PROPOSED ACQUISITION BY UNIVERSAL ROBINA CORPORATION
OF ASSETS OF CENTRAL AZUCARERA DON PEDRO, INC. AND
ROXAS HOLDINGS, INC. (M-2018-021)

Pursuant to Rule 12 of the PCC Rules on Merger Procedure (the “Rules on Merger Procedure”), Universal Robina Corporation (“URC”) hereby proposes the following Commitments (the “Commitments”) to the Philippine Competition Commission (the “Commission”) with a view to rendering the proposed acquisition by URC of assets of Central Azucarera Don Pedro, Inc. and Roxas Holdings, Inc. (the “Transaction”) compatible with the Philippine Competition Act.

[] Compliance by URC with the Commitments shall be monitored by the monitor appointed by the Commission (the “Monitor”).

Section A.  The Commitment to Increase Sugar Recovery Rates

Commitment

1. URC shall, post-Transaction, increase the current average Reduced Overall Recovery ESG Rates for the URC sugar mill at Balayan (the “Balayan mill”) and the Central Azucarera Don Pedro, Inc. mill at Nasugbu (the “CADPI mill”) as follows:

(a) For the Balayan mill, an increase from 79.44 to 81 in crop year 2018-2019; an increase from 81 to 82 in crop year 2019-2020; and at the very least maintain the Reduced Overall Recovery ESG Rate of 82 until crop year 2027-2028; and

(b) For the CADPI mill, an increase from 82 to 83 in crop year 2019-2020; an increase from 83 to 84 in crop year 2020-2021; an increase from 84 to 85 in crop year 2021-2022; and at the very least maintain the Reduced Overall Recovery ESG Rate of 85 until crop year 2027-2028.

2. URC shall, post-Transaction, ensure that the weekly Reduced Overall Recovery ESG Rates post-Transaction do not go below the adjusted lowest weekly Reduced Overall Recovery ESG Rates in the four crop years preceding the Transaction as set out in Table 1B below. The commitment as it relates to increasing or maintaining Reduced Overall Recovery ESG Rates addresses the continued efficient operation of the mills.

3. URC shall, post-Transaction, ensure that the actual raw sugar distributed to planters who have their cane milled at the Balayan and CADPI mills shall be no less than the planters’ share of the theoretical raw sugar output (“Theoretical Sugar”) estimated to be produced from the milling of the delivered cane as indicated in the pesada (or the cane weight and juice analysis report) given to the planter as the record of the cane delivery. The commitment as it relates to distributing Theoretical Sugar to the planters addresses the actual volume of sugar received by the planters and operates independently of the actual efficiency of the mills (such that if the actual sugar produced is less than the Theoretical Sugar, the mill will be required to keep the planter whole by reducing the mill share).
4. URC shall allow planters to observe the sampling and analysis of milling products and by-products. The commitments in this and the foregoing paragraphs shall be referred to as the “Commitment to Increase Sugar Recovery Rates”.

5. The Commitment to Increase Sugar Recovery Rates shall be in effect for the 10 crop years following completion of the Transaction. As used herein and hereafter, a “crop year” shall mean the 12-month period from September 1 to August 30.

Discussion

6. Each sugar mill is comprised of two major sections – the extraction section or the “mill” and the boiling house section.

(a) The mill extracts the juice from the cane by pressing the cane with rollers. The juice extracted from the first pressing of the cane is referred to as the “first express juice”, which has the highest purity and is the major indicator of the quality of the cane. After extraction of the first express juice, the cane is pressed several more times. The combination of the first express juice and the juice extracted during subsequent pressings is referred to as the “mixed juice”.

(b) In the boiling house section, the mixed juice is clarified, evaporated, and crystallized into raw sugar.

