

Cacao Pearl

Palawan, Philippines



Investment
Prospectus



Ray Withers
Property Frontiers

Investment Summary

All of us have at some point dreamt of owning our own private island, however it is something that nevertheless remains out of reach for most of us; the preserve of the super-rich. Imagine then, the opportunity to do just that, and own your very own slice of paradise; somewhere one can truly escape the world and enjoy genuine relaxation in an astonishing ecologically-aware setting, whilst seeing an outstanding financial return.

It is with great pleasure that we introduce Cacao Pearl; your chance to be part of an incredible private island eco-community in the stunning nature reserve of Palawan, Philippines, South East Asia.

This is a unique and exciting project that encourages investors, if they so wish, to take the reins of the design process. The opportunity exists to work with the architects to create personally customised, bespoke residences off the back of the set design options in keeping with the ecologically sound nature of this luxurious project. The signature designs are a spacious and accommodating blend of traditional and contemporary architecture set away from the island's retreat and relaxation areas.

Already predicted to become the Caribbean of Asia, Palawan is steeped in cultural and natural heritage - the region has been classed as a biosphere which boasts 2 world heritage sites and some of the East's most diverse sea life, making it a Mecca for dive enthusiasts. Cacao Pearl will offer all the spa and wellness facilities you would associate with a world-class resort, whilst existing in total harmony with the environment through carbon neutral design. The project is guaranteed to be 100% carbon neutral, even including guests' air travel, and investors will become members of the community trust fund which offers fantastic incentives and funding to local projects.

Extended payment plans are now in place for this project and with predicted net yields of 12%, Cacao Pearl offers a good opportunity for long term growth coupled with the ability to own your own piece of a unique private island.

Best regards,

A handwritten signature in blue ink, appearing to read 'Ray Withers', on a light purple background.

Ray Withers
Director

Palawan - An Overview

Location

Palawan contains 1,780 islands, covering 1,703,075 hectares making it the country's largest province and is considered the Philippines last ecological frontier. Its coastline stretches over 2,000 kms, indented by various coves and bays and offers some of the best diving opportunities in the world.

Growing Tourist Industry

Last year National Geographic named the island as the best island destination in the whole of South East Asia and the 13th best island destination in the world. This is some feat considering the wealth of tropical islands in the region. The potential of the tourism industry in Palawan has been recognised as one of the highest in the world, so much so that Banyan Tree Holdings will be investing an estimated \$70 million to develop 2 hotels in the region, with a view to creating a market presence on a similar scale to that of Thailand.

Infrastructure Development

Palawan is within easy reach of major Asian cities such as Singapore, Hong Kong, Manila and Shanghai. However with government plans to upgrade 2 airports to accept international flights - Puerto Princesa City airport in the south and Busuanga airport in the north - travel to the region will become easier and more attractive to international visitors.

International Exposure

Palawan has not gone unnoticed by the major tourism players. As mentioned, Banyan Tree Holdings have announced they are to spend \$70 million investing in two new resorts on islands. One of these will be on Coron, in north Palawan and will be served by the Busuanga airport where currently only a handful of small commercial airlines fly between Manila and the island airport. The active attentions of large industry players like Banyan Tree have accelerated the upgrade of the airstrip to handle larger aircrafts.



