



**Golf, Polo & Beach Resort**

## **PROSPECTUS**

38,000 sqm land with 36-room Beach Hotel

*JAN 9, 2012*

# 38,000 sqm beach lot and 36 room hotel

## BEACH HOTEL for sale, inclusive of:

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- ❖ 38,000 sqm lot with white sand beach
- ❖ 30 rooms with balconies facing the Beach and vary from 30 sqm to 50 sqm
- ❖ 6 beachfront Bungalows, 50 sqm including shower and toilet
- ❖ Swimming pool, sunshades, Shower house and two separate saunas
- ❖ Bistro Restaurant with indoor and outdoor dining with attached recreation rooms for Billiard & Karaoke, Coffee shop with big bar, Lounge with Karaoke and Movie set and office with storage rooms
- ❖ fully furnished and operational
- ❖ in house electric transformers and water wells

## OPERATION COST

The cost of running the Hotel is very modest due to:

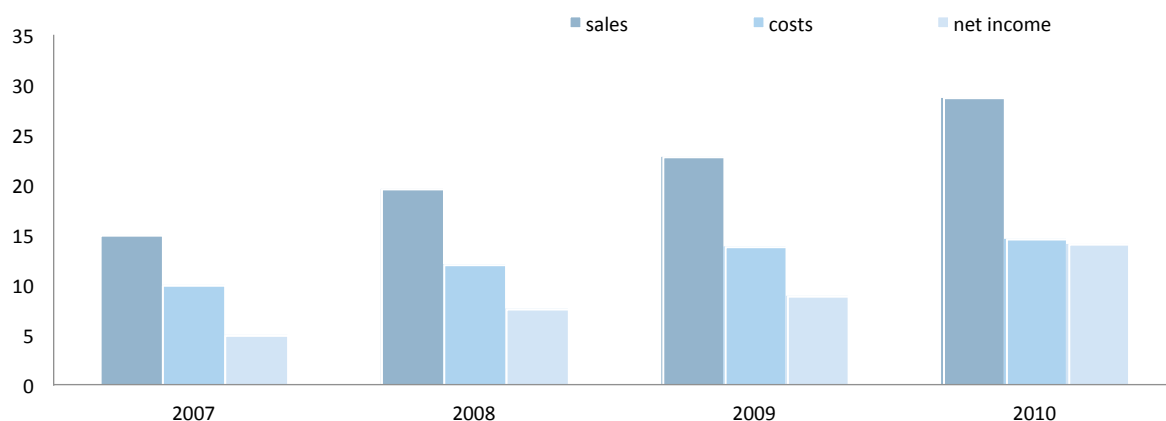
- Hotel has its own transformers and pay only P50,000/mth for Electricity and Water.
- Staff is flexible, all living around the Hotel, and work when we have guests only.
- Maintenance is very low as all buildings are made of concrete, most roofs are concrete, window & door jams mostly concrete, all floors tiled and most wood removed.
- 5 self-draining Septic Tanks
- Fresh water from own well (free) + backup supply from Pawasco.

## FULLY FURNISHED

The Hotel is fully furnished with a lot of leather chairs, leather tables, designed by Ernest Hemingway, from his Safari Collection, all rooms have oil paintings, there are TV's and Satellite Dishes for most rooms, there are Antique cabinets and Desks, a lot of American designed wood tables, leather chairs, etc.

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## BEACH HOTEL P/L:



## BUSINESS DEPENDENCY

The current business does not depend on any singular party. The business is generated from: in-house sales, CdM and Cebu Polo Resort active web sites, On-Line Room Agents, Korean contracts, groups, conferences, oversea polo players, walk-in golfers and holiday makers, members of Club CdM and Verdemar Golf Club.

The Company is not aware of any probable government regulation that can affect the business. Government approvals such as Business Permit, Mayors Permit, Sanitary Permit has been issued and received by the Company. There are no costs and/or effects of compliance with any environmental laws.

The principal current product offered by CDM is accommodation in the hotel with golfing, swimming and/or polo as an option. Guests are predominantly families who want to have vacation and relax. 70% of the guests are foreigners from Cebu and abroad and 30% are local Filipinos. All bookings are coordinated from the Cebu sales office.