7. The primary determinant of the volume and quality of the raw sugar produced is the quality of the cane input. During the extraction process, a higher fiber content in the cane will result in greater loss of sugar or lower extraction.1 During the boiling process, a higher purity of the mixed juice will result in greater recovery.2

8. Notwithstanding the foregoing, two formulae are used in the sugar industry to measure the efficiency or performance of the mill and the boiling house, independent of the quality of the cane input. The “Reduced Extraction”3 formula measures the efficiency of the mill while the “Reduced Recovery ESG” formula 4 measures the efficiency of the boiling house. Higher values of the two formulae indicate greater efficiency of the mill and the boiling house. Multiplying the two formulae results in the “Reduced Overall Recovery ESG” rate.

(a) Reduced Extraction is the amount of weight units of sugar (known as “pol”), that is extracted by the mill per 100 weight units of pol originally present in the cane if the fiber content of the cane is 12.5%. A higher reduced extraction rate indicates that less pol remains in the bagasse.

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1 E. Hugot, Handbook of Cane Sugar Cane Engineering (Second Edition, 1972) 314 [hereafter, HCSE].
2 Id., 785.
3 Id., 314-315.
4 Id., 785-786.
(b) Reduced Recovery ESG is the amount of weight units of pol that is recovered in the commercially produced sugar per 100 weight units of pol in mixed juice if the purity of mixed juice is 85%. A higher reduced recovery ESG rate indicates that less pol remains in the filter cake and molasses.

9. As mentioned, the Reduced Overall Recovery ESG formula measures the efficiency or performance of the mill independent of the quality of the cane input. When planters deliver cane to the sugar mill, the planters are given a pesada or cane weight and juice analysis report that includes characteristics of the cane delivered including the Theoretical Sugar estimated to be produced by such cane.

10. Theoretical Sugar is calculated using the following attributes of the cane delivered: brix, pol, apparent purity, and fiber content. At the Balayan mill, the foregoing attributes (excluding fiber content) are determined by taking a composite sample of the first express juice produced during the first pressing of the cane (with the fiber content estimated based on historical data). On the other hand, at the CADPI mill, the foregoing attributes (including fiber content) are measured by taking a core sample of the delivered cane. The formulae for calculating Theoretical Sugar at the Balayan mill\(^5\) and at the CADPI mill\(^6\) are set out in Annexes A-1 and A-2, respectively.

11. The Sugar Regulatory Administration (“SRA”) releases an Annual Synopsis at the end of each milling season summarizing the performance of all sugar mills. The data in the Annual Synopsis are based on the Weekly Factory Statements that are submitted by each mill to SRA. The Weekly Factory Statements contain information on sugar recovery rates at each sugar mill.

12. The annual Reduced Overall Recovery rates of the Balayan and CADPI mills for the four crop years preceding the Transaction are set forth in Table 1A below.

<table>
<thead>
<tr>
<th>Crop Year</th>
<th>Balayan Mill Reduced Overall Recovery ESG</th>
<th>CADPI Mill Reduced Overall Recovery ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td>80.49</td>
<td>81.14</td>
</tr>
<tr>
<td>2014-2015</td>
<td>76.66</td>
<td>82.44</td>
</tr>
<tr>
<td>2015-2016(^7)</td>
<td>80.02</td>
<td>82.21</td>
</tr>
<tr>
<td>2016-2017(^8)</td>
<td>[80.61]</td>
<td>[82.22]</td>
</tr>
</tbody>
</table>

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\(^6\) Id., 305-306.

\(^7\) The 2015-2016 crop year is the first crop year after the acquisition by URC of the Balayan mill.

\(^8\) Based on unofficial data from the Sugar Regulatory Administration.
| Average | [Confidential] | [Confidential] |
13. The average annual Reduced Overall Recovery ESG Rates of all of the sugar mills in Luzon for the four crop years preceding the Transaction is 81.47. The Commitment to Increase Sugar Recovery Rates will result in the Reduced Overall Recovery ESG Rates at the Balayan mill (82) and at the CADPI mill (85) being above the Luzon average.