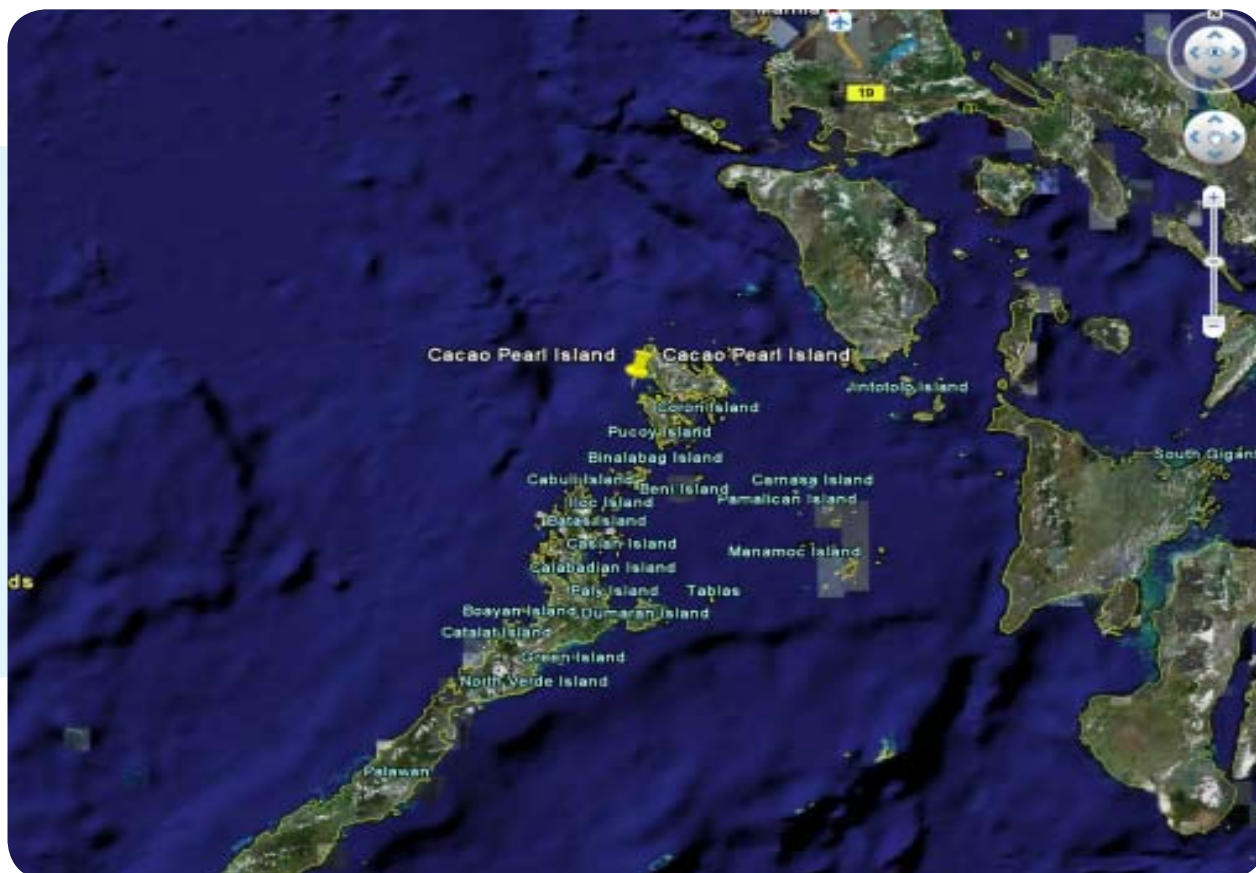
Cacao Pearl Location

Flights from Manila to Busuanga take approximately 45 mins, but are expected to improve with the airport upgrade.

Cacao Pearl Island is then accessible via an overland journey and a boat crossing.

Below is a Google Earth image of the location of the Cacao Pearl Island.

To view the location please use the following coordinates: Longitude: 12.050389; Latitude: 119.79231



Resort Master plan

47 hectares of coconut palms, papaya trees and tropical rainforest; 3 km of dramatic coastline & coral all nestled in clear warm waters. Multiple watersports await including diving, sailing, game fishing and kite boarding. Or guests can choose to relax in the cliff-edge spa or in the infinity pool. Below is a master plan of the island that outlines the facilities available. Please refer to the following page for a more detailed run down of the resort amenities.

All residences are sea facing with either beach front or garden / rainforest views and will have a living fence surrounding the border of the plot to provide privacy. Each designated plot on Cacao Pearl will be at least 800 sqm in size, with some stretching up to over 1300 sqm. The villas themselves are available in 2 designs with either 1 or 2 bedrooms. Please discuss the villa options and locations of these with your consultant.



