

FAQ's – Frequently Asked Questions

If a Developer Investor exercises his option to convert his investment to a lot after 12 months, can he then purchase additional lots?

The Developer Investor has the option after 12 months to convert his investment to a Lot Owner Investor position, with no additional payment. There are only 10 Developer Investment positions available in Phase I of Tablas Highland Farm's project. 10 lots will be held in reserve for 12 months to be available for Developer Investors should they exercise this option. To the extent not all Developer Investors exercise this option, there will be extra lots available for purchase by the Developer Investors seeking them. On the other hand, should all Developer Investors exercise their option, there would be no additional lots available in Phase I. However, in such event, the developers will make available on a first come basis, additional lots to such Developer Investor(s) in Phase II of Tablas Highland Farm.

What if I want to sell my investment?

Just like any other real estate investment, you can sell your lot at any time. Income earned during a subsequent harvest would all be paid to the buyer of the land.

When do I receive the annual return on my investment?

Within 90 days following the completion of each harvest, each owner's proportionate share of profits will be distributed. Crops selected for planting have two harvests annually, so there will be two distributions annually.

Are there any risks?

As in all of life, and particularly in any business venture, there is risk. However, the developers are taking steps to mitigate their effects.

- **Disease:** there are a few well known pests and diseases that can affect organic crops, especially during the early planting. Our on-site farm management team of experts from the University of Eastern Philippines, assisted by experts from Canada and the Philippines Dept of Agriculture know exactly what to look for and how to treat any problems as soon as they occur.
- **Crop Insurance:** The developers will be purchasing crop insurance annually.

- Typhoons: Tablas Highlands Farm is located on the western side of Tablas Island so it is to an extent protected by not facing directly to the East. Further, Tablas is sheltered on the East by Sibuyon Island, and further to the East by Masbate and Northern Samar. Tablas Island does not face to the open Philippine Sea.

More importantly, the Pili nut tree is extremely resistant to severe weather. It is very hardy and has a high rate of survival against inclement weather.

- Further: Should there be a problem with the plantings on one or two lots, any potential loss is mitigated by the fact that for purpose of income distribution, income is determined on the basis of the earnings of the entire cooperative (i.e., earnings of all 40 lots). Thus, the loss on any one lot would be spread over the returns of all other lots.

Who manages my farm land?

Tablas Highlands Farm, which comprises 40 one hectare subdivided farm lots, will be managed by the developers (PhilAgriVest, Inc). It will enter into a 5 year contract with the cooperative (of which each lot owner is a member) to provide all farm management services during the initial 5 year period. Renewal or termination of the management agreement beyond that period will be determined by the cooperative members. The management fee for the initial 5 year period is included in the turnkey purchase price of the investment of each one hectare lot.

What percentage of taxes will I have to pay on the income?

The percentage of tax you will pay on your earnings will be determined by your own personal tax situation. If you are a resident of the Philippines, you will be subject to the tax rates in the Philippines for ordinary income, or at the rate for a corporation in the Philippines, depending on how you take title to your property. Personal tax rates in the Philippines range from a low of 5% to a maximum of 34%.

If you are a nonresident and you take title personally, you could be subject to the tax rate in your country of residence. This differs country to country, and some countries do not tax you on earnings outside of your country of residence. You would need to seek tax counsel as to your own personal tax situation.

The corporation tax rate is 32% of net taxable income, however the amount taxable can be reduced by expenses, such as paying yourself a salary as the president of your corporation. Those wages would be subject to the lower personal tax rates. You would need to seek tax counsel to determine what your many options would be to limit your total taxes paid.

How do I get clear title to my land?

The land is initially held in title by PhilAgriVest, Inc, the developer. It is being subdivided into 40 one hectare lots. When you lot is fully paid, title is transferred to you individually or to a corporation, at you option. For those selecting the installment payment option, title will be issued to you at time of final payment of the full purchase price

Why have you chosen Egg Plant as the primary quick cash crops during the first 5 year period?

Of all the quick cash crops we have researched, Egg Plant provides the highest profit margin.

How does the Investor Developer Investor receive his/her ownership shares of stock in PhilAgriVest, Inc?

This exchange of shares for cash will be handled by a major Philippine bank, yet to be chosen, who will act as an escrow agent. Funds will be remitted to a trust account, which will then be released to PhilAgrivest, Inc upon delivery to Developer Investor of his/her duly registered stock. PhilAgrivest, Inc is a duly registered corporation with the Philippines Security Exchange Commission.

How does the Lot Investor receive title to his land?

For those investors electing to make the full cash payment for their lot, the transaction will be handled similarly as for a Developer Investor. The proceeds will be placed into the bank trust account and thru the escrow process, will be transferred to PhilAgriVest, Inc at the time the free and clear title is delivered to the Lot Investor.

For those investors choosing the option of partial payment at settlement with the escrow department, they will enter into a installment purchase agreement which provides for the title to be issued to them upon final payment of the purchase price.

How can I buy a lot if I am not a Philippines citizen?

There are two ways to take title to land in the Philippines – personally or in a corporation. Personally, any Philippine citizen can take title personally to any size land. A Balikbayan (former Philippine citizen who has become the citizen of another country) can take title up to one hectare of agricultural land. Hence the primary reason we have subdivided the project into one hectare parcels. Most foreigners married to a Philippine citizen or a Balikbayan, who desire to hold title personally, therefore place title to the lot in the spouse's name.

For those foreigners married to a Philippines citizen, or those foreigners not married to a Philippine citizen, the option is to take title in a Philippine corporation. The corporation is not limited to the size of land it acquires. The sticking point for a corporation is that 60% of the ownership needs to be by Philippine citizens. Again, this is not a problem if you are married to a Philippine citizen. Further, the corporation only needs one signator on the corporation's bank account, and that can be a foreigner shareholder. So, in effect, the foreigner controls all money coming in and out of the bank account, and any proceeds should the property be sold.

However, if you are not married to a Philippine citizen, the corporation will need to designate "nominee" Philippine shareholders (individuals or a Philippines corporation) for the other 60% ownership.

What might appear to be a problem with this can be overcome by issuing the 60% stock to a Philippines corporation which enters into an agreement with the 40% shareholder (the foreigner) at time of taking title to the lot whereby (i) the 40% shareholder is paid a salary each year equal to the earning of the entire corporation that year, and (ii) the 60% shareholder agrees to "sell" their stock at any time, at the option of the 40% shareholder – specifically such time when (if) he/she decides to sell the lot. Effectively, the 40% shareholders has control over all earnings and all stock of the corporation. Since the 40% shareholder controls the bank account, that shareholder controls the distribution of any sales proceeds.

PhilAgriVest, Inc. owns corporations which specialize in being "nominee" corporation shareholders for foreigners without a Philippine spouse.

Who is handling the legal work for PhilAgriVest, Inc?

All legal documentation is being handled by the law firm of Attorney Joel Famador of Cebu City, Philippines.

