

Ref No: \_\_\_\_\_

## Musharakah Agreement

THIS Musharakah Agreement is made on the day and year stated in Section 1 of the First Schedule,

BETWEEN

Name: \_\_\_\_\_

Passport Number: \_\_\_\_\_

Country of Passport: \_\_\_\_\_

Investor Type: \_\_\_\_\_

and includes his/her successors in title, heirs, personal representatives and permitted assigns (hereinafter referred to as the “**Investor**”)

AND

PT Esensi Prima Cipta, Indonesia.

(hereinafter referred to as the “**Developer**”).

Each Investor and Developer may be referred to in this Agreement individually as a “Party” and collectively as the “Parties.”

**WHEREAS**, the Investor desires to participate in the Project on a profit and loss sharing basis by providing the Developer with the Commitment Amount in accordance with the terms and conditions set forth in this Agreement; and

**WHEREAS**, the Developer desires to participate in the Project on a profit and loss sharing basis by providing capital and by managing the Commitment Amount of the Investor in accordance with the terms and conditions set forth in this Agreement.

**NOW IT IS HEREBY AGREED as follows:**

### 1. DEFINITIONS

In this Agreement the following words and expressions shall, save where the context otherwise requires, have the following meanings:

Commitment Amount	:	The amount that the Investor has agreed to contribute in the Project as described in <b>Section 4 of the Appendix</b> ;
Company		PT Ethis Modal Indonesia
Developer	:	PT Esensi Prima Cipta (" <b>Developer</b> ");
IDR	:	Indonesian Rupiah;
Investor		Unless clearly stated in this Agreement, the word Investor shall refer to each of the investors or all of the investors, as the context may require;
Investor Group	:	A group of investors (including their respective successors in title and assigns and any successors), who agree to participate in the Project to provide the Commitment Amount based on agreed proportion amounts, and where any references to an "Investor" includes all investors in this group;
Murabahah	:	A shariah-compliant sale contract, whereby the seller sells the goods as per the purchasing price/cost with a defined and agreed profit mark-up;
Musharakah	:	A shariah-compliant contract, whereby parties will share profit based on a pre agreed Profit Sharing Ratio (PSR) and bear loss proportionate to their contribution in the capital of the partnership;
Performance Incentive Fees		Fees charged by the Company from the gross Return On Investment for the Investor upon profit realization as described in <b>Section 5 of the appendix</b> ;
Platform Fees		Fees charged by the Company for organizing the engagement of the Parties as described in <b>Section 5 of the Appendix</b> ;

Project	:	The Essential Daru as described in <b>Section 2 of the Appendix</b> ;	
Project Milestones	:	The events in the Project, as identified by the Developer and described in <b>Section 7 of the Appendix</b> , which upon successful fulfilment will result in the successful completion of the Project;	
Project Tenure	:	The total tenure of the Project as described in <b>Section 8 of the Appendix</b> , commencing from the date of the first disbursement of the Commitment Amount to the Developer. The Investor will be notified by email about the date of commencement.	
Projected Return	Gross	:	The total gross return projected on Commitment Amount as described in <b>Section 5 of the Appendix</b> ;
SGD	:	Singapore Dollar;	
Shariah-compliant	:	Adhering to the principles of Islamic Jurisprudence for financial transactions, specifically the Shariah Standards issued by Bahrain based Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI);	
Wa'd	:	A unilateral promise given by one party informing another of its resolute intention (undertaking) to act in the future in the interest of the other;	
Wakalah	:	A shariah-compliant agency agreement through which an agent is appointed by a principal to carry specific tasks with or without fees;	

