UPLB Agro-Industrial and Information Technology Parks Project
7 June 2021

The SGV Purpose
Nurture leaders and enable businesses for a better Philippines.

#SGVforABetterPhilippines
Market Sounding Webinar Program

1. Opening ceremonies
2. Opening message from UP
3. Opening message from PPP Center and overview of PPP
4. Site development plan, target phasing and development schedule
5. Economic overview, market profile and locator preferences
6. Financial forecasts
7. Project structure
8. Recap of key investment highlights of the AIP ITP
9. Closing remarks
10. Q&A
Opening ceremonies
National Anthem
Key reminders

Participants are enjoined to speak out their thoughts and opinions at the designated Question and Answer (Q&A) segment of the program.

There will be video recording of the whole session. The recording will be solely used for documentation purposes.

This is an information/feedback-gathering activity only. Participation in this activity does not translate to a company’s formal expression of interest to participate in the project.

Attendees of this activity are not given due advantage on the projects. Information disclosed are also open to all interested parties to ensure a level playing field come the bidding process.

Insights gathered will be solely used for the development of the studies for the UPLB Agro-Industrial and Information Technology Parks Project.
Speakers for today's session

Dr. Elvira A. Zamora  
Vice President for Development  
University of the Philippines System

Dr. Jose V. Camacho, Jr.  
Chancellor  
University of the Philippines Los Baños

Atty. Mia Mary G. Sebastian  
Deputy Executive Director  
Public-Private Partnership Center
Speakers for today's session

Ms. Lynn Tho
Team Leader/Project Finance Specialist
Partner, Ernst & Young Singapore

Atty. Jaime Renato B. Gatmaytan
Legal Specialist/Bid Manager
Partner, C&G Law

Atty. Fidela Francisca I. Reyes
Business Development Specialist
Partner, SGV & Co.

Ms. Marie Stephanie C. Tan-Hamed
Business Development Team
Partner, SGV & Co.

Ar/EnP Nathaniel von Einsiedel
Master Planner/Urban Planner
Principal Urban Planner, CONCEP, Inc.
Opening message from UP

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Vision for the AIP ITP

"...to be the preferred destination of locators for a robust academe-industry partnership...

...to be a hub for complementary and synergistic opportunities not just for the industry and academe but for the community as well through the augmentation of the labor market and the innovation space"
Opening message from PPP Center and Overview of PPP
Overview of Public-Private Partnerships

UPLB Agro-Industrial and Information Technology Parks Project
Market Sounding Webinar
7 June 2021

Mia Mary Sebastian
Deputy Executive Director
PPP Center of the Philippines
Infrastructure development, implemented via sound fiscal policies and governance frameworks, shall propel economic recovery and resiliency. Investments in transportation, food security, and social infrastructure (e.g., health, water and sanitation, digital connectivity, etc.) will stimulate investment, job creation, technological innovations, and economic development (particularly in the regions). Incorporation of resiliency measures (climate change, disaster risk and reduction, and emergency situations) in infrastructure projects will lead to resilient and sustainable infrastructure. Financing and implementation delivery mechanisms will include: Government financing (General appropriations, corporate funds), Government borrowings (Domestic & foreign debt, official development assistance (ODA)), Private sector financing (Public-private partnership (PPP)).
The PPP Center facilitates the implementation of the country’s PPP Program. It serves as a central coordinating and monitoring agency for all PPP projects.

- **Advocate for POLICY reforms to enhance enabling environment**
- **Conduct CAPACITY BUILDING activities to improve skills of agencies**

**PPP Center of the Philippines**

- Provide technical assistance in PROJECTS (development to implementation)
PPP projects

AWARDED PROJECTS
PHP 1,334 Billion
(USD 27.6 Billion)

<table>
<thead>
<tr>
<th>No.</th>
<th>PhP (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>131</td>
</tr>
<tr>
<td>Local</td>
<td>52</td>
</tr>
</tbody>
</table>

PROJECTS IN THE PIPELINE
PHP 7,254 Billion
(USD 149.9 Billion)*

<table>
<thead>
<tr>
<th>No.</th>
<th>PhP (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>44</td>
</tr>
<tr>
<td>Local</td>
<td>19</td>
</tr>
</tbody>
</table>

*Total cost does not include projects undergoing studies and with costs that are yet to be finalized

as of 30 April 2021
Pipeline of PPP projects

National PPPs (44)