14. The adjusted lowest weekly Reduced Overall Recovery Rates in the five crop years preceding the Transaction as set out in Table 1B below. The adjusted lowest weekly Reduced Overall Recovery Rates are intended to reflect the lowest Reduced Overall Recovery during normal operations. There are lower rates recorded at the Balayan and CADPI mills during the referenced period but they are not being proposed as the floor rates as they appear to have been recorded during liquidation operations.

<table>
<thead>
<tr>
<th>Table 1B: Adjusted LowestWeekly Reduced Overall Recovery ESG Rates from 2013 to 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balayan Mill</strong></td>
</tr>
<tr>
<td>Reduced Overall Recovery ESG</td>
</tr>
<tr>
<td>[Confidential]</td>
</tr>
</tbody>
</table>

15. The Commitment to Increase Sugar Recovery Rates ensures that URC continues to conduct maintenance and improvements on the Balayan and CADPI mills post-Transaction, so that the Reduced Overall Recovery ESG rates are increased to meet industry standards; and that, in any event, planters shall receive no less than the Theoretical Sugar indicated in the *pesada*.

16. It also bears mentioning that URC will not have any incentive, post-Transaction, to lessen the Reduced Overall Recovery Rates. URC’s major source of income from the milling process is its mill share in the raw sugar output. Any decrease in the Reduced Overall Recovery rates will correspond to a decrease in URC’s mill share. Further, a higher sucrose content in bagasse, molasses, and filter cake does not add any commercial value to the foregoing by-products.

**Monitoring**

17. URC proposes that monitoring of its compliance with the Commitment to Increase Sugar Recovery Rates shall be conducted through submission of the Weekly Reports as well as the Annual Synopsis to the Monitor. The Monitor and the planters’ representatives shall also be invited to attend the sampling of the milling products and by-products. URC is also willing to undergo spot-audits by third parties at reasonable intervals and under reasonable circumstances.
Section B. The Commitment to Perform Capital Upgrades

**Commitment**

18. URC shall, post-Transaction, perform capital upgrades to the CADPI mill which are intended to improve energy efficiency and convert the boiling scheme to one that will allow for improved quality of sugar and increased sugar recovery by volume (the “Commitment to Perform Capital Upgrades”).

19. URC shall complete the Commitment to Perform Capital Upgrades prior to the 2020-2021 crop year, assuming the Transaction is approved within 2018.

**Discussion**

20. As discussed in further detail below, the successful implementation of the Commitment to Perform Capital Upgrades is expected to result in additional income to the planters in the amount of [Confidential] million per crop year. This projection, and the projections below, assume the same sugar cane inputs milled by the CADPI mill in crop year 2017-2018.

21. The CADPI mill currently employs a CBCA boiling scheme which, in crop year 2017-2018, produced [Confidential] bags of raw sugar and [Confidential] metric tons of molasses.

22. The Commitment to Perform Capital Upgrades will convert the CBCA boiling scheme to a CBA boiling scheme (the “CBA Boiling Scheme Project”) thereby allowing the CADPI mill to operate at a higher sugar recovery rate. The CBA Boiling Scheme Project is therefore expected to result in increased income to both the mill and the planter due to an increase volume of raw sugar produced, which results from a decrease in the sucrose content of the molasses.

23. For crop year 2017-2018, CADPI’s final molasses purity was at [Confidential], while Brix was at [Confidential]. After completion of the CBA Boiling Scheme Project, final molasses purity is projected to decrease to [Confidential]. Assuming the same Brix as crop year 2017-2018, final molasses polarization will decrease from [Confidential]% to [Confidential]%.

