

HH RESCO | Haller International Realty <contact@hhresco.com>

Hale Manna Sale

Eric Pestaño Smith <ericpaolosmith@gmail.com> To: contact@hhresco.com

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Hi Hermann,

Many thanks again for reaching out!

Kindly see below details on the Hale Manna sale:

As a backgrounder, Hale Manna was the brainchild of our late mother, who envisioned a sustainable resort with a homey ambiance catering to local and international guests but with a distinctively Filipino charm. As she passed away in 2021, and neither my siblings and I are interested in running the resort in the long term, we have decided to sell.

The best place to start would be to read our accompanied Factsheet.

An additional attachment of photos of the resort can be accessed through the PowerPoint dropbox link at https://www.dropbox.com/s/6snfk6mh2uwim22/Hale%20Manna% 20Photos.pptx?dl=0, while more information (Vision, Rooms and Rates, Sustainability Practices, etc.) may be viewed on our website, www.halemanna.com.

We are open to any of the following below arrangements.

- 1. Sale of 16,400 sqm under Kai Mana Realty Ventures Inc. only including all tax decs under Rebecca P. Smith, and the Hale Manna brand and business. Has 14 rooms. See attached area enclosed by red is the 16,400 sqm.
- Price of P300M net of taxes and fees (for buyer's side). 5% brokers fee, if any, from net selling price, to be shouldered by seller.
- 2. Sale of all 20,400 sqm, all titles and tax decs and Hale Manna business and brand (total of 26 rooms)
- Price of P480M net of taxes and fees (for buyer's side). 5% brokers fee, if any, from net selling price, to be shouldered by seller.

Do let me know if you have any questions or clarifications. We are always open to negotiation.

Thank you very much! Eric

Hale Manna Coastal Gardens Factsheet

Hale Manna Coastal Gardens is a beach resort located in Sitio Basdako, Brgy. Saavedra, Moalboal, Cebu, Philippines. The resort spans 2.04 hectares of coastline property.

It started as a vacation/retirement home by its founder Rebecca "Becky" Pestaño Smith back in 1995. It has then slowly expanded, with adjoining titled properties owned by Becky's sisters. Since it opened for business in 2011, the resort has made a name for itself as a peaceful, environmentally-conscious coastal retreat. It has always focused on the local market and Filipino families making available a restaurant, overnight stays and day use bookings.

Distance from main municipal road: 1 km (property has access to barangay road)

Road frontage: about 80 m
Beach frontage: about 120 m

Number of buildings for accommodation: 10
Number of rooms for accommodation: 26 rooms
Approx. gross floor area: 1,250 sqm

Number of light huts (day use): 12

Facilities/Amenities: See attached PPT presentation.

Electrical utility: CEBECO I

Water utility: Truck delivery orders

Internet utility: via Starlink and 4G antenna setup (fiber facility

setup is ongoing by Globe and PLDT)

What are for sale:

1. The hotel/resort business

2. The real estate properties

For the price of: 16,400 sqm only land and buildings/improvements within and business:

Php 300 million Net to Seller

Buyer to shoulder all taxes and fees

OR

20,400 sqm land and buildings/improvements and business:

Php 480 million Net to Seller Buyer to shoulder all taxes and fees

Broker's Professional Fee: 5% of net selling price shouldered by Seller; broker/agent must be

PRC registered

Resort Business

Accolades/Accreditation

- DOT Accredited
- DOT/DOH Safety Seal registered
- TripAdvisor Hall of Famer (2015-2019)
- With DENR ECC
- Cebu Provincial Tourism Department Accredited Accommodation
- PhilGEPS Registered
- Positive reviews (more than 4.5 rating) in Facebook, TripAdvisor, and Google Reviews.

Running Business

Gross Sales

2017 – Php 15,924,154.00	2020 – Php 11,914,909.00)
2018 – Php 21,972,408.00	2021 – Php 17,370,368.85	5
2019 – Php 22,264,695.00	2022 – Php 16,672,070.08	3

Ownership Setup

Hale Manna Coastal Gardens Inc. is the corporation that owns and manages the brand and general overall hotel and restaurant business activity. Strictly, it owns 14 of the 26 rooms, the seaside huts, amenities, swimming pool, solar panel installation, outside toilet and bath – the majority of the business activities.

Name of Corporation: Hale Manna Coastal Gardens Inc.

Date Registered (SEC): January 17, 2017

Status of Taxes: Business Taxes updated (2023)

Real Property Taxes updated (2023)

The buyer may wish to continue the business under the existing corporation, or create a new one. Should they opt to just create a new one for the business, that would mean that after the sale, this corporation, business permits and tax registrations, and all legal entities shall be closed.