- Transportation (airport, road, rail, port, and terminal) 31
- Health (hospital facilities and services) 6
- Vertical infrastructure / government property development 5
- IT system 2

Local PPPs (19)

- Water supply and sanitation 4
- Solid waste management 3
- Vertical infrastructure / government property development (e.g. university properties, public market, and slaughterhouse) 5

Emerging sectors in local PPPs

- Transportation (e.g. port, road, bus rapid transport [BRT], and terminal) 2
- Tourism 3
- IT system 2
- Health (hospital facilities and services) 2
- Renewable energy
PPP options for ecozone development

A. Integrated PPP approach

Integrated development

Private sector partner (PSP) to develop and maintain the entire ecozone

B. Unbundled approach - *Selected components via PPP*

Specific stand-alone projects

PSP to develop selected project component or deliver specific service in an ecozone

- Select ecozone areas
- Transport and logistics
- Support facilities
Select ecozone PPP projects

**Integrated development**

**UP Los Baños Agro-Industrial and Information Technology Parks**

- **Implementing agency:** University of the Philippines (UP)
- **Project location:** Los Baños, Laguna (Luzon)
- **Status:** Ongoing preparation of feasibility study
- **Expected bid date:** Q4 2021 - Q1 2022

**TIEZA Clark Tourism Enterprise Zone**

- **Implementing agency:** Tourism Infrastructure and Economic Zone Authority (TIEZA)
- **Project location:** Clark, Pampanga (Luzon)
- **Status:** On-going market sounding
- **Expected bid date:** Q3 2021

**Transport/logistics**

**Clark International Airport Expansion – EPC and O&M**

- **Implementing agency:** Bases Conversion and Development Authority
- **Project location:** Clark Special Economic Zone (CSEZ), Angeles City, Pampanga (Luzon)
- **Status:** Operational
- **Expected bid date:** Q4 2021 - Q1 2022

**San Ramon Newport**

- **Implementing agency:** Zamboanga City Special Economic Zone Authority
- **Project location:** Zamboanga Peninsula (Mindanao)
- **Status:** For approval of relevant government bodies
- **Expected bid date:** Q4 2021 - Q1 2022
PPP concept

• A long-term contractual agreement between government and a private firm
• Targeted towards financing, designing, implementing and operating infrastructure facilities and services
• That were traditionally provided by the public sector

Integrated approach (design + build + operate + maintain) can reduce whole-of-life project cost

More efficient delivery of public services by tapping private sector’s capacity and technology

Optimal risk allocation (where risk is allocated to party who can best manage it) can also reduce project cost
## PPP legal framework

<table>
<thead>
<tr>
<th>Implementing agency</th>
<th>RA 7718 (Amended BOT Law)</th>
<th>NEDA Joint Venture (JV) Guidelines</th>
<th>Local PPP Code or JV Ordinances</th>
</tr>
</thead>
<tbody>
<tr>
<td>National government agencies</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>GOCC, GCE, GICP, GFI, SUC (including WDs)</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Local government units</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Modes of procurement:**
- Solicited
- Unsolicited

**Further reference**
Visit the PPP Center website for other pertinent laws and issuances.

Access link: [https://ppp.gov.ph/other-pertinent-laws/](https://ppp.gov.ph/other-pertinent-laws/)
PPP contractual arrangement

**BOT Law and its IRR**

- **BOT/PPP agreement**
  - Government
  - Private sector
  - Provision/implementation of infrastructure/development projects or services

- Build-transfer (BT)
- Build-lease-transfer (BLT)
- Build-operate-transfer (BOT)
- Build-own-operate (BOO)
- Build-transfer-operate (BTO)
- Other contractual arrangements as may be approved by the President

**2013 NEDA JV Guidelines or LGU PPP Ordinances**

- **Joint venture**
  - Jointly undertakes (directs and governs) an investment activity
  - Government
  - Private sector
  - Pools money/capital, services, and/or assets
  - Shares risks & rewards
  - 50% or less
Mactan-Cebu International Airport (operational)

Bislig Bulk Water Supply and Septage (under development)

UP Philippine General Hospital (PGH):
  - PGH Cancer Care in Manila
  - PGH Diliman (under evaluation and approval)

PARTNERSHIPS
For further information, please visit:

www.ppp.gov.ph

For inquiries, kindly e-mail:
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JBSantiago@ppp.gov.ph

Maria Cecilia C. Reyes
MCReyes@ppp.gov.ph
Public sector parties involved

The University of the Philippines (UP) and Public-Private Partnership (PPP) Center, with the technical assistance of SyCip Gorres Velayo & Co. (SGV) through the Project Development and Monitoring Facility, is developing the University of the Philippines Los Baños (UPLB) Agro-Industrial and Information Technology Parks Project.
Market sounding activity objectives

The government intends to sound off the initial project scope and potential private sector role for the proposed UPLB Agro-Industrial and Information Technology Parks Project.