NB: The above master plan may be subject to change prior to the developer obtaining outline planning permission and build permits.

Resort Amenities

The Cacao Pearl Island will be developed to be a luxurious, relaxing, eco-resort community offering serenity, sophistication, adventure and truly personal service. Facilities on the island include:

The Resort Hub

- Organic Restaurant & Bar
- Film Screening Room
- Library
- Full concierge
- Community Market Place with florist, seafood outlet, bakery, clothing boutique, fresh fruit & juice lounge

El Retiro

A Rainforest Retreat with canopy walks, fruit orchard, floral gardens, herb and medicine trails etc.

Little Rainforest Cafe

Secluded cafe retreat with the signature Cacao Chocolatier

The Pool Retreat

The Pool Retreat with Infinity Pool, Rock Pools & Pool Bar

Sports & Relaxation

- Cliff Edge Spa
- Fitness Centre
- Cliff edge activity platforms for dance, yoga, pilates etc.
- Forest Trekking & Canopy Walks
- Numerous Water Activities - sailing, diving, snorkelling, surfing, game fishing

Plus there will be full Wi-fi access throughout the resort.



A new eco-take on luxury.....

Barefoot Developments (Phils) Limited, the developer, and Cacao Resorts Limited, the resort operator, have created a comprehensive 'greenprint' - a way of working that will have a positive long-term impact on the environment, local communities and resort guests. This affects the design, planning, construction and operation of the resort.

"The Cacao Pearl sets out an impressive environmental stall that has earned the small development in the Philippines five green ticks and a whatgreenhome.com excellent kite mark. Especially notable is the target to run the resort on 100 per cent renewable energy and to be carbon-neutral in build and operations, utilising mainly local materials from sustainable sources."

Gordon Miller,
Founder editor www.whatgreenhome.com



With so much being made of green credentials, it is important to provide investors with the detail of this 'greenprint'. Below is a summary of the actions being taken by the development team - if you wish to view the full report please ask your consultant who will be able to provide this.

- The resort will be powered by 100% renewable energy using a combination of solar, wind, hydro and bio-fuel
- Care and consideration to the environment has been taken when planning access to the pristine island during development
- A comprehensive waste management policy will be in place to ensure the resort achieves Zero Net Consumption
- The resort will endeavour to use a minimum amount of chemicals - eliminating this altogether where possible.
- The development company uses its purchasing power to improve supplier practices
- The resort will make a positive contribution to community development, biodiversity and nature conservation
- The resort team will also monitor and address social issues in the work place

Customising Residences

Offering an exciting opportunity for investors to customise their residences, the Cacao Resort will allow buyers to work alongside designers and architects to produce their dream luxury abodes. The project has some set design plans as seen in this prospectus, but investors are able, should they so desire, to add their own customisations whether it be extra rooms or extensions.

The current designs offer Vega and Sinan residences located on either beachfront or hidden rainforest locations. Both designs are very different visually and thus present exciting design opportunities should the investor wish to develop them further.

This allows for the possibility of creating some truly unique property on what is already a very exclusive project. All construction planning has been diligently researched to stay within the project's carbon neutral policy and adding personal finishes will be accounted for in this, ensuring any further designs by investors are ecologically sound.



Cacao Pearl Bespoke Residences

Former film art director, Antonio Calvo (Love Actually, Alexander, Pride & Prejudice) turned eco-home designer worked with indigenous craftsmen and the creme of Asia's new contemporary design talent to create original, chic, and truly ecologically responsible blueprints exclusively for the Cacao Residences.

Expect a ready-to-rock design with more living space than you'll ever need, exotic timbers from local sustainable forests, naturally elegant interior design from Asia's boutique specialist, Budji; indoor-outdoor tropical living with natural air-flow, high ceilings, a hand-crafted sunken deck tub, modern bathrooms designed for two, plus private nature-scaped gardens and discreet technology to keep your property secure, eco-aware and very guest friendly.