## **2. THE MUSHARAKAH**

- 2.1. Under the shariah principle of musharakah, the Parties hereby enters into a musharakah agreement to develop the Project on profit and loss basis.
- 2.2. The Developer shall exercise due diligence to the best of its expertise, knowledge and skills to ensure that all the transactions in the musharakah are Shariah-compliant.
- 2.3. The Commitment Amount by the Investor Group is as described in **Section 4 of the Appendix.**
- 2.4. The Developer under this Agreement is authorized by the Investor to hold the ownership of the assets and appoint any party the Developer deems fit as an agent and a sub-agent for the purpose of finding buyers and selling the Investor's share in the partnership.
- 2.5. The Company charges platform fees for facilitating the musharakah agreement between the Investor and the Developer as described in **Section 5 of the Appendix.**
  - 2.5.1.1. This platform fees will be charged upfront and will be considered as a cost for the Project which will not reduce the capital contribution of the Investor individually or the Investor Group as a whole in the Project.
- 2.6. A performance incentive fee from the Projected Gross Return (if any) on Commitment Amount will be charged by the Company as described in **Section 5 of the Appendix.** In the event that no returns are realised, the Company will not charge any incentive fee.
- 2.7. The Investor agrees to waive any profit above the Projected Gross Profit Return On Investment (ROI) as specified in **Section 5 of the Appendix.**
  - 2.7.1. The waived amount will be used as an incentive fee for the Developer.
- 2.8. The Developer promises to forego a portion of the developer's own profits realised from the project To grant Silver and Gold Investors the higher projected return. However, this will only apply if:
  - 2.8.1. The project makes profit; and

- 2.8.2. The developer is not deprived of all profits as a result of this arrangement
- 2.9. The Parties agree to contribute capital as described in **Section 9 of the Appendix.**
  - 2.9.1. In the case of loss, the Parties will bear loss proportionately to the capital contribution of each Party.
    - 2.9.1.1. Notwithstanding the above, the Developer is liable for any loss attributed to negligence, misconduct or breach of contractual terms.
  - 2.9.2. The profit will be shared between the Parties based on the Profit Sharing Ratio (PSR) as described in **Section 10 of the Appendix.**

### **3. RIGHTS AND RESPONSIBILITIES**

- 3.1. The responsibilities of the Developer are as follows:
  - 3.1.1. To facilitate the sale of assets and rights to ownership (including all related legal documents) on behalf of the Investor Group;
  - 3.1.2. To transfer the proceeds from the Project to the Company's bank account;
  - 3.1.3. To negotiate in good faith and in the best interests of the Investor Group, in a situation where the planned sale or negotiations related to this Project do not meet expectations of returns or the Projected Tenure.
  - 3.1.4. To provide periodic reports on the progress in relation to the Project Milestones as defined in **Section 7 of the Appendix.**
  - 3.1.5. To facilitate and process contracts with Investor Group and provide other services related to managing the investment process and attending to the investor needs.
- 3.2. The Investor shall not be obliged to agree to any request from the Developer if the Investor believes that the request is in contravention of any law, policy, rules or regulations.

- 3.3. No failure to exercise, nor any delay in exercising, on the part of the Investor, any right or remedy under the Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies under the Agreement are cumulative and not exclusive of any rights or remedies provided by law.

#### **4. REPRESENTATIONS AND WARRANTIES**

- 4.1. The Parties represent and warrant to each of the other parties to this Agreement that:
- 4.1.1. they each have the power to enter into, exercise their rights, perform and comply with their respective obligations under this Agreement;
  - 4.1.2. all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) in order to enable each of the respective Parties to lawfully enter into, exercise its rights, perform and comply with its respective obligations under this Agreement have been taken, fulfilled and done;
  - 4.1.3. each of their respective obligations under this Agreement are valid, binding and enforceable in accordance with their respective terms;
  - 4.1.4. the execution, delivery and performance of this Agreement by the Parties and the matters contemplated hereby will not violate the provisions of:
    - a. any law or any rule made pursuant to any law of agency, or any order of any court and that all requirements of any such law, or order have been fully complied with and satisfied; and
    - b. any contract or other undertaking or instrument to which each Party is a party or which is binding upon the said Party;
- 4.2. The Developer represents and warrants to the Investor that:
- 4.2.1. It is duly incorporated and validly existing under the laws of Indonesia as a legal entity and has full power and authority to own its assets and carry on its business as is now being carried on;