The government intends to foster a broadly competitive procurement. The activity may reduce time spent for securing partnerships by engaging with the private sector at an early stage.

Gather private sector insights on the proposed scope and potential participation/role in the project such as:

- Interest as a developer/contractor, supplier, operator, financing institution
- Experience on similar projects
- Possible points for improvement in the structuring of these projects (i.e., technical and financial aspects)
- Other points/components that should be considered in the study
- Identify potential challenges and risks

What would we like to know?

- Project viability
- Capacity
- Private sector capability
- Maturity of the concept
Project Overview

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Site development plan
The UPLB AIP ITP has a land area of around 70 hectares, and is intended to concretize the University’s scientific and technological innovations.

Project site images
The UPLB AIP ITP is accessible through the university, through the IPB road or via commuter railway.

The site is accessible through the following sections:
1. Manila South Rd. (MSR) - Jamboree Rd.
2. MSR - Lopez Ave. leading to the main gate.
3. MSR - Pili Drive (driveway to UP Open University)
4. Institute of Plant Breeding (IPB) Rd. - Gov. F.T. San Luis Rd

In December 2019, the Philippine National Railways (“PNR”) revived its commuter service to Los Baños by adding five stations from its Calamba Station:
- 1 - Pansol Station: flagstop using movable stairs for boarding & alighting
- 2 - Masili Station: flagstop using movable stairs for boarding & alighting
- 3 - Los Baños Station: side platform in the original station
- 4 - College Station (UPLB): side platform in the original station
- 5 - International Rice Research Institute (IRRI): flagstop using movable stairs for boarding & alighting
The UPLB AIP ITP’s development will be guided by the overall vision of the University for the site.

“Establish robust academe-industry partnerships where university researchers and scientists will play a central role in delivering innovative products, services, and provide their expertise to the industry”
The UPLB AIP ITP provides access to various academic and research facilities...
...and is planned to have access to open spaces and recreational amenities...
...and access to institutes for advanced research under the UPLB Master Development Plan.
Moreover, a National Zoonoses Center will be established to strengthen the country’s response towards emerging and re-emerging infectious diseases.

Mission

A leading zoonoses research and knowledge resource center in Asia contributing to the advancement of One Health through disease prevention and management

Vision

To enhance capacities on zoonoses detection, prevention and response to outbreaks in protecting animal and human populations

Operational framework

- Research
  - Microbial research
  - Parasite and vector biology
  - Epidemiology
  - Wildlife
  - Food and feed safety
  - Animal research

- Public service
  - Training and workshops
  - Seminars, conference, fora
  - Policy briefs
  - Evidence-based recommendations
  - Knowledge products
  - Analytical services

- National Zoonoses Center

- Development
  - Vaccine discovery and development
  - Drug discovery
  - Diagnostic tools
  - Biosensors
A conceptual masterplan was developed for the UPLB AIP ITP, with designated zones for agribusiness, IT and science & technology.

- Proposed to operate based on the principle of “industrial ecology”.
- The facilities are expected to support UPLB’s vision of robust academe-industry partnerships in the AIP ITP, these include academic and research institutes, office buildings, factory buildings, and laboratories, among others.

### Concept masterplan zone details

<table>
<thead>
<tr>
<th>Zone</th>
<th>Expected locators</th>
<th>Land area</th>
<th>Lot range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Science and technology park zone</td>
<td>Government and private research centers, start-ups and business incubators</td>
<td>4.0 ha</td>
<td>3,000 to 3,500 sqm</td>
</tr>
<tr>
<td>Information technology park zone</td>
<td>Knowledge process outsourcing, IT and technology companies</td>
<td>7.5 ha</td>
<td>1,000 to 1,200 sqm</td>
</tr>
<tr>
<td>Agro-industrial park zone</td>
<td>Agribusiness, Agri-technology and food processing</td>
<td>22.0 ha</td>
<td>5,000 to 5,500 sqm</td>
</tr>
</tbody>
</table>

Legend:
- Science & Technology Park (STP)
- Information & Technology Park (ITP)
- Agricultural & Industrial park (AIP)
- IPB Complex
- Commercial Development
- Green Areas / Utilities
The UPLB AIP ITP’s designated zones will be supported by the needed support infrastructure such as utilities, green areas and a commercial zone.

