

BAGUIO CONDOMINIUM FEASIBILITY STUDY (Feb 2007)

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FEASIBILITY STUDY



ST. PETER'S CONDOMINIUM

Bakakeng Road, Baguio City

February 2007

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KEY HIGHLIGHTS

Property Name	:	[REDACTED] Bakakeng, Rd., Baguio City
Description	:	A four storey Commercial Residential Condominium currently being exclusively leased by a Korean-own [REDACTED]
Total Lot Area	:	400 square meters
Total Floor Area	:	1,100.50 square meters
Current Building Income	:	Php 180,000 per month (Income from Leasing Operations)
Projected Additional Rent Income	:	Php 80,000 (Income from Leasing Operations of 4 th Floor start at 2 nd Year)
Estimated Land Market Value	:	Php 1.8 Million
Estimated Building's Book Value	:	Php 15 Million
Property Owner	:	[REDACTED]
Representatives	:	[REDACTED] Mr. Apolonio Landiano, Building Administrator

Loan Details

Loan Amount	:	Php 5 Million
Purpose of Loan	:	Improvement of Building Facilities and Acquisition of New Equipment
Duration	:	Four (4) Years to Pay
Contact Person	:	[REDACTED] Mr. Apolonio Landiano

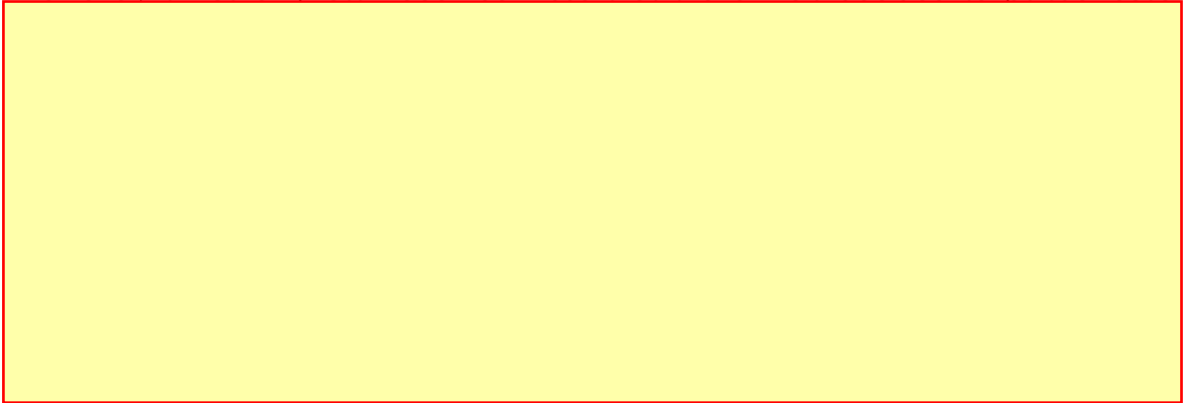
I. Background of the Study

In year 2006, a four-storey condominium was purposely built by [REDACTED] and [REDACTED] as a “[REDACTED] Condominium”. It is now owned and operated by St. [REDACTED] [REDACTED] [REDACTED], under the directorship of [REDACTED] who

The building was initially geared as a residential condominium to provide lodging accommodation for the growing number of transient market, as well as travelers in Baguio City.

Being in a highly commercial and easily accessible location, the property has been eyed by numerous businessmen and entrepreneurs on the possibility of exclusively leasing the whole building from the owners.

However, it was only last December 2006 that the owners decided to pursue lease



In order to ensure a long-term healthy business relationship with the current lessee, the Management of [REDACTED] decided a move to further enhance the building’s features, upgrade utility systems, and improve the overall appearance of the Building. Based on initial assessment by contractors, the proceedings would require a capitalization of Php 5 Million.

Thus, to make possible all these building-improvement activities, the total amount will be loaned from a highly reputable banking institution – MetroBank.

The loan on the otherhand, will be considered as a “Collateralized Loan”, with the Building used as collateral. To wit, the Building’s estimated conservative market value was computed at Php 15 Million.