The foregoing reduction of the polarization rate would, based on the volume of molasses produced in crop year 2017-2018 and using the projected actual boiling house recovery of [Confidential], result in an additional [Confidential] LKg bags of raw sugar with the same amount of sugar cane as an input. A comparison of the actual and estimated sugar production at CADPI before and the completion of the CBA Boiling Scheme Project is set forth in Table 2.
### Table 2: Comparison of CBCA and CBA Boiling Schemes

<table>
<thead>
<tr>
<th></th>
<th>CBCA Boiling Scheme (current / crop year 2017-2018)</th>
<th>CBA Boiling Scheme (projected, assuming same cane input as in crop year 2017-2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total raw sugar production</td>
<td>[Confidential]</td>
<td>[Confidential]</td>
</tr>
<tr>
<td>Value of raw sugar produced (based on March 2018 millsites average composite price of ₱1,484.99 per LKg)</td>
<td>[Confidential]</td>
<td>[Confidential]</td>
</tr>
<tr>
<td>Value of incremental increase in raw sugar production</td>
<td>[Confidential]</td>
<td>[Confidential]</td>
</tr>
<tr>
<td>Total molasses production</td>
<td>[Confidential]</td>
<td>[Confidential]</td>
</tr>
<tr>
<td>Value of decrease in molasses production (based on March 2018 millsites average price of ₱6,607.73 per MT)</td>
<td>[Confidential]</td>
<td>[Confidential]</td>
</tr>
<tr>
<td>Net incremental increase</td>
<td>[Confidential]</td>
<td>[Confidential]</td>
</tr>
<tr>
<td>70% share of planters in net incremental increase</td>
<td>[Confidential]</td>
<td>[Confidential]</td>
</tr>
</tbody>
</table>

24. Based on the projections above, the projected raw sugar production under the CBA boiling scheme will have a value of [Confidential] over the raw sugar production under the CBCA boiling scheme. With the corresponding decrease in molasses, net incremental revenue is estimated at [Confidential]. Of such amount, [Confidential] represents the planters’ share.

25. The components and costs of the CBA Boiling Scheme Project are set forth in Annex 1.

**Monitoring**

26. URC proposes that monitoring of its compliance with the Commitment to Perform Capital Upgrades shall be conducted through submission to the Monitor of milestone progress reports on the implementation of the CBA Boiling Scheme Project and a certificate of completion upon the completion of the CBA Boiling Scheme Project. The Monitor may, at any time during or after the implementation of the CBA Boiling Scheme Project, and with prior coordination with URC, perform ocular inspections of the CADPI mill to verify the accuracy of the milestone progress reports and the certificate of completion.

27. For the two crop years following the completion of the CBA Boiling Scheme Project, URC shall submit to the Monitor, on a weekly basis, weekly factory statements of the CADPI mill which shall show the mill’s performance.

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9 The decrease in the sucrose content of the molasses will result in lower volumes of molasses produced but a net incremental increase in the combined value of the molasses and the raw sugar, since raw sugar has a higher value.
Section C. The Commitment to Maintain Trucking Allowances

Commitment

28. URC shall, post-Transaction, at the minimum maintain the trucking allowances given by the Balayan and CADPI mills pre-Transaction, which rates and coverage areas are set forth in Annex 2;

29. Further, URC shall ensure that all such planters entitled to the trucking allowances pre-Transaction shall, post-Transaction, have the freedom to select which mill (as between the Balayan and CADPI mills) to have their sugar cane processed at, subject to capacity considerations at each mill. Finally, URC shall remove any existing limitations on trucks requiring them to deliver sugar cane only to a designated mill, and the trucks shall be free to deliver sugar cane to their preferred mill. The commitments in this and the foregoing paragraph are referred to collectively as the “Commitment to Maintain Trucking Allowances”.

30. The Commitment to Maintain Trucking Allowances shall be in effect for the 10 crop years following completion of the Transaction.

Background

31. Planters may use their privately-owned trucks or commission private haulers to deliver sugar cane from the plantations to their preferred mills. In addition, each of the mills also has access to a fleet of trucks which carry cane from the sugar cane plantations to the truck’s assigned mill. “Reparto” trucks are owned by URC and deliver cane only to the Balayan plant. On the other hand, hired trucks that deliver cane to the CADPI mill are referred to as “cuatro” trucks. Cuatro trucks are not owned by CADPI and are operated by third parties. Currently, cuatro trucks deliver cane only to the CADPI plant.