## MANAGEMENT'S DISCUSSION AND PLAN OF OPERATION

The financial results of the Seller during the last 10 years can simply be described as moderately profitable. Generated revenue from sales of rooms, food, beverage, sport activities and others has been applied to cover salaries, utilities and improvements for the hotel. The Company started the operation 11 years ago and has consistently undertaken improvements and expansions.

The Balance Sheet shows the sellable assets in the region of Peso 230 million, almost double of the selling price. The company has no significant loans payable and only small receivables.

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## BEACH HOTEL Google Map, Layout Plan & Sketch Plan:



### BEACH HOTEL INCLUDING 3,8 HA LAND

Oct 3, 2011



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## Qualitative and quantitative factors of business

1. There are no known trends or any known demands, commitments, events or uncertainties that will result in any decrease in business. The reason for this is that the operation is managed on a cash flow basis: more sales = more spending on marketing and improvements, less sales = less staff and less spending.
2. Known trends, events that are reasonably expected to have material impact on revenues from continuing operations are golfers from Korea getting to know the Casa del Mar. San Remigio/Medellin is quickly becoming a major hub for Korean golfers. In 2012 there will be 3 "Korean golf courses" – Verdemar, Mercedes & Queens Island, all patronized majorly by Koreans. All golfers stay in the Hotel.
3. Cebu Polo Club started operation in 2010, is getting worldwide recognition and players are visiting from Europe, Middle East and Australasia. All players stay in the Hotel.
4. There is no disagreement with accountants on accounting and financial disclosure

## LICENSES AND GOVERNMENT PERMITS ISSUED

<b>LICENSE / PERMIT</b>	<b>GOVERNMENT OFFICE</b>	<b>DATE</b>
<b>CDM RESORT HOTEL INC</b>		
Certification of Registration	DTI	March 8, 2002
Business / Mayors Permit	Mayor's office, San Remigio	January 22, 2002
Accreditation "Class A" Resort	DOT	August 8, 2001
Sanitary Permit	Municipal Health Office	February 7, 2001
Building Permit	Office of the Building Official, San Remigio	October 24, 2000
Occupancy Permit	Office of the Building Official, San Remigio	October 24, 2000
Articles of Incorporation & By-laws	SEC	December 5, 1997
Locational Clearance	HLURB	September 23, 1997
Development Permit	HLURB	September 23, 1997
<b>RELATED COMPANY</b>		
<b>VERDEMAR GOLF CLUB INC</b>		
Business / Mayors Permit	Mayor's office San Remigio	January 22, 2002
License to sell - "Verdemar golf shares"	SEC	August 31, 2000
Environmental Clearance Certificat	DENR	June 11, 1998

## LEGAL PROCEEDINGS

No material litigation or claim is pending or, to the best of the Company's knowledge, threatened against the Company. There is no lien, encumbrance or mortgage on this property.

## Description of the Resort

The Resort is about a two-hour and fifteen minute drive from Mactan International Airport or from the City. The first 110 kilometer road is concrete, the local entrance road is a 1km sand road and through the golf course is concrete. The resort is situated in San Remigio, on the west coast, by the Tanon Strait facing Bantayaan island.

The entire San Remigio area was declared Tourist Zone by the Municipal Government 20 years ago and today the local government is supporting the project to promote the entire area for tourism development.

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## DESCRIPTION OF THE PROPERTY

The beach land is owned by Mibato Inc and the adjacent Slope area is registered under Felica Inc. The Mibato lot is currently being titled in a land registration case in RTC in Bogota. The Title is expected to be issued to Mibato Inc within the next few years. The land has been owned by Mibato Inc and its previous subsidiary since 1990 and application for title was filed in 1997 but re-filed in 2007 due to increase in value and change of court. The Titling proceeding for the property is consolidated with adjacent properties. For the hotel property there is no opposition except the standard government opposition to all private land ownership registrations.

The Mibato lot area is approximately 9,000 sqm while the Felica area is 29,000 sqm, totaling 38,000 sqm. The Felica land area is gently sloping down to the beach and has unlimited view over the hotel garden, the beach, Tanon straight and Bantayan Island in the back drop.