II. MARKET HIGHLIGHTS

Economic Highlights

A. Population Growth

Population growth rate decreased to 2.31 percent

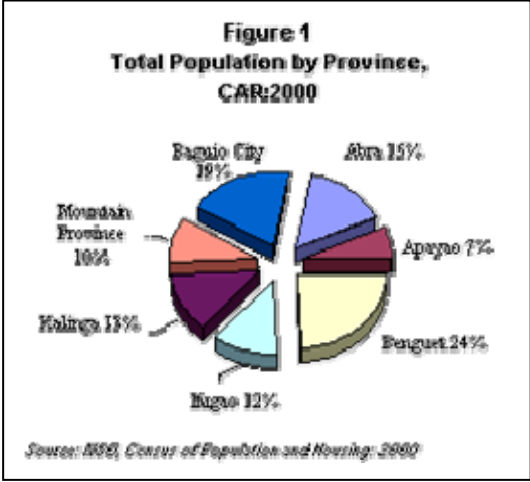
The City of Baguio registered a total population of 252,386 persons in the year 2000 up from 226,883 in 1995, giving the city an average annual growth rate of 2.31 percent, a decrease of 1.79 percentage points from the 1990 to 1995 period

The number of households rose to 52,302, higher by 4,231 households compared to the 1995 figure. This gave an average household size of 4.8 persons, a slight increase from 1995 (4.6) and lower than the national average of five persons.

Baguio City ranked second in CAR

Baguio City ranked second in terms of population size compared to the six provinces (Abra, Apayao, Benguet, Ifugao, Kalinga, Mountain Province), in CAR. This city contributed 18.5 percent to the 1.4 million population of the region.

At the national level, Baguio City shared 0.33 percent to the Philippine population of 76.5 million as recorded in the Census 2000.



POPULATION GROWTH OF KOREAN NATIONALS IN BAGUIO

In Baguio, the influx of Korean nationals has caught some attention. According to the National Bureau of Immigration, Baguio now is host to almost 10,000 Koreans.

It has been reported that most of Korean stay for two months during their vacation from school in Korea. After which, a huge number would start to study full-time in Baguio universities.

B. PRIMARY ECONOMY

The primary economy of Baguio City is its educational centers of which it has in excess of seven colleges and universities as well as a plethora of trade and technical schools. Estimates are that these schools compose in excess of one hundred thousand students.

The secondary source of income for the residents is its character as the commercial hub in the province of Benguet. Many of the agricultural and mining goods produced in Benguet goes to Baguio City for central distribution.

C. EDUCATION

Baguio is a university town. It is considered as the center of education in the entire north Luzon. There are eight institutions of higher education in Baguio City, two of which are ranked as being among the country's top ten.

- Saint Louis University, Baguio City
- University of Baguio
- University of the Philippines Baguio
- University of the Cordilleras (formerly the Baguio Colleges Foundation)
- Baguio Central University
- Pines City Colleges
- Philippine Military Academy

KOREAN ACADAMIES

Korean English academies have proliferated all throughout the city (there are about 30 "registered" ones with an average of 50 students each, excluding Koreans charging their countrymen for "homestay" [board and lodging while studying in the universities]) the prices of real estate rentals has been driven up pretty high. To be able to house so many students because it is a lucrative business on their part, they have resorted, not only to rent the large, elegant vacation homes, but to renting all the small hotels and inns around the city as well.

III. TECHNICAL ASPECT

A. THE PROPERTY

[REDACTED] Baguio City. Though initially conceptualized to be commercial-residential condominium, a new opportunity has been realized and that the whole property/building is now currently being leased by one business entity.