32. Currently, the Balayan and CADPI mills provide the trucking allowances set forth in Annex 2. The trucking allowances are paid to the planters who use their own trucks or who commission private haulers to deliver their sugar cane crops. Where cuatro or reparto trucks are used, trucking allowances are not paid as cash to the planters.

33. URC believes that the Commitment to Maintain Trucking Allowances shall improve (and not just maintain) the conditions available to the planters pre-Transaction by enlarging the pool of trucks that can haul cane to either or both of the Balayan and CADPI mills, through the removal of the cuatro and reparto conditions that existed pre-Transaction.

Monitoring

34. URC proposes that monitoring of its compliance with the Commitment to Maintain Trucking Allowances shall be conducted through the submission by URC to the Monitor, on a weekly basis, of payment summary reports listing down for the relevant weekly period each planter and/or planters association that was paid a trucking allowance as well as the location of the
REDACTED

plantation and the amount paid. The Monitor shall have the ability to require URC to provide proof of actual payment of the trucking allowance (which proof may be comprised of bank transfer documents, check vouchers, and the like).
Section D. The Commitment to Provide Planter Assistance

Commitment

35. URC shall, post-Transaction, provide fertilizer assistance, cash loans, and the use of a mechanical harvester to planters within the vicinity of the Balayan and CADPI mills, as described in further detail below. URC shall also continue to provide, at the Balayan mill, the clean cane incentive and mud press incentive on the terms that these are currently being provided to planters (the commitments in the two foregoing sentences are hereafter referred to as the “Commitment to Provide Planter Assistance”). The Commitment to Provide Planter Assistance shall be in effect for at least the 10 crop years following completion of the Transaction.

Fertilizer assistance

36. The fertilizer assistance shall cover [4,569 hectares], which is [15%] of the total estimated hectarage ([30,459 hectares]) planted to sugar in the provinces of Batangas, Laguna, Cavite and Quezon. In the first year of the fertilizer assistance program, [10] bags of fertilizer will be provided per hectare. In succeeding years, with the availability of actual tonnage delivered per planter, one bag of fertilizer will be provided for every five tons of sugar cane produced and milled at the Balayan and CADPI mills in the previous crop year. The cost of the fertilizer, including shipping and handling, will be considered to be a loan to the relevant planter. The loan must be paid in full at the end of the relevant crop year.

37. URC provides, as Annex 3, its proposed procedures for the fertilizer assistance program.

Cash loans

38. Cash loans shall be made available to planters for purposes of farm expansion and/or the purchase of mechanized farming equipment such as tractors, mechanical harvesters, and cane loaders. The cash loans shall be offered at interest rates lower than prevailing bank rates.

39. URC provides, as Annex 3, its proposed procedures for the cash loan program.

Use of mechanical harvester

40. To address the issue of scarcity of labor, URC shall purchase a mechanical harvester with a value of approximately ₱11.6 million, which shall be made available for the use of planters for a fee, subject to suitability of their sugar cane plantations for mechanical harvesting. The fee for the use of the mechanical harvester shall be equal to or less than the fees charged by manual cane cutters. Assuming that the Transaction is approved in 2018, the mechanical harvester will be ordered in early 2019 and will be available by the second quarter of 2019 (as delivery period is within 90 days from placement of the order).

41. URC provides, as Annex 3, its proposed procedures for the use of the mechanical harvester.
**Background**

42. The planter assistance covered by the Commitment to Provide Planter Assistance is envisioned to increase the productivity of the relevant sugar cane plantations by increasing both the quality and the quantity of the sugar cane produced.

43. Some of the planter assistance covered by the Commitment to Provide Planter Assistance are currently not being provided by either of the URC or CADPI mills for the reason that neither mill can be assured that the assistance it provides to a planter will redound to its own benefit (since it is currently possible that the planter decides to mill his cane in a mill other than the mill that provided the assistance). By consolidating the ownership of the Balayan and CADPI mills, URC would have the incentive to provide assistance to the planters in the vicinity of the mills because there is a reasonable assurance that the cane will be milled at either of the Balayan or CADPI mills.