- Infrastructure will include basic systems and support facilities, such as power and water supply, access roads, telecoms, security facilities, materials recovery facility, sewage treatment plant, and parking areas, among others.

Concept masterplan zone details

<table>
<thead>
<tr>
<th>Zone</th>
<th>Expected locators</th>
<th>Land area</th>
<th>Lot range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial zone</td>
<td>Commercial center of the Park</td>
<td>1.5 ha</td>
<td>-</td>
</tr>
<tr>
<td>Green area / utilities</td>
<td>Green open parks, basic systems and support facilities</td>
<td>9.3 ha</td>
<td>-</td>
</tr>
</tbody>
</table>

Legend:
- Science & Technology Park (STP)
- Information & Technology Park (ITP)
- Agricultural & Industrial park (AIP)
- IPB Complex
- Commercial Development
- Green Areas / Utilities

Potential expansion areas of the UPLB AIP ITP total to an area of 219 ha. These potential expansion areas are still subject to the review and approval of relevant authorities and are currently not part of the Project.
Economic overview and market profile
The Philippine GDP has consistently grown by over 6.0% per annum from 2015 to 2019 and is expected to bounce back to this same level after the pandemic amid the COVID-19 pandemic in 2020.

- Gross domestic product (GDP) contracted by 9.6% from 2021 to 2022. Over the same period, ADB’s forecast is at 4.5%, the World Bank’s forecast is at 5.5%, while the IMF’s forecast is at 6.9%.
- The government implemented major initiatives such as the stimulus package PH-Progreso (Bayanihan 1, 2, & 3), COVID-19 vaccination program, and the Strategic Investment Priority Plan (SIPP).

- The Philippines ranked 64th out of 141 countries in terms of Global Competitiveness Index (GCI) and 95th out of 190 economies in terms of Ease of Doing Business.

Source: PSA, World Bank, World Economic Forum, DBCC, ADB, IMF WEO
CALABARZON remained the second largest economy in the country next to the NCR, accounting for 14.5% of the total 2020 GDP.

In CALABARZON, the industry sector has the largest share approximately at 49.4%, followed by the services sector with 44.8% and the AFF sector with the least share at 5.7%.

Total approved foreign and local investments in CALABARZON as of Q4 2020 amounted to PhP174.3bn, higher by 7.5% from Q3 2020.

The region also has the highest total approved investments, accounting for 64.5% of the total FI as of Q4 2020.
CALABARZON hosts ecozones which provide significant employment and economic growth both in the region and in the country.

Cumulative foreign direct investments in Luzon per region, 2014-2020

A significant majority of the foreign direct investments (“FDIs”) in Luzon made from 2014 until 2020 is invested in CALABARZON averaging of at least 50% of total Luzon FDIs - well exceeding FDIs into NCR.

Economic zones in the region

- CALABARZON attracts investors with its strategic location, good business climate, booming tourism sector, and vast pool of human resource. Laguna houses the highest number of ecozones among the provinces in the region.

Source: PSA, PEZA

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A research and technology-oriented agricultural industrial zone can take advantage of the opportunities and address the gaps across the country's agricultural value chain.

**Opportunities and gaps across the agriculture value chain in the Philippines**

### Supply
- Diverse range of agricultural products
- Strict lockdown measures placed harvest at risk of spoilage

### Processing and productivity
- Expected increase in future investments in this sector due to announcement of the government to increase agricultural productivity
- Agricultural processing remains unestablished
- Lack of production capacity for agricultural chemicals
- Agriculture failed to keep up with population growth

### Distribution and retail
- Widening market for agricultural products
- ASEAN integration could limit domestic production due to competition

### Yields and harvest
- Increase in yields over the past two decades
- High-value aquaculture and rubber sector are receiving government attention
- Potential commercialization of genetically-modified seeds for several crops
- Philippines has a strong track record in agricultural research

### Logistics and storage
- Inadequate logistics and infrastructure
- Expensive transport costs
- Logistical concerns over the short-term due to the pandemic

Source: Fitch Solutions, ADB, FAO, WBG

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A new IT park can potentially accommodate the future demand for high-skilled IT-BPM services given the industry’s expected growth in the future.