We begin with two signature home designs, the Vega and the Sinan. These are well thought-out guidelines for the creative and technical collaboration between our creative director and residence owners.

The Vega Residence is named after the Vega star used by Magellan and other navigators of the Sixteenth century, comes with a stargazing stage. The Sinan Residence is inspired by the local pearl oyster, by pioneering Chinese adventurers using their Sinan compass to navigate, and by the innovative Ottoman architect, Mimar Sinan.

All residences are situated on their own private estates with substantial gardens designed for you to relax and enjoy this incredible island.

Investor Security

Investing in off-plan properties in emerging markets has always been potentially more rewarding than investing in a developed country. However, the future performance or return of an investment is often associated with a number of risks, some of which, including country and political, market liquidity, credit, operational, legal and regulatory risks, could be substantial and are inherent in the nature of such investment.

Property Frontiers has devoted significant resources to carry out as much risk analysis as we possibly can for the purpose of minimising risks investors may expose to.



In respect to the Cacao Pearl project, Barefoot Developments Ltd. have provided security for buying off-plan units in the following elements:

- The developer engages renowned local experts, including SGV & Co (SyCipGorresVelayo& Co., one of the Philippines' largest professional services firms and a member practice of Ernst & Young Global) to set up the local development company and register with the Philippine Economic Zone Authority (PEZA) in order to apply for tax incentives for the project.
- The developer has instructed one of the most renowned law firms, Romulo Mabanta Buenaventura Sayoc & De Los Angeles (a.k.a. Romulo) to prepare the sales legal documents for the Cacao Pearl Project to provide fair and balanced contract terms to buyers.
- An escrow system operated by a trust has been set up to safeguard buyers' property payments. Using Clariden Leu, a reputable Swiss private bank, part of the Credit Suisse Group.
- Property payments are made according to construction status instead of on set dates. This increases the chance of recovering buyers' payments in the unlikely case of developer insolvency.

Rental Yields

Both Barefoot and Property Frontiers have thoroughly researched the local market and are confident that the nightly rates below will be the minimum investors can expect to achieve at Cacao Pearl. In fact we haven't taken into consideration any inflation, but we feel it's best to under-promise than over-promise.

It is important to note that current occupancy rates at hotels in Palawan is 80%. In the table below we have demonstrated what this will mean for owner's income after management, maintenance and service charges when the average annual occupancy is at 60%, 70% & 80%.

Unit type	Price	Avg. Room Rate	60% Occupancy			70% Occupancy			80% Occupancy		
			Total Room Income	Owner's Net Annual Income	Net Yield	Total Room Income	Owner's Net Annual income	Net Yield	Total Room Income	Owner's Net Annual Income	Net Yield
Beach front, Sinan 2 bed	\$491,004	\$425	\$93,075	\$43,280	8.81%	\$108,375	\$50,394	10.26%	\$124,100	\$57,707	11.75%
Beach access, Sinan 1 bed	\$373,371	\$350	\$76,650	\$35,642	9.55%	\$89,250	\$41,501	11.12%	\$102,200	\$47,523	12.73%
Garden, Vega 1 & 2 bed	\$315,071	\$275	\$60,225	\$28,005	8.89%	\$70,125	\$32,608	10.35%	\$80,300	\$37,340	11.85%
Resort, Vega 1 bed	\$280,218	\$275	\$60,225	\$28,005	9.99%	\$70,125	\$32,608	11.64%	\$80,300	\$37,340	13.33%
Creché, Vega 2 bed	\$372,329	\$350	\$76,650	\$35,642	9.57%	\$89,250	\$41,501	11.15%	\$102,200	\$47,523	12.76%

NB: Buyers receive 45 nights personal usage if they take advantage of the rental management programme. After 45 nights an occupancy charge of 7.5% of the Villa's rack rate will be levied per night.