- 4.2.2. It has the power to enter into, exercise its rights, perform and comply with its respective obligations under this Agreement;
- 4.2.3. The fulfilment of the responsibilities does not violate or conflict with any applicable law or regulation, any provision of its constitutional documents, order or judgement of any court applicable to it, or any contractual restriction binding on it;
- 4.3. Each Party shall indemnify and hold the other Party harmless from and against any and all taxes, claims, losses, liabilities, obligations, damages, deficiencies, judgments, actions, suits, proceedings, arbitration, assessment, costs and expenses (including, without limitation, expenses of investigation and enforcement of this indemnity and attorneys' fees and expenses) suffered or paid by the Party, directly, or indirectly, as a result of or relating to or in respect of any misrepresentation of the matters or breach of any representation or warranty given by the Party in this Agreement.
- 4.4. All or any portion of the Investor's rights, interest and obligations under this Agreement may be transferred and assigned to nominee(s) by filling up the nominee's details in **Section 12 of the Appendix**.
- 4.5. The Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Agreement.
- 4.6. The Agreement is intended to be Shariah-compliant. The parties hereby agree and acknowledge that their respective rights and obligations under the Agreement are intended to, and shall, be in conformity with Shariah principles.
- 4.7. Each of the above representations and warranties shall survive the signing and delivery of this Agreement and the Parties shall be deemed to represent and warrant to each of the other parties that the representations and warranties set out in this Section are true and correct in all respects.

## **5. TERMINATION**

- 5.1. The Partnership agreement shall cease upon the transfer of the Investor's portion of the profit actualized in the project to the Investor Group, or upon sending a

written notice to the email address of the Investor in other circumstances that may be specified in the notice, and that shall serve as a sufficient notice.

- 5.2. No provision of the Agreement may be amended, waived, discharged or terminated orally nor may any breach of or default under any of the provisions of the Agreement be waived or discharged orally but (in each case) only by an instrument in writing signed by or on behalf of the Parties. Any amendments or variations to the Agreement shall be Shariah-compliant.

## **6. GOVERNING LAW:**

- 6.1. This Agreement shall be governed by and interpreted in accordance with the laws of Indonesia, and the parties irrevocably agree to:
  - 6.1.1. submit to the non-exclusive jurisdiction of the Courts in Indonesia;
  - 6.1.2. waive any objections on the suitability of venue, jurisdiction or any similar grounds; and
  - 6.1.3. consent to the service of legal process in any manner permitted by this Agreement.
- 6.2. If at any time any one or more of the provisions hereof is or becomes illegal, invalid or unenforceable under Indonesian law, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provisions under the laws of any other jurisdiction shall in any way be affected or impaired thereby.
- 6.3. If any provision of the Agreement (or part of it) or the application thereof to any person or circumstance shall be illegal, invalid or unenforceable to any extent, it must be interpreted as narrowly as necessary to allow it to be enforceable or valid and the remainder of the Agreement and the legality, validity or enforceability of such provisions to other persons or circumstances shall not be in any way affected or impaired thereby and shall be enforceable / enforced to the greatest extent permitted by law.

## **7. MISCELLANEOUS**

- 7.1. **Events of Default:** An Event of Default is deemed to have occurred in any of the following circumstances, whether or not arising due to the fault of the Developer;
- 7.1.1. Any representation or warranty given or made by the Developer proves to be untrue, incorrect or inaccurate in any material respect; or
  - 7.1.2. Any step is taken for the winding up, liquidation or dissolution of the Developer.
  - 7.1.3. Upon the occurrence of any Event of Default, the Investor shall have the right by notice to the Developer to declare the entire proportion of the capital invested and the actualized profit if any to become immediately due and payable.
- 7.2. **Communication:** Any communication to be made under or in connection with the Agreement shall be made in writing and may be made by electronic mail.
- 7.3. **Refund Policy:**
- 7.3.1. The Commitment Amount cannot be claimed back once it is received by the Developer, until the maturity of the Project.
  - 7.3.2. Where the right to refund is applicable, the Investor agrees to bear all transaction costs and losses due to currency exchange rate fluctuations.
- 7.4. **Business Risks and Financial Loss:** The Investor acknowledges and agrees that the investment in the Project is accompanied by all business risks associated with a venture or project of such nature. Accordingly:
- 7.4.1. There is no assurance or guarantee that the project will make any amount of revenue or profit whatsoever from the Project;
  - 7.4.2. Investment in the Project comes with a risk of substantial or total loss, and there is no assurance or guarantee that the Investor will be able to receive or recover any amount invested under this Agreement or any profit projected under this Agreement.
  - 7.4.3. In accordance with the Shariah principle of musharakah, all actual financial losses incurred or accrued by the Project shall be borne jointly by the Investor Group and the Developer in proportionate to their Capital Contribution Ratio. However, if the loss is due to the Developer's gross negligence or there has been any breach of representation or warranty

given by the Developer, or the Developer has acted in contrary with the terms of the venture which causes loss to the venture, the Developer shall be liable for the amount of the loss to the Commitment Amount.