The Philippines is the leading offshore-nearshore location for healthcare services delivery.

**IT-BPM services market revenue growth rate, 2019 to 2022**

- **2019:** USD 26.3 billion
- **2020E:** USD 26.2 billion
- **2021F:** USD 26.8 billion
- **2022F:** USD 27.9 billion

**Projected Revenue Growth Rate, 2019 to 2022**

- **2019:** 26.3%
- **2020E:** 26.2%
- **2021F:** 27.4%
- **2022F:** 29.1%

**IT-BPM services market headcount growth rate, 2019 to 2022**

- **2019:** 1.3 million FTEs
- **2020E:** 1.3 million FTEs
- **2021F:** 1.35 million FTEs
- **2022F:** 1.43 million FTEs

**Projected Headcount Growth Rate, 2019 to 2022**

- **2019:** 5.0%
- **2020E:** 2.7%
- **2021F:** 1.32%
- **2022F:** 1.37%

Source: IBPAP

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Locator preferences
Most respondents were willing to locate in the AIP ITP, with the majority involved in agriculture, agricultural technology, and manufacturing.

70.0%
70.0% of respondents were willing to locate in the Park

79.0%
79.0% of respondents are willing to outsource their R&D to external research facilities

96.0%
96.0% of respondents considered fiscal incentives and availability of utilities within an ecozone as key considerations

Survey participants profile

- Agriculture: 20%
- Manufacturing (e.g. food, coconut products, etc.): 20%
- Agricultural technology: 33%
- Business Processing/Shared Services: 13%
- Agricultural education technology: 7%
- Biotech or animal nutrition: 7%

Source: SGV survey
Fiscal incentives, access to infrastructure and skilled workers, and contribution to business growth are main considerations for potential locators

<table>
<thead>
<tr>
<th>Locators’ key considerations when locating in an SEZ</th>
<th>Competitive advantages expected from an SEZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal incentives</td>
<td>Fiscal incentives</td>
</tr>
<tr>
<td>96%</td>
<td>87%</td>
</tr>
<tr>
<td>Availability of utilities/infrastructure within the ecozone</td>
<td>Infrastructure within the industrial park that promotes synergies and economies of scale</td>
</tr>
<tr>
<td>96%</td>
<td>74%</td>
</tr>
<tr>
<td>Proximity to access infrastructure, major population and distribution centers, and commercially relevant raw materials</td>
<td>Proximity to access infrastructure for import and/or export</td>
</tr>
<tr>
<td>78%</td>
<td>65%</td>
</tr>
<tr>
<td>Would contribute to the growth of the company's business</td>
<td>Access to skilled workers within the vicinity</td>
</tr>
<tr>
<td>74%</td>
<td>57%</td>
</tr>
<tr>
<td>Availability of facilities within the ecozone</td>
<td>Access to research facilities</td>
</tr>
<tr>
<td>74%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Source: SGV survey

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Possible fiscal incentives eligible for the partner-developer and locators include income tax holiday, enhanced deductions, and input VAT incentives

<table>
<thead>
<tr>
<th>Tax</th>
<th>Partner-developer</th>
<th>Locator - Exporter</th>
<th>Locator - Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax</td>
<td>6 years ITH + 5 years enhanced deductions as DME</td>
<td>6-7 years ITH + 10 years SCIT or enhanced deductions</td>
<td>6-7 years ITH + 5 years enhanced deductions</td>
</tr>
<tr>
<td>Input VAT</td>
<td>VAT exemption on importation and VAT zero rating on purchases on goods and services directly and exclusively used in the registered activity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real property tax</td>
<td>Subject</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local business tax</td>
<td>Subject</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The CREATE Law became effective on 11 April 2021. The IRR should be released within 90 days from effectivity (July 10, 2021). The information indicated here are based on current understanding of the CREATE Law, and may change depending on the IRR and more specific guidelines to be issued.

SCIT is 5% tax on gross income earned in lieu of all national and local taxes, except real property taxes on land owned.

DME = Domestic Market Enterprise

Source: CREATE
The development of the SLEX Toll Road 4 and LLRN Phase 2 will benefit the AIP ITP upon these road networks’ completion.

Future developments in the national road network near the Park will benefit its locators:

- **South Luzon Expressway ("SLEX") Toll Road 4**
  - A 36.9 km extension from Calamba, Laguna to Tayabas/Lucena, Quezon. It is expected to be completed by 2023.