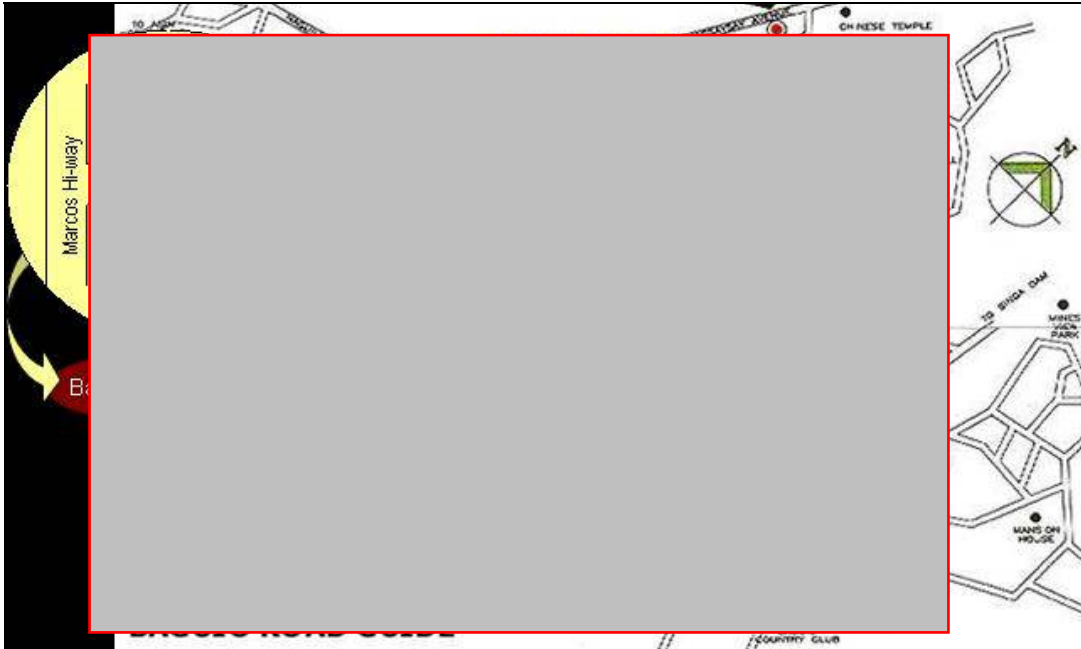
[REDACTED] al

Property Name	:	[REDACTED]
Business Address	:	[REDACTED] City
Year Built	:	[REDACTED]
Owned by	:	[REDACTED]
Total Lot Area	:	[REDACTED]

Total Floor Area : 1,100.50 square meters

Parking	:	207.50 sq.m.
1 st Floor	:	207.50 sq.m.
2 nd Floor	:	207.50 sq.m.
3 rd Floor	:	207.50 sq.m.
4 th Floor	:	207.50 sq.m.
Attic/RD	:	63.00 sq.m.

B. LOCATION MAP



C. BUILDING FACILITIES AND FEATURES

FLOOR	EXISTING FEATURES	DESCRIPTION
Basement	Eight (8) Parking Slots Generator Area (Ground Floor)	Plain cement flooring, CHB walls, columns, beams, and ceilings are painted cement finish.
		House in selected s and ceiling painted
Ground Floor	(a) Ar	type service door, n Table of granite slab under the counter ected ceramic floor and heater.
	(b) Ur	n selected 16"x16" pebble wash-out floor polycarbonate finish
		of 65 sq.m. Rooms in cco cement finish, with
Second Floor	(a) Ar	
	(b) Ur	
Third Floor	(a) Be	inish with 4" baseboard, all finish.
	(b)	ce has Jacuzzi with liding enclosure.
		counter with cabinets, er tables.
	Laundry Area	

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Implementation Schedule (Building Improvement Activities)

The items indicated above would require an estimated timeframe of six (6) weeks to finish – based on overlapping schedules. However, the activities and/or acquiring the above-listed equipment can only commence upon availability of funds and/or release of a Loan from a banking institution or a credit facility.

Projected Timetable of Activities is presented below:

		IMPLEMENTATION SCHEDULE					
		Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6
a	Equipment for Apartment Units	█	█				
b	Fixtures for Multi-Purpose Hall		█	█			
c	Fixtures for Library/Computer Area			█	█		
d	Facilities & Equipment for Gym	█	█				
e	Multi-function Telephone System			█	█	█	
f	Fully Automated Fire Safety System				█	█	█
g	General Pest Control	█					
h	Stand-by Generator Set				█	█	
i	Water Tanks	█	█	█			
j	CCTV Surveillance Camera				█	█	█
k	Miscellaneous/Contingency	█	█	█	█	█	█
l	Final Settlement to Contractor						█

IV. FINANCIAL ASPECT

A. HIGHLIGHTS OF FINANCIALS

Project	:	[REDACTED] Bakakeng Road, Baguio City
Year Built	:	2006
Estimated Building's Book Value	:	Php 15 Million
Construction Cost	:	Php 25 Million (Refer to Contractor's Bill of Materials for details)
Estimated Land Market Value	:	Php 1.8 Million (400 sq.m. X Php 4,500)
Project Gross Income	:	Php 180,000 per month
Additional Income By 2 nd Year	:	Php 80,000 per month (Additional income from lease operations of 4 th floor by 2 nd year)
Loan Amount	:	Php 5 Million
Purpose	:	Improvement of Building Facilities and Acquisition of New Equipment
Years to Pay	:	4 Years
Estimated Monthly Amortization	:	Php 131,669
Estimated Total Interest Payment	:	Php 957,160

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