7.5. **Currency Depreciation Risk Mitigation:** The Developer promises to cover losses of up to 5% of the Investor's capital from any depreciation of the Indonesian Rupiah (IDR) against the Singapore Dollar (SGD) during the Project Tenure, only if:

- (a) The Project makes profit; and
- (b) Neither of the Parties is completely deprived from profit as a result of this arrangement.

7.6. **Joint Investment:** The Investor may include one additional Investor to jointly invest under this Agreement:

7.6.1. This Clause on joint investment shall be applicable only to those Investors who invest jointly under this Agreement as specified in **Section 11 of the Appendix.**

7.6.1.1. The right to make joint investment is considered exercised by filling the details of the additional Investor under this Agreement.

7.6.2. Each of the Investors hereby appoints the other Investor and the other Investor accepts the appointment to act as the agent of the one another. The appointment shall continue until the termination of this Agreement.

7.6.3. Unless otherwise stated, the terms under this Agreement shall be applicable to each Investor Jointly and severally.

7.6.4. Each Investor's contribution to the Commitment Amount shall be agreed upon among the Investors.

- 7.6.5. Each Investor shall be entitled to the profits of the investment proportionate to his/her respective contribution therein.
- 7.6.6. The Developer shall not be liable for the distribution of the profit among Investors.
- 7.6.7. Each Investor shall act as the agent of the other and the actions of one Investor shall be representative of both Investors and binding on both Investors.
- 7.6.7.1. In pursuance to this clause, the signature of either Investor shall amount to an acceptance of both Investors.
- 7.6.8. Each Investor shall indemnify the Developer against any claims that might arise directly or indirectly as a result of the joint investment arrangement.
- 7.7. **Appointment of Solicitor:** Investors introduced to this Project by the agent Mior Erwan Shah Mior Arip agree to appoint MESSRS IZWAN & PARTNERS (“the Solicitor”) as their solicitor to handle this matter and to hold the deposit as stakeholder and to release the payment to the related parties as later instructed by written instruction.

The solicitor's bank account details is as follows:

Account Name: MESSRS IZWAN & PARTNERS-CLIENT’S A/C

Account Number: 564016642360

Swift Code: MBBEMYKL

Name of Bank: Malayan Banking Berhad

- 7.8. **Nomination:** All or any portion of the Investor’s rights, interest and obligations under this Agreement may be transferred and assigned to nominee(s) designated by the Investor in accordance to the terms of the terms of the this Agreement.

- 7.8.1. The assignment shall be effective only upon the occurrence of one of the following:
  - 7.8.1.1. The Investor's written notice via an email; or
  - 7.8.1.2. The Investor's death.
- 7.8.2. The Investor hereby grants the Company a permission to communicate with the Nominee, if the Investor is unreachable for more than one (1) month.
- 7.8.3. In the event of the Investor's death, the Nominee is hereby authorized to receive all amounts due from the Project.
- 7.8.4. Investors who profess the religion of Islam hereby acknowledge that Muslims are bound by religion to distribute their estate in accordance to the Islamic law of inheritance and shall take that into consideration for the purpose of this clause.
- 7.8.5. In the event of death of only one of the Investors of jointly investment agreement, the payouts shall be transferred to the surviving Investor. In the event of death of both Investors the payouts shall be transferred to the Nominee.
- 7.8.6. The Investor may from time to time revoke any such nomination and / or to name another nominee with written notification via email duly received and registered by the Company. Other than revocation via written notice, subsequent nomination and death of nominee during the lifetime of the Investor, a nomination shall not be revoked.

**In Witness Whereof** the Parties hereto have hereunto set their seal and hands the day and year first above written.

**For the Developer**

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Name: Ronald Wijaya  
Designation: Director  
PT Esensi Prima Cipta

**For the Investor**

Name: \_\_\_\_\_

Passport/ID No: \_\_\_\_\_

Digitally agreed on date: \_\_\_\_\_

*(No signature required)*

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Name: Aliva Abdullah  
Designation: Director  
PT Esensi Prima Cipta

## APPENDIX

(which shall be read, taken and construed as an essential part of this Agreement)