Operational Resorts in Palawan

The table below proves that the rental yields expected at Cacao Pearl Island given on the previous page are realistic when compared with other resorts in the area:

Name	Location	Unit Type	Facilities	Advertised nightly rental rates	Annual Income at varying occupancies		
					60%	70%	80%
Banyan Tree (due to open 2011)	East Coast-Dinaran	70 villas and 150 hotel rooms.	Bars, Beauty Salon, Restaurants, Coffee Shop, Cycling, Driving Range, Library, Massage, Putting Green, Shopping Arcade, Spa, Tennis Courts, Watersports, Baby sitting Service	\$400-\$3000	\$219,000	\$255,000	\$292,000
Amanpulo	200km to the east of Palawan Island	40 air-conditioned "casitas"	Beach Club restaurant, the Lagoon Club, a 30m swimming pool, WiFi and spa treatments. Use of battery-operated buggies. Rooms have satellite flat-screen TV and DVD/CD players.	Casita between US\$655-\$880 Villas are US\$4,000 +"	\$153,300	\$178,500	\$204,400
Lagen Island	North West Tip of Palawan	Cottages, Room & Suites	Pool, beach, fine dining	US\$600	\$131,400	\$153,300	\$175,200
Dos Palmas	Honda Bay	Forest rooms & water cottages	Scuba spa, research centre	US\$524 to \$572.	\$120,450	\$140,250	\$160,600
Miniloc Island Resort	North West Tip of Palawan	Garden & Water Cottages	Restaurant, clubhouse, boutique, video room, games area, pavilion bar, diving and watersports facilities.	US\$500	\$109,500	\$127,750	\$146,000
Club Noah Isabelle	Tay Tay Bay, Palawan	Cabanas	Private eco-tourism island with a range of activities on the island.	\$364-\$444	\$87,600	\$102,000	\$116,800

Property Frontiers' track record..

Property Frontiers has made a name for itself launching 5 star hotel resort developments at the earliest possible opportunity. We are pleased to say that investors who have committed at the pre-launch stage on our previous projects have achieved truly outstanding returns.

The last two comparable projects launched by Property Frontiers have since more than doubled in price, some in just 18 months from launch. Cacao Pearl Island has the same early indicators and is set to match this level of initial growth.

Previous project examples:

	Launch Date	Launch Price	Current Price	Increase in Value	% Increase in Value
Project A: Two bed Villa	June 2005	\$350,000	\$925,000	\$575,000	164%
Project B: Four Bed Villa	May 2007	\$490,000	\$1,550,000	\$1,060,000	216%

For Cacao Pearl Island every effort has been made by our legal and due diligence department to make sure investor funds are as secure as they can possibly be. The use of trust agreements in this instance means that our buyer's money is protected whilst the developer obtains all the relevant permits and during the project construction. A great deal of time and effort is spent negotiating these protection measures and we feel this is where Property Frontiers excel in the market. Property Frontiers have been involved with this project for over 18 months to ensure this project is the best and most secure investment for our buyers.

For more details on Property Frontiers' previous track record please ask your consultant.



Taxation

For non-resident foreign individuals

The information below is specific to the Cacao Pearl project and will vary for other developments in the Philippines. For a full buyers guide for the Philippines, please refer to our website (<http://www.propertyfrontiers.com/research/country-guides/asia-pacific/philippines/buyers-guide.aspx>) or ask your consultant.

TAXATION WHEN PURCHASING/ACQUIRING PROPERTY

CATEGORY	TAX/FEE RATE
Documentary Stamp Tax	NIL (for leasehold rights transfer)
Preparation of deed of sale	NIL (for leasehold rights transfer)
Transfer tax	NIL (for leasehold rights transfer)
Value Added Tax (VAT)	NIL (normally 12%)
Fee for property registration	NIL (for leasehold rights transfer)

TAXATION WHEN HOLDING/OWNING PROPERTY

Income Tax on rents	25% on gross rental income**
VAT	12%**
Document Stamp Tax	Tenements or portions thereof at a rate of PHP3 on the first PHP2,000 and for every PHP1,000 in excess of the first P2,000 for each year of the term of the lease contract. Such tax allows for flexibility in terms of the period and the value for tax planning purposes. For a 1 bed Vega unit

