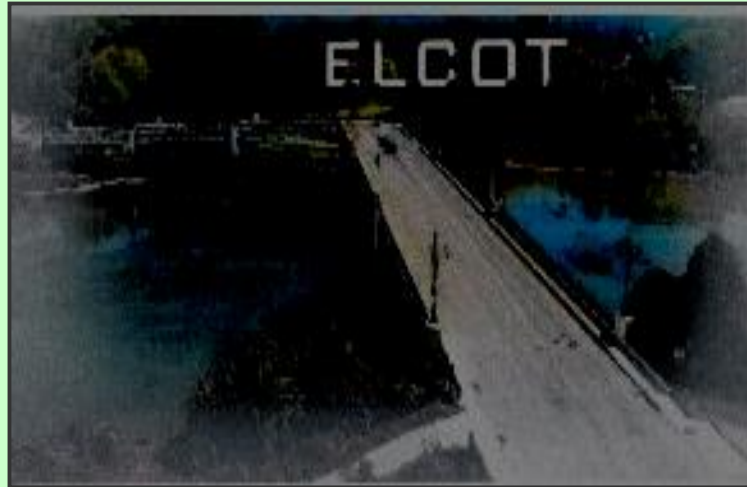




The Nakar Initiative

Experimental Living Community of Tomorrow (ELCOT)



NAKAR INITIATIVE