Section	Matter	Particulars
1.	Date of this Agreement	<p>_____</p> <p>This Agreement shall be effective from this date until such time the Agreement is terminated in accordance with the terms and conditions of this Agreement.</p>
2.	Project	The Project is The Essential Daru 2 located in Stasiun Daru, Banten, Indonesia.
3.	Purpose	<p>To finance the land acquisition, licensing and land development for the purpose of constructing <b>housing units</b> by the Developer to the extent of fulfilling the Project Milestones as defined herein.</p> <p>The Developer shall then sell the units and disburse the profit to the Investors based on the agreed terms of the PSR.</p>
4.	Commitment Amount	<p>The Investor will contribute SGD _____ to the project in the musharakah.</p> <p>This amount represents the share of the Investor individually in the musharakah.</p> <p>The total Contribution by the Investor Group would be <b>SGD \$1,031,835</b> which is the total share of the capital of the Investor Group in the musharakah in the Project.</p>
5.	Projected Gross Return	<p>The Projected Gross Return on Investment would be determined by the following:</p> <ol style="list-style-type: none"> <li>a. The Projected Gross Return on Investment is <b>27%</b> for Retail Investors, <b>28%</b> for Silver Investors and <b>29%</b> for Gold Investors.</li> <li>b. The PSR is constant for all Investors. However, Silver and Gold Investors receive higher ROI</li> </ol>

		<p>through wa'd by the Developer as stipulated and justified in this Agreement.</p> <p>c. A performance incentive fee of _____ % of the Projected Gross Return (if any) on Investment will be charged by the Company. In the event that no returns are realised, the Company will not charge any incentive fee.</p> <p>d. The Parties agree to pay the Company <b>6.5%</b> of the Commitment Amount as platform fees.</p> <ul style="list-style-type: none"> <li>- The platform fees are an expense of the Project and will not reduce the capital contribution amount of any of the Parties in the musharakah. Thus, the Projected ROI will also be unaffected by this expense.</li> </ul>
6.	<b>Projected Return On Investment (ROI)</b>	The Net ROI for the Investor under this Agreement is calculated by the Projected Gross Return on Investment under <b>clause "a" of section 5 of this Appendix</b> minus the performance incentive fee under <b>clause "c" of section 5 of this Appendix</b> .
7.	<b>Project Milestones</b>	<p>These are the Project Milestones to be achieved, as set by the Developer:</p> <ul style="list-style-type: none"> <li>a. Land Acquisition</li> <li>b. Permit Application</li> <li>c. Land Development</li> <li>d. Unit Construction</li> </ul>
8.	<b>Project Tenure</b>	23 to 24 months commencing from the date of the first disbursement of the Commitment Amount to the Developer. The Investor Group will be notified by email about the date of commencement.
9.	<b>Capital Contribution Ratio</b>	<p>The amount contributed by each the Developer and the Investor Group, in the musharakah agreement is as follows:</p> <p>Investor Group: <b>39.94%</b>  Other investors: <b>50.61%</b>  The Developer: <b>9.45%</b></p> <p>Total Capital Amount of the Project: <b>SGD 2,583,219.45</b></p>

<p><b>10.</b></p>	<p><b>Profit Sharing Ratio (PSR)</b></p>	<p>The Developer agrees to share the musharakah Profit with the Investor Group under this agreement and other investors, depending on the actual amount of musharakah Profit realised in the Project, as follows:</p> <p>Investor Group: <b>9%</b>  Other investors: <b>11%</b>  The Developer: <b>80%</b></p> <p>The total amount of musharakah Profit shared with the Investor Group is capped at <b>28%</b> ROI in the musharakah. Any amount exceeding this will solely belong to the Developer.</p>
<p><b>11.</b></p>	<p><b>Joint Investment Option</b></p>	<p>Jointly with (if applicable)</p> <p>Name: _____</p> <p>Passport Number: _____</p> <p>Country of Passport: _____</p>
<p><b>12.</b></p>	<p><b>Nominee</b></p>	<p>Name: _____</p> <p>Passport/ID No: _____</p> <p>Contact No: _____</p> <p>Relationship: _____</p> <p>The Investor hereby authorizes the Company to transfer the payouts entitled under the Agreement (if any) to the Nominee in the event of death of the Investor in accordance with the terms and conditions of this Agreement.</p> <p>The Company is duly discharged from all liabilities upon payment of the entitled payouts (if any) to the Nominee.</p>