**Monitoring**

44. URC proposes that monitoring of its compliance with the Commitment to Provide Planter Assistance shall be conducted as follows:

   **Fertilizer assistance**

45. At the commencement of each relevant crop year, URC shall provide to the Monitor a list of all planters that have applied for and been granted the fertilizer assistance. The list shall include the amount of fertilizer (in volume and value), the area of the plantation, the date of disbursement, the interest rate to be applied to overdue accounts, and the relevant repayment dates.

46. URC shall also make available for inspection by the monitor the application forms submitted by each planter and the delivery receipt indicating that the planter has received the fertilizer.

47. At the end of each relevant crop year, URC shall provide to the Monitor a summary of its collections on the fertilizer assistance loans that were given at the commencement of the crop year.

   **Cash loans**

48. At the commencement of each relevant crop year, URC shall provide to the Monitor a list of all planters that have applied for and been granted cash loans. The list shall include the amount of the loan, the declared purpose of the loan, the area of the plantation, the date of disbursement, the interest rate, and the relevant repayment dates.

49. URC shall also make available for inspection by the monitor the application forms submitted by each planter, the loan agreements, and the payment vouchers indicating that the loan has been disbursed.
50. At the end of each relevant crop year, URC shall provide to the Monitor a summary of its collections on the cash loans that were given at the commencement of the crop year.

Use of mechanical harvester

51. During the harvesting season, URC shall provide to the Monitor, on a weekly basis, a summary report listing down for the relevant weekly period each instance that the mechanical harvester was deployed to a plantation, indicating the name of the planter, the area of the plantation, the dates of deployment, and the amounts charged. At the end of each relevant crop year, URC shall provide to the Monitor a summary of its weekly reports.
Section E. The Commitment on Sharing Ratios

Commitment

52. URC shall, post-Transaction, increase the planters’ share of the raw sugar milled at the CADPI mill from 68% to 70% beginning in crop year 2019-2020; and at the Balayan mill, from 67% to 68% beginning in crop year 2019-2020. During the commitment period, the planters’ share shall not be decreased. The commitment in this paragraph is referred to as the “Commitment on Sharing Ratios”. The Commitment on Sharing Ratios shall be in effect for at least the 10 crop years following completion of the Transaction.

Background

53. Republic Act No. 809 provides that in the absence of written milling agreements between the majority of planters and the millers, raw sugar and molasses produced shall be divided in accordance with certain fixed ratios.

54. The Balayan mill at present adopts a sharing ratio of 67:33, while the CADPI mill has adopted a sharing ratio of 68:32.

Monitoring

55. URC proposes that monitoring of its compliance with the Commitment on Sharing Ratios shall be conducted through the submission by URC to the Monitor, on a weekly basis, of a weekly production proof sheet signed by representatives of the SRA and the relevant planters’ association. The weekly production proof sheet will indicate, for the relevant weekly period, the total raw sugar production of the mill and the quedans for distribution to the planters.

56. URC provides, as Annex 4.1, a sample weekly sugar quedan listing and, as Annex 4.2, a sample weekly molasses listing.
Section F. Commitment Regarding Feedback from Stakeholders

Commitment and Monitoring

57. URC shall, post-Transaction, and for as long as any of the Commitments are in effect, submit to the Monitor, on a weekly basis, a report of all feedback received from the planters within the vicinity of the Balayan and CADPI mills. Each weekly report shall contain information on the identity of the planter, the nature of the feedback, and the latest status of URC’s action on the feedback.

58. In addition, the Monitor shall, post-Transaction, and for as long as any of the Commitments are in effect, be authorized to receive feedback from the planters relating to URC’s compliance with the Commitments. URC shall inform the planters of their ability to provide feedback directly to the Monitor by posting the relevant information at locations where URC customarily posts information for the planters.
Section G. Variation, Substitution, or Release of Commitments

59. The Commission may vary, substitute, or release one or more of the Commitments, in whole or in part, upon written application by URC pursuant to Rule 12, Section 12.5.7 of the Rules on Merger Procedure.