- **DPWH Laguna Lakeshore Road Network ("LLRN") Project**
  - Phase 1 is a 37.6 km expressway from Bicutan, Taguig to Calamba, Laguna. This is expected to be completed by 2024.
  - Phase 2 is a potential 15 km extension of the LLRN Project from Calamba to Los Baños. Its development will depend on the timeline of Phase 1, its funding and implementation.

Source: DPWH
UPLB's pool of talents are valuable assets for the SEZ

Number of admin and faculty employed by UPLB, Term 2 - 2020

2,658

There are 1574 admins employed by UPLB and 1084 faculty members with an average tenure of 14.86 years.

UPLB's student population consists of 9,492 undergraduates and 2,041 graduate students.

Number of students enrolled in UPLB, Term 2 - 2020

11,533

BS Biology, BS Agricultural and Biosystems Engineering, BS Development Communication, BS Forestry, and BS Agriculture were given the ASEAN University Network Quality Assurance (AUN-QA) Certificate.

Top 5 UPLB undergraduate degrees by headcount, Term 2 AY2020-21

- BS Biology
- Dr. of Veterinary Medicine
- BS Forestry
- BS Computer Science
- BS Agriculture

Top 5 UPLB graduate degrees by headcount, Term 2 2020

- MS in Environmental Science
- MS in Animal Science
- M Development Management & Governance
- MM in Business Management NT
- MS in Microbiology

Top 5 UPLB PhD degrees by headcount, Term 2 2020

- Dr. of Philosophy in Development Studies
- Dr. of Philosophy in Environmental Science
- Dr. of Philosophy in Development Communication
- Dr. of Philo in Animal Science
- Dr. of Philosophy in Agricultural Engineering

Source: UPLB, SGV analysis
The UPLB AIP ITP has world-class research facilities, with ISO certification and status as centers of excellence in research

ISO Certified Laboratories: Philippine National Collection of Microorganisms and Central Analytical Services Laboratory

6 Centers of Excellence in Research

1. National Institute of Molecular Biology and Biotechnology ("BIOTECH")
2. Institute of Plant Breeding ("IPB")
3. National Crop Protection Center ("NCPC")
4. Farming Systems and Soil Resources Institute
5. Institute of Food Science and Technology ("IFST")
6. Institute of Animal Science

Source: UPLB

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Project structure
The Project involves the design, financing, development, and operation of the UPLB AIP ITP, which will all be managed by the private sector.

- **Design**: Involves site master planning, which includes planning principles and considerations, preparing the site and plots layout, zoning within the park and infrastructure assessment and planning.

- **Financing**: Explore a range of possible financing structures, mechanisms and funding sources, based on the AIP ITP’s cost and revenue streams.

- **Development**: Overall land development; development of the Agro-industrial, Information Technology, and Science and Technology Parks; development of support infrastructure.

- **Operation & Maintenance**: Ensure effective utilities connections and network management, and manage, maintain and repair all of the industrial park’s facilities or contract with specialized service contractors to do so.

Preliminary data only. Subject to change.
Financial highlights
SEZ is primarily composed of the AIP Zone, covering 37.3% of total land area; base-case development cost is estimated at PhP1.0b

**Special economic zone composition**

<table>
<thead>
<tr>
<th></th>
<th>Land area, in sqm</th>
<th>Land area, in %</th>
<th>No. of plots</th>
<th>Ave plot area, in sqm</th>
<th>Total plot area in sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leasable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STP Zone</td>
<td>40,325</td>
<td>7.5%</td>
<td>11</td>
<td>3,500</td>
<td>38,500</td>
</tr>
<tr>
<td>ITP Zone</td>
<td>75,221</td>
<td>14.0%</td>
<td>72</td>
<td>1,000</td>
<td>72,000</td>
</tr>
<tr>
<td>AIP Zone</td>
<td>200,553</td>
<td>37.3%</td>
<td>40</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Commercial Zone</td>
<td>15,003</td>
<td>2.8%</td>
<td>18</td>
<td>800</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>331,101</td>
<td>61.5%</td>
<td>141</td>
<td>nmf</td>
<td>nmf</td>
</tr>
<tr>
<td><strong>Non-leasable</strong></td>
<td>207,232</td>
<td>38.5%</td>
<td>nmf</td>
<td>Nmf</td>
<td>nmf</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>538,333</td>
<td>100.0%</td>
<td>141</td>
<td>nmf</td>
<td>nmf</td>
</tr>
</tbody>
</table>

**Total estimated development cost**

PhP1.0b

- Total estimated development cost is estimated to total PhP1.0 billion, including +14.0% other cost contingency adjustment across all development cost types.
- Horizontal costs includes green areas and utilities and land development costs. Land development includes siteworks, roadway and landscaping, among others.

