for tax benefits



PT PMA "Development Company"

- Develops the site for operator
- Can sell/manage private sites
- Can lease to operator PT PMA
- Can (or not) remit development interest to Dubai parent Co.



PT PMA "Operating Company"

- Can lease from Development Co.
- Loan repayments to Dubai LLC
- Can sub-lease private villas
- Can (or not) sub-lease multi resort sites to other operators

Mid Sized Developments

- Large Single Development Sites
- Indonesian Based Operations
- Subdivisible or Non subdivisible Sites
- Single Land Holder / Land Holder Company



Dubai Parent LLC Company

- Loans interest bearing development funds to PT PMA Development Co.
- Receives operating dividends.
- Aggregates Operating Funds and disburses to PT PMA Companies.



PT PMA "Land Owning Company"

- Owns part of all of the site(s)
- Can lease to operator PT PMA
- Can develop and subdivide site(s)
- Conservation Reserve established for tax benefits



PT PMA "Operating Company"

- Can lease from Landowner Co.
- Loan repayments to Dubai LLC
- Can sub-lease private villas
- Can (or not) sub-lease multi resort sites to other operators

Smaller Developments

- Smaller Single Development Sites
- Single Land Holder / Land Holder Company
- Non subdivisible Sites



Dubai Parent LLC Company

- Loans interest bearing development funds to PT PMA Development Co.
- Receives operating dividends.
- Aggregates Operating Funds and disburses to PT PMA Companies.



PT PMA "Operating Company"

- Owns and develops site
- Loan repayments to Dubai LLC
- Can sub-lease private villas

Private Island Title Types



Land Title For Foreigners in the Anambas

In the paradise islands of Anambas, foreigners own land title through their "Perseroan Terbatas Penanaman Modal Asing" (PT PMA) company, and the land title type is Hak Guna Bangunan (HGB) – Right to Build.

Title Tenure and Control

Foreign investor PT PMA company (similar to a Pty Ltd/Pte Ltd or Ltd company in other parts of the world) is the entity that holds the land title on behalf of foreigners or foreign corporations. This offers the investor and developer flexibility with leasing, subdividing, private villa leasing or selling completed developments in a tax effective and low cost manner.

The land title is transferred into the PT PMA company at the completion of purchase by a local land notary who has a specific geographical location in which they are licensed to operate. The title transferred to the PT PMA company is a Hak Guna Bangunan (HGB) title.

At completion of purchase, the company owns the land title and is then free to develop on the land within the bounds of the permits and licenses that govern the company's operations, and once the development applications have been approved. The PT PMA company can also (subject to permitted land zoning) subdivide land to sell or apply to have the property rezoned.



Hak Guna Bangunan (HGB) Land Title

Hak Guna Bangunan (HGB) title is (loosely translated) a "Right to Build" on the land.

The initial term of the HGB title is 30 years and can be extended for an additional maximum of 20 years.

At the completion of 30 years, the title can be renewed for a fee of 15% of the land value, and then at the completion of the term, be extended again for an additional 20 years.

In summary the duration of the title is up to 100 years and equates to approximately double the duration of places like the Maldives.

HGB title can be encumbered for security purposes, or transferred or assigned to a third party, although most investors utilize the buying and selling of shares in their PT PMA company to achieve the same outcome, but can do so quicker and with lower transaction costs than splitting or selling land titles.



Related Considerations

It is important that the investor or developer consider their end goals with the property in parallel with selecting their land and establishing their corporate structure to hold land titles.

For example on selling individual private villas in a development will require a different structure than on selling a completed development. Subdividing land will require Land zoned development, other land zonings will require rezoning prior to being able to do so, and so forth.

In all cases, we will assess the scope of the investment, the required exit strategy, and the planned value adding / growth strategy during the development process. In order to recommend the most appropriate and cost effective corporate structure and land options, in order to meet the requirements.

More information on corporate structures can be found here -> [Corporate Structures](#). Land zoning in the Anambas islands can be found here [\(P22\)-> Land Zoning in Anambas](#).



Land Zoning Types



Land Zoning in the Anambas Archipelago

In the paradise islands of Anambas there are 3 zoning types, all of which can be utilised for varying development types and densities, within the set guidelines for each land use type.

Forestry (Hutan Produksi)

Designated for the sustainable management and utilization of forests and related resources. The key objective is to ensure long-term ecological balance and maintain biodiversity. Activities allowed in forestry zones typically include sustainable logging, non-timber forest product collection, eco-tourism, and reforestation efforts.

Development - Use for eco tourism with development limited to over water areas adjacent to the forest land and use forest areas for nature walks, glamping and other temporary structures.

Pricing - Typically the lowest costs land areas.

Rezoning - Extended timeframes and costs make it impractical.

Title Registration Type - Hutan Produksi titled land is managed and registered locally.



Forestry for Conversion (Hutan Konversi)

These zones are designated for potential conversion from forest to non-forest use, typically for agriculture or other development purposes. However, conversion must adhere to specific regulations, and environmental impact assessments are required for larger scale developments. The conversion process should consider sustainability and ecological balance.

Development - Use for eco tourism with development of up to 10% of the land area permitted. Also ideally suited to over water development as well as land based development.

Pricing - Higher than Forestry zoned land and less than Development zoned land.

Rezoning - Can be rezoned to development zoned land for substantial increase in value.

Title Registration Type - Hutan Konversi titled land is managed and registered locally.



Development (Kawasan Penggunaan Lain)

Development zones are designated for non-forest uses and development. These areas are meant for various purposes, including industrial, residential, commercial, and infrastructure development. Specific regulations and permits are required for development projects to ensure environmental sustainability.

Development - Use for development with up to 70% of the land area available for structures, utilities and common areas. Also over water development permitted.

Pricing - Typically the highest cost land areas.

Rezoning - Not required, but can be subdivided and used to establish private villa estates for on selling as well as single of multi resort developments.

Title Registration Type - Kawasan Penggunaan Lain is administered at National level.



Private Island Development Process and Service Requirements



Private Island Development Services



- **Bespoke Land Searches**
 Extensive due diligence on all off market or potential sites to suit particular development requirements. provide extensive reporting on matches and near matches suited to develop types, sizes, budgets, locations and required physical attributes.
- **Site Visits**
 Customised site tours to visit all shortlisted sites, adjacent areas, potential nearby developments, distances to sights and activities, drone surveys and photography of sites, snorkelling and diving of surrounding waters and scoping of site suitability for the proposed development.
- **Acquisition Services**
 Realtor services, land and land owner due diligence, Offer and Acceptance documentation, research, land owner negotiation and documentation, escrow services and settlement. Liaison and process control with buyers and sellers legal representatives, document control and disbursements.
- **Predevelopment Services**
 Permits and licenses (business and development), site data acquisition to accelerate development (LIDAR, topography surveys, bathymetry surveys, environmental surveys), government liaison, applications for development.
- **Corporate Services**
 Nomininee director[s] for local approvals, cost reduction and acceleration of permitting and licenses. Establishment of PT PMA companies, directors, bank accounts and reconciliations, cost management procedures for risk mitigation.
- **Master Planning**
 Sourcing and liaison with master planners, architects, vendors and service providers, RFQ and tender documentation, sourcing and vetting contractors, BOQ take-offs and advisory for compliant master planning.
- **Development Management**
 Logistics and vendor management, on site reporting and evidence provision for progress payments, QA of completed works. Project budgeting, planning and scheduling services.

www.kepriestates.com