60. URC is proposing the Commitments based on, among other considerations, its assessment of the commercial viability of the Commitments given current market conditions.

Section H. Entry Into Force

61. The Commitments shall take effect upon the date of adoption of the Commitment Decision.
ANNEX A-2
FORMULA FOR THEORETICAL SUGAR (CADPI)

[Confidential]

[Note: The formula for theoretical sugar can be found in the handbook, “Official Chemical Handbook for the Philippine Sugar Cane Industry,” published by PHILSUTECH, Inc.. This handbook is widely referred to by sugar planters nationwide]
### ANNEX 1
PROJECT COMPONENTS

<table>
<thead>
<tr>
<th></th>
<th>Project Cost (₱'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Confidential]</td>
<td></td>
</tr>
</tbody>
</table>
The following Planter's Assistance Program shall be made available in both CADPI and URC-BALAYAN plants:

1.) Fertilizer Assistance

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>Estimated Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WESTERN</td>
<td></td>
</tr>
<tr>
<td>Balayan</td>
<td>4,901</td>
</tr>
<tr>
<td>Tuy</td>
<td>4,251</td>
</tr>
<tr>
<td>Calaca</td>
<td>1,961</td>
</tr>
<tr>
<td>Calatagan</td>
<td>2,150</td>
</tr>
<tr>
<td>Nasugbu</td>
<td>3,577</td>
</tr>
<tr>
<td>Taal</td>
<td>915</td>
</tr>
<tr>
<td>Lian</td>
<td>2,110</td>
</tr>
<tr>
<td>San Luis</td>
<td>666</td>
</tr>
<tr>
<td>San Nicolas</td>
<td>166</td>
</tr>
<tr>
<td>Lemery</td>
<td>147</td>
</tr>
<tr>
<td>EASTERN</td>
<td></td>
</tr>
<tr>
<td>TOTAL Estimated Hectarage</td>
<td>30,459</td>
</tr>
</tbody>
</table>

[Terms and Conditions of the Fertilizer Assistance]
1.) This program shall be available to all interested planters. Unaffiliated can directly apply while affiliated planters can avail thru planters associations.
2.) Value of the assistance were estimated at 15% of the total estimated hectarage shall be covered by this
3.) Fertilizer will be provided on a 10 bags per hectare ratio on the initial year. For succeeding years, number of bags shall be based on actual tonnage delivered on a 1 bag per 5 tons ratio.
4.) Fertilizer cost per Bag shall be equal to URC purchase price per Bag plus freight and handling cost. As URC usually buys in bulk, fertilizer cost per Bag is usually lower than prevailing SRP.
5.) Loan amount must be fully paid at the end of the crop year before a new loan can be given to each planter. PDC's are collected before release of the fertilizer but planters may also request the mill if they opt to deduct their fertilizer loan payment from their trucking allowances and/or their sugar proceeds (mill's payable to planters)
6.) For past due accounts (fertilizer loan unpaid at the end of the crop year), a 5% interest per annum shall be charged.
3.) Cash Loans for Mechanized Farming Equipments and Farm Expansion
Cash loans shall be made available at low interest rates and negotiable payment period to interested planters for farm expansion and/or for purchases of mechanized farming equipment such as tractors, mechanical harvesters and cane loaders. A 5% interest rate shall be charged.

3.) 1 unit of mechanical harvester to provide mechanical harvesting to unaffiliated planters.
Capex Budget: P10.3 million, VAT-ex

This program mainly aims to assist planters on the issue of scarcity of laborers/cane cutters. This has been an issue in the sugarcane industry for the past years, as laborers don't want the hard labor of working in farms. Should the proposed transaction be approved in 2018, the unit is expected to be available by January 2019. Planters shall signify interest to avail the service, provided that farms are suitable for mechanical harvesting (preferably flatland with available 3 hectares for 1 day harvest) Planters shall be charge P325-350 per ton (all-in operator and gasoline included) as compared to laborer/manual cane cutters who charge 350-400 per ton.