TAXATION WHEN SELLING/DISPOSING PROPERTY

Income Tax (i.e. capital gains tax)	Subject to tax treaties*** - Article 12, paragraph 4 of the RP-UK Tax Treaty states: Capital gains from the alienation of these rights will be taxable only in the contracting state of which the alienator is a resident.
VAT	12%**; is normally passed onto the new buyer.
Document Stamp Tax	NIL (for leasehold rights transfer)
Estate Tax	NIL (for leasehold rights transfer)

* A non-resident under Philippines tax law is a person stays less than 180 days in Philippines in a year, regardless of the citizenship or nationality of this person.

** Enterprises registered with the Philippine Economic Zone Authority (PEZA) will benefit from certain tax incentives and/or exemptions for a certain period of time, including national and local taxes. These include tax for real property, taxes on land owned by developers, the taxes imposed on business establishments operating within the ECOZONE; in lieu thereof, five percent (5%) of the gross income earned by all business enterprises within the ECOZONE. NB: The developers of Cacao Pearl Island are currently applying for registration with PEZA subject to their approval.

*** Philippines has entered into double taxation agreement with many countries, including the UK and the USA. For more information on Philippine double taxation agreements with the UK, please refer to Home Revenue & Customs website: <http://www.hmrc.gov.uk/manuals/dtmanual/dt15300+.htm>

Property Frontiers Service



For the Property Frontiers service outlined below, a fee of \$3,500 is charged, a small expense for the security of research, diligence & management provided by Property Frontiers;

Market Research

Each potential global investment market has undergone careful analysis by our in-house research department. After extensive research into the economic performance and growth prospects of the country, our specialist sourcing teams select the best developments available and create a detailed Investment Prospectus presenting you with the key facts, and an honest opinion of the investment opportunity.

Investment Advice

Our investment advisors can then help you through the numerous options available. Your consultant will help you assess the best investment market and property for you, then guide you through the buying process. We're with you every step of the way, from choosing which unit to buy, through to the reservation and purchase processes, and mortgage options, via Frontiers Financial Services.

After Sales

Our team will liaise with each party to ensure initial contracts and payments are made within the relevant timescales. We also ensure you establish ongoing relationships with the developer, your legal representatives, and letting management firms linked to the development.

Next Steps

As you will have already realised this is a very unique and exciting project. Private island ownership is becoming rarer with every passing day. This resort community is a perfect example of nature at it's most beautiful combined with an unparalleled ethical philosophy. Upon your request we will be pleased to deliver further materials that will only serve to strengthen these claims.

Here at Property Frontiers we have a negotiated-position due to our longstanding support and excellent relationship with the developers. This is the last opportunity you will have to become a "First Member" of the Cacao Club so please contact our consultants to reserve your estate on this stunning beyond-eco island.



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Small Print

Important Information

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Enquiry Form

Cacao Pearl Island, Palawan, Philippines

If you would like to speak to a consultant to discuss the Cacao Pearl Island development in more detail, please complete and return this form. When you view the form on a computer, you can type directly into the text fields, or select options with the mouse, before either submitting electronically, or printing and sending to us by post or fax.

Property Details

Unit Type (if known)

Do you intend to purchase using a Mortgage? Yes No

Would you like to be contacted by Frontiers Financial Services to discuss your mortgage requirements? Yes No

Personal Details

Please write clearly in block letters and black ink

Full Name

Date of Birth

Country of Residence

Gender (please circle) Male Female

Address

Post Code

Phone

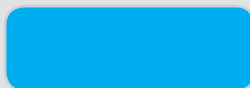
Mobile

Email

Fax

Nationality

Occupation



Having completed the form you can [submit it electronically](#) by clicking the 'Submit Form' button on the left. Alternatively, print it out and either post it to [Property Frontiers, 102-104 St Aldate's, Oxford, OX1 1BT](#) or fax to [01865 244 466](#).