**Development cost share**

- STP Zone, PhP113.4m, 11.8%
- ITP Zone, PhP212.1m, 22.2%
- AIP Zone, PhP589.3m, 61.6%
- Commercial Zone, PhP42.4m, 4.4%

**Lease assumptions, base**

- PhP36/sqm
- Average service lots lease rate per month per sqm
- 6 years ITH
- Income tax holiday from start of commercial operations
- 5.0%
- Lease escalation rate per year
- 90.0% in 5 years
- Ave. mature occupancy rate starting year 3 of each phase

**Tax assumptions, base**

- 5 years ED
- Enhanced deductions (ED) for five (5) years from the start of commercial operations:
  - +10% enhanced deduction for buildings’ depreciation
  - +50% enhanced deduction for direct labor

**Concession period**

- 50 years
- Concession period for 50 years from 2022 to 2071
- NOLCO in the first 3 years of commercial operations may be carried over the next 5 consecutive taxable years

**Development schedule**

- Phase 1
  - 2022: 40.0%
  - 2023: 40.0%
  - 2024: 20.0%
  - 2025: 0%
  - 2026: 0%
  - 2027: 0%
- Phase 2
  - 2023: 40.0%
  - 2024: 40.0%
  - 2025: 20.0%
  - 2026: 0%
  - 2027: 0%
- Phase 3
  - 2024: 20.0%
  - 2025: 0%
  - 2026: 0%
  - 2027: 0%

Source: CONCEP, SGV analysis, Lee Chiu Appraisal Report, Oxford Economics

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Preliminary data only. Subject to change.
Financial highlights

**PhP23.3b**

Total revenue from 2024 to 2071

~87.3%  ~78.0%

PhP21.5b total gross profit; or 87.3% average gross profit margin

PhP20.7b total EBITDA; or 78.0% average EBITDA margin

**Occupancy rate**

90% by 2030

By 2030, the SEZ will reach its maximum occupancy rate.

**Expected max occupancy in sqm**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Total plot area</th>
<th>Mature occupancy rate (90%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STP Zone</td>
<td>38,500</td>
<td>34,650</td>
</tr>
<tr>
<td>ITP Zone</td>
<td>72,000</td>
<td>64,800</td>
</tr>
<tr>
<td>AIP Zone</td>
<td>200,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Commercial</td>
<td>14,400</td>
<td>12,960</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>324,900</strong></td>
<td><strong>292,410</strong></td>
</tr>
</tbody>
</table>

**Source:** CONCEP, SGV analysis, Lee Chiu Appraisal Report, Oxford Economics

**Project cashflows**

Leasing period

<table>
<thead>
<tr>
<th>Year</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2025</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>2071</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Occupancy rate escalation in sqm**

<table>
<thead>
<tr>
<th>Year</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>...</th>
<th>2071</th>
</tr>
</thead>
<tbody>
<tr>
<td>STP Zone</td>
<td>1,890</td>
<td>6,930</td>
<td>14,018</td>
<td>21,420</td>
<td>28,350</td>
<td>32,760</td>
<td>34,650</td>
<td>...</td>
<td>34,650</td>
</tr>
<tr>
<td>ITP Zone</td>
<td>3,240</td>
<td>11,880</td>
<td>24,840</td>
<td>38,880</td>
<td>51,840</td>
<td>60,480</td>
<td>64,800</td>
<td>...</td>
<td>64,800</td>
</tr>
<tr>
<td>AIP Zone</td>
<td>9,450</td>
<td>33,975</td>
<td>69,975</td>
<td>108,900</td>
<td>144,900</td>
<td>168,300</td>
<td>180,000</td>
<td>...</td>
<td>180,000</td>
</tr>
<tr>
<td>Commercial Zone</td>
<td>648</td>
<td>2,376</td>
<td>4,968</td>
<td>7,776</td>
<td>10,368</td>
<td>12,096</td>
<td>12,960</td>
<td>...</td>
<td>12,960</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,228</strong></td>
<td><strong>55,161</strong></td>
<td><strong>113,801</strong></td>
<td><strong>176,976</strong></td>
<td><strong>235,458</strong></td>
<td><strong>273,636</strong></td>
<td><strong>292,410</strong></td>
<td>...</td>
<td><strong>292,410</strong></td>
</tr>
</tbody>
</table>

