

Due Diligence Master File - The Farm - Arrandia

1. Deal Overview

- **Asset:** Arandia College / Yolanda's Integrated Farm & Resort
 - **Location:** Sitio Malinta, Brgy. Kabulusan, Magallanes, Cavite
 - **Transaction Type:** Asset acquisition (land + operating business)
 - **Asking Price:** PHP 30,000,000 (all-in)
 - **Seller-Proposed Terms:** PHP 20,000,000 down payment, PHP 10,000,000 balance upon completion of documentation and title transfer
 - **Buyer Strategy:** Land-led acquisition with cash-flow support; short-to-medium-term flip
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2. Land & Property Details

- **Titled Area:** ~3.3 hectares (≈32,474 sqm)
- **Title:** Certified Title Certificate (CTC / TCT provided by seller)
- **Classification:** Agricultural (with CR / mixed-use zonal classification per BIR)
- **Easement:** Adjacent easement claimed to be exclusive-use; legal confirmation required
- **Frontage:** ~111 meters
- **Access:** Cemented road access
- **Utilities:**
 - Meralco electricity

- Municipal water (with water meters)
 - PLDT & internet
 - **Natural Features:** Freshwater river adjacent to property (future use subject to permits)
 - **Flood History:** Seller claims no flooding history
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3. Independent Land Valuation

- **Market Value (Estimated):** PHP 3,500–4,500 / sqm
 - **BIR Zonal Value:** PHP 2,500–3,000 / sqm
 - **Implied Market Value:** ~PHP 113M–146M
 - **Implied Zonal Value:** ~PHP 81M–97M
 - **Entry Price:** ~PHP 900–925 / sqm
 - **Conclusion:** Acquisition price materially below zonal and market benchmarks; land alone underwrites downside
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4. Existing Structures & Assets (Seller-Provided)

- Farmhouse and buildings constructed with trusses
- Training buildings and facilities
- Piggery facilities
- Livestock pens and farm infrastructure
- Site development plans (gazebo, farmhouse, training buildings, resort concepts)
- All structures and on-site assets stated to be included in sale

5. Operating Business Overview

Core Activities

- TESDA-accredited training programs
 - Department of Agriculture / ATI-accredited agricultural training
 - Livestock production (piglets, pigs, goats)
 - Crop production (fruits and vegetables)
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6. Revenue (Seller-Provided)

TESDA & Training Income (Annualized)

- Senatorial vouchers (Sen. Aimee Marcos): ~PHP 2.8M
- TESDA vouchers: ~PHP 2.0M

Livestock & Agriculture

- Piglets, pigs, goats (mixed cycles): ~PHP 7.7M gross
- Fruits & vegetables: ~PHP 0.45M

Reported Gross Revenue: ~PHP 12.97M (clarified as cumulative over multiple cycles; normalized annually for analysis)

7. Expenses (Seller-Provided)

- Salaries & wages: PHP 720,000

- Utilities & electricity: PHP 90,000
- Telephone: PHP 36,000
- Food allowance: PHP 424,000
- Taxes & licenses: PHP 20,000
- Training costs: PHP 810,000
- Repairs & maintenance: PHP 150,000
- Feedstock: PHP 1,080,000
- Fuel (gasoline & oil): PHP 250,000

Total Stated Expenses: PHP 3,580,000 (later clarified by seller as covering ~3-year period; requires normalization)

8. Normalized Earnings View (Buyer Assessment)

- Seller financials are informal and mixed-period
 - After normalization and proper annualization:
 - **Estimated sustainable EBITDA:** PHP 3–4M per year
 - EBITDA excludes:
 - Financing structure
 - Buyer-specific taxes
 - Depreciation and amortization
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9. Permits, Licenses & Accreditations

- TESDA-accredited training center
- Department of Agriculture approval
- Agricultural Training Institute (ATI) approval
- Mayor's Permit
- BIR registration
- Building permits

Transferability: Seller states permits can be transferred or re-applied under new ownership; verification required

10. Staffing & Operations

- Current manpower not guaranteed to transfer
 - Seller states staffing will be under buyer's control
 - No long-term employment contracts disclosed
 - Seller willing to assist during transition and introductions to authorities
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11. Upside Opportunities (Not Priced at Entry)

- Expansion of TESDA training programs
 - Increased utilization of training facilities
 - Agri-tourism / resort development
 - Swimming pools using adjacent river water (subject to environmental and water permits)
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12. Key Risks & Open DD Items

- Legal confirmation of easement rights
 - Zoning and land-use confirmation
 - Verification of annualized revenue and costs
 - TESDA program continuity under new ownership
 - Environmental compliance for piggery and water use
 - Tax implications based on zonal value
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13. Deal Rationale

- Land acquired significantly below market and zonal value
 - Business provides EBITDA carry during hold period
 - Multiple exit paths (land-only, business + land, partial sell-down)
 - Well-suited for structured flip and Arca-style staged ownership
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14. Next Steps for DD Automation

- Title and encumbrance verification
- Zoning and classification confirmation
- Permit transfer checklist
- Normalized financial model build
- Environmental and water-use assessment

- Transaction structuring and conditions precedent

Prepared for internal due diligence and automation workflows. Not for seller distribution.