The Buildings on the Hotel property is the hotel building with 30 rooms, the 6 Bungalows on the beach, Bodega, Office, Lounge, Coffee shop and Shower House. The Bistro Building and Dive Building belongs to the golf club and will be used for the golf operation independently of the Beach hotel.

## Proponent's employees

Current employees in the hotel are 15. There are no current CBA's, no strike and no labor problem in Casa del Mar Hotel.

## Club Casa del Mar – the Club

Club Casa del Mar is a Timeshare association with approximately three hundred members. Most memberships expire 2012 but can be renewed if agreed by the Club. Most members prefer an exchange to another resort abroad while a few members patronize CdM every year. The exchange company is called RCI and is the biggest Timeshare exchange company in the world with 5 million members and 5,000 resorts affiliated.

Members must pay an annual Levy to the Club and book their RCI exchange or stay in CdM well in advance. Each member have 1 week per year of free stay or exchange.

When CdM is sold the members will either be transferred to another property, remain in CdM with the approval of the new Owner or continue to be handled by Club CdM with an agreement with the new Owner, all to the option of the Buyer.

## The RCI Exchange System

Club CdM Membership is linked to a sophisticated International exchange network called RCI that provides the CdM Members the opportunity to travel worldwide:

1. RCI has over 5000 affiliated resorts worldwide and Members can choose to spend their holidays and vacation at a variety of international resort destinations for free.
2. Information on destinations, resort updates and travel tips is provided through RCI publications, internet, magazines and Directory of Resorts, CdM offices and RCI Singapore office.
3. To make an Exchange, Members will: (i) deposit their week at their home resort into RCI's "Space Bank"; (ii) request a vacation exchange from RCI; and (iii) pay the RCI Exchange Fee.

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## OWNERSHIP, LEASE, SALE & TRANSFER

### The Seller

MIBATO INC (the Seller) is a corporation duly organized and existing under the laws of the Philippines with its current office address located at Suite 212, TPE Bldg, Banilad Rd, Cebu City, Philippines. Registered with the Securities and Exchange Commissions on Dec 5, 1997, it is principally involved in the development, construction, maintenance, ownership, operation, and administration of houses, resorts and recreational activities.

The Company is part of the “Casa del Mar Golf, Polo & Beach Resort”.

At the helm of the group as Chief Executive Officer is Engr. Lars Lofgren (M.Sc. & Bch.Ec.) supported by his wife Liza Lofgren.

Mibato Inc, the owner of the hotel, purchased a prime parcel of real property in 1995, which has been utilized for the development of the Hotel. It is Classified as a Class “A” resort by the Dep’t of Tourism.

### OWNERSHIP IN RP

All improvements like Hotel buildings, utility installations, etc can be sold to a 100% foreign company as separate assets. The land must be sold to a 60/40 corporation.

### LEASE

Land can be Leased for 75 years and then extended with 25 years increments. Spore and China are doing most land sale by Lease

### PAYMENT

A 10% deposit upon signing Agreement to Sell. Balance payment upon signing Deed of Absolute Sales. There are 4 DoAS, 2 for land, 1 for Buildings and 1 for FFE.

The hotel is supported by a city office selling room nights, events and group packages.

60/40 corporation is necessary for land ownership.

Transfer costs are estimated to 9 % of Official sales documentation.

Staff can remain or be replaced subject new management.

### PRICE

The price was set to Peso 145,000,000 but was recently lowered to Peso 125,000,000 to facilitate a faster sale. Broker commission of 5% will be paid by Seller.

The price is a net, net amount to the seller (after sales commission) and does not include any transfer expenses whatsoever. Transfer tax, Capital gains tax, documentary stamp, notary fees, etc shall be paid by the buyer to his convenience, timing and amounts to be agreed with the authorities.

Payment terms can be discussed and a 3 year payment plan with 10% annual interest added might be possible subject mode of payment. A lease/purchase can be negotiated for a 5 year period with a 15% annual lease fee.

The cash price of P125M is not negotiable as it been discounted with P20M already!