**% of total service lots**

<table>
<thead>
<tr>
<th>Year</th>
<th>5%</th>
<th>17%</th>
<th>35%</th>
<th>54%</th>
<th>72%</th>
<th>84%</th>
<th>90%</th>
<th>...</th>
<th>90%</th>
</tr>
</thead>
</table>

Preliminary data only. Subject to change.
Net project cash flow is expected to increase 4x from Scenario 2 to Scenario 3 as vertical developments in the STP and ITP increase net leasable area

Project cash flows value-added bridge

<table>
<thead>
<tr>
<th>Lease assumption</th>
<th>Value added bridge scenarios:</th>
<th>Project cash flow comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PhP36/sqm</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average serviced lots lease rate per month per sqm</td>
<td>▶ Base-case scenario – Purely land development scenario. Total development cost amounts to PhP1.0b.</td>
<td><strong>Business model</strong></td>
</tr>
<tr>
<td></td>
<td>▶ Scenario 2 – Assumes vertical development of the Commercial Zone. Total development cost amounts to PhP1.9b.</td>
<td><strong>Base scenario</strong></td>
</tr>
<tr>
<td></td>
<td>▶ Scenario 3 – Assumes vertical development of the Commercial, STP and ITP Zones. Total development cost amounts to PhP10.0b.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▶ Scenario 4 – Assumes vertical development of all the Zones. Total development cost amounts to PhP12.1b.</td>
<td></td>
</tr>
<tr>
<td><strong>PhP575/sqm</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average building / space lease rate per month per sqm</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Project cash flow comparison**

<table>
<thead>
<tr>
<th>Business model</th>
<th>Base scenario</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
<th>Scenario 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease revenue</td>
<td>23,237</td>
<td>38,565</td>
<td>161,119</td>
<td>195,140</td>
</tr>
<tr>
<td>Cost of lease and operating expenses</td>
<td>(863)</td>
<td>(1,194)</td>
<td>(3,787)</td>
<td>(4,478)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(4,985)</td>
<td>(8,282)</td>
<td>(34,895)</td>
<td>(42,348)</td>
</tr>
<tr>
<td>Capex, including maintenance</td>
<td>(1,397)</td>
<td>(2,316)</td>
<td>(10,584)</td>
<td>(12,722)</td>
</tr>
<tr>
<td><strong>Project net cash flow (in PhP’m)</strong></td>
<td>15,992</td>
<td>26,773</td>
<td>111,853</td>
<td>135,592</td>
</tr>
</tbody>
</table>

Note: Buildings’ net leasable area (NLA) for Commercial Zone is 16,128 sqm, STP, ITP, and AIP Zones has 43,120, 80,640, and 32,000 sqm buildings’ NLA, respectively.

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Preliminary data only. Subject to change.
Recap of key investment highlights
The UPLB AIP ITP is expected to be one of the first science and technology-oriented economic zones, having access to UPLB’s talent and research centers, and is expected to benefit the local and national community as a whole.

Access to talent

The Project is within the vicinity of UPLB and is easily accessible to UPLB’s students, faculty and research facilities, on top of other talent from the various colleges and universities in Laguna.

Fiscal incentives

The partner-developer and locators will be able to avail fiscal incentives such as income tax holiday, enhanced deductions and special corporate income tax.

Market niche

The Project will become an industrial park with a particular focus on science and technology, one of the first in the country.

Financial returns

Initial financial model runs result to adequate financial returns assuming market-based development costs and lease rates.

Economic programs

The Project will highly contribute to the achievement of the Regional Development Plan of CALABARZON to meet NEDA’s targets through collaborative R&D programs for the academe, industry and government.

Location

The Project is located in CALABARZON, one of the fastest developing regions in the country, and will significantly benefit from future national road developments.
Project Indicative Timeline

3Q 2021
Completion and Approval of Feasibility Study

4Q 2021 to 1Q 2022
Project Approval

2Q 2022
Publication of Invitation to Bid
The SGV Purpose
Nurture leaders and enable businesses for a better Philippines.

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Q&A

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