The 4 remaining rooms (Dama de Noche, Champaca, Ylang-ylang and Kamuning) are owned by Sole Proprietorship/DTI registration under Na Pua Nani Cottages Rental and Flora Gloria Cottages Rental – Deborah and Antonio Flores, and Jo-Ann and Collin Lim. The property and business taxes on these are also updated.

8 rooms are under the "Sarmago House" owned by spouses Ma. Elena and Gregorio Roy Sarmago. The property taxes on these are also updated (2023).

What would be part of the purchase of the resort business?

The buyer will benefit from an already running business, and a highly reputable resort in Southern Cebu whose brand has been cultivated since 2011. The resort has a total of 43 employees. Has a strong website, social media presence, and has an online booking engine and cloud-based property management system (PMS).

Effectively, 26 rooms will be available to the buyer including all buildings, seaside huts, 450 sqm filtered saltwater swimming pools, 35kWh solar panel net metering setup, manicured gardens, WiFi system, floating sea raft, and kayaks/Stand-Up Paddleboards, restaurant (except Handuraw Pizza) and all furniture and fixtures. Existing suppliers and a strong following of repeat customers will also all be turned over.

Hale Manna's brand has also been focused on local travelers, which helped the business continue to operate and then recover more quickly compared to other resorts in the area during the worst of the pandemic (COVID-19). Our family- and group-friendly rooms and offerings – including free use of amenities to inhouse guests – plus mid-range pricing provide value for money to travelers.

Outstanding liabilities?

The business corporation currently has mortgages with Landbank of the Philippines for its solar setup, Small Business Corporation for COVID-19 and Odette-ERF loan assistance packages, and BPI. Any trade payables as well as outstanding mortgages with aforementioned banks shall be prepaid by the seller before maturity with proceeds of the sale.

Acquisition strategy

The buyer may take advantage of a shares buyout for the part of Kai Mana Realty Ventures Inc. that owns the 1.6 hectares. The same may be done for Hale Manna Coastal Gardens, Inc. should the buyer wish to continue with the existing business setup.

While the four lots at 1,000 sqm each may proceed at the conventional process of property acquisition. Tax declarations under the names of the owners as below for buildings and land will proceed with the usual process of sale/purchase.

Seller will take care of separation pay of all employees should a sale proceed, for buyer to have a free hand on evaluation and re-hiring of employees, if ever.

Real Properties

The 2.04 hectares of the resort is composed of the following:

LOT#	AREA	TCT #	OWNER	
10587-A	1,000.00 sqm 102-2017000299		Ma. Elena & Gregorio Roy Sarmago	
10587-B	1,000.00 sqm	102-2017000300	Erlinda & Guillermo Jr. Binghay	
10587-C	1,000.00 sqm	102-2017000301	017000301 Jo-Ann & Collin Lim	
10587-D	1,000.00 sqm	102-2017000302	Deborah & Antonio Flores	
10587-E	16,000.00 sqm	102-2019004154	Kai Mana Realty Ventures Inc.	
Lot 3525-	400 sqm.	CAR No. C-2018-	Rebecca P. Smith and heirs (Eric Paolo	
A-P		083-015753-M	Smith/Liana Kathleen S. Bautista, Zarah Jane	
		(April 23, 2018)	P. Smith) – Estate Taxes Paid, awaiting	
		Tax Dec only TD	eCAR issuance and for transfer to Kai Mana	
		#23-29-12688	Realty Ventures Inc.	

LOT#	AREA	TD#	OWNER			
Tax Declarations						
TD #23-29-12109	16,000.00 sqm	Land	Kai Mana Realty Ventures Inc.			
TD #23-29-11916	1,000 sqm	Land	Deborah & Antonio Flores			
TD #23-29-11917	75 sqm	Building	Deborah & Antonio Flores			
TD #23-29-12226	1,000 sqm	Land	Jo-Ann & Collin Lim			
TD #23-29-12225	110 sqm	Building	Jo-Ann & Collin Lim			
TD #23-29-12642	183.60 sqm	Building	Ma. Elena & Gregorio Roy Sarmago			
TD #23-29-12641	1,000 sqm	Land	Ma. Elena & Gregorio Roy Sarmago			
TD #23-29-11501	1,000 sqm	Land	Erlinda & Guillermo Jr. Binghay			
TD #23-29-12682	1,000 sqm	Building	Rebecca P. Smith / Heirs: Eric			
TD #23-29-12684	21.70 sqm	Building	Paolo Smith, Liana Kathleen S.			
TD #23-29-12685	90.00 sqm	Building	Bautista, Zarah Jane P. Smith –			
TD #23-29-12686	80.60 sqm	Building	Estate Taxes Settled and awaiting			
TD #23-29-12687	450.00 sqm	Building (Pool)	eCAR issuance (these are tax			
TD #23-29-12688	400 sqm	Land	declarations for buildings,			
	_		swimming pool within the 1.6			
			hectares, and 400 sqm parcel of			
			land by the beach)			

Please see attached Lot Plan. Take note that the 400sqm has not yet been factored in the lot plan yet and is portion of Lot #10588 (TD #12537).

All titles except for the 1,000 sqm owned by spouses Erlinda and Guillermo Binghay Jr have buildings/developments on their lots.

Kai Mana Realty Ventures Inc. is composed of the Smith family as majority and Dutch family friends. Hale Manna Coastal Gardens Inc. is composed of the Smith family.

A total of 6 tax declarations (including the 400sqm above) are currently under the name of Rebecca P. Smith, that correspond to the buildings and swimming pool. Estate Taxes have already been paid and are awaiting eCAR issuance. As soon as released, this shall be transferred to Kai Mana Realty Ventures Inc.

Lot 10588: 400 sqm of this area has been purchased by Rebecca Smith. There are no structures on this area by the sea. The remaining portion (about 600 sqm.) is owned by the original land owners (Teodula Ator Lagon), and Hale Manna pays a monthly rent for the area at Php 30,000.00. However, should a sale of the surrounding property be successful, they would most likely be open to sell as well, or at least continue the arrangement, and the buyer may continue the lease or buy them outright. Buyer/management team shall be endorsed to Mrs. Lagon, and any negotiations shall be between the two parties. This area forms a part of the gardens that is ideally used for group gatherings and events, weddings or receptions.

All titles have no loan encumbrances and with updated taxes. SPAs from other property owners have already been secured in relation to the sale with attorney-in-facts present in Cebu.

What sets Hale Manna apart?

Hale Manna is distinctive for several reasons, but especially because of its sustainability and ambiance.

The property's development and many business policies have been made with environmental consciousness in mind. For example, the decisions to have filtered saltwater pools instead of freshwater ones as well as to setup rain catchment areas are geared toward water conservation. Other waste reduction methods are employed on the property, which is also built to follow the contours of the natural landscape.

As for ambiance, Hale Manna has a good number of returnee guests, most of whom cite the feeling of being close to nature as well as the friendliness of the staff as top reasons for their continued patronage. Guests are encouraged to spend their time outdoors enjoying the sea, pool, and gardens instead spending too much time in the rooms. To this end, we offer free use of aqua sports equipment such as kayaks, stand up paddle boards, masks and snorkels, and life vests and beach shoes to all inhouse and day-use guests. Many seaside and poolside huts and other lounging areas also feature comfortable chairs, lounges, beds, and hammocks, all of which are free to use so long as these have not been reserved by another group.

Why are we selling?

Even prior to the death of Hale Manna's founder, Becky Smith, in 2021, the decision was made to try to sell the property. This is because Becky's heirs, while able to take over operations and management of the resort and restaurant after her passing, were not interested in running the resort long-term. The owners and heirs of the other properties are also either based abroad or not interested in taking over.

Strengths

- Strong local brand built over ten years
- Customer base is primarily local
- Spacious property, gardens, and rooms, with room for expansion
- Practicing environmental sustainability (coastal easement, solar power, low impact water activities, solid waste management, low carrying capacity)
- Resort is located in a burgeoning tourism town

Weaknesses

- High cost of freshwater due to lack of municipal water line
- Lack of power generator to deal with brownouts
- Lack of high speed internet / lined telco services
- Seasonal sand on shores
- Financial capital for expansionary activities

Opportunities

- Provide full diving services
- More active marketing for tourists coming from outside Cebu and for the international market
- More aggressive day tour packages
- Expanded on-land amenities (full bar, full-service restaurant, conference/function rooms, gym, game room, etc.)
- More standard/superior rooms for solo travelers / vertical development
- Expansive garden area is open for further building development
- Spa services
- Additional non-motorized sea amenities
- Improve staff productivity with more updated equipment, infrastructure, and training
- Full subscription to Online Travel Agencies (OTAs)
- Proposed Argao-Dalaguete Airport by the Cebu Provincial Government (2022) on the Southeast side of Cebu brings additional tourism opportunities
- Construction of a new Dumaguete airport (2023) will bring additional tourism opportunities

Threats

- Competing resorts in the area backed by bigger companies
- High cost of utilities
- Natural calamities (e.g. Typhoon Odette in December 2021)

Prepared by:

Eric Paolo P. Smith President (Kai Mana Realty Ventures, Inc.) Vice President (Hale Manna Coastal Gardens Inc.) +639176543018 / ericpaolosmith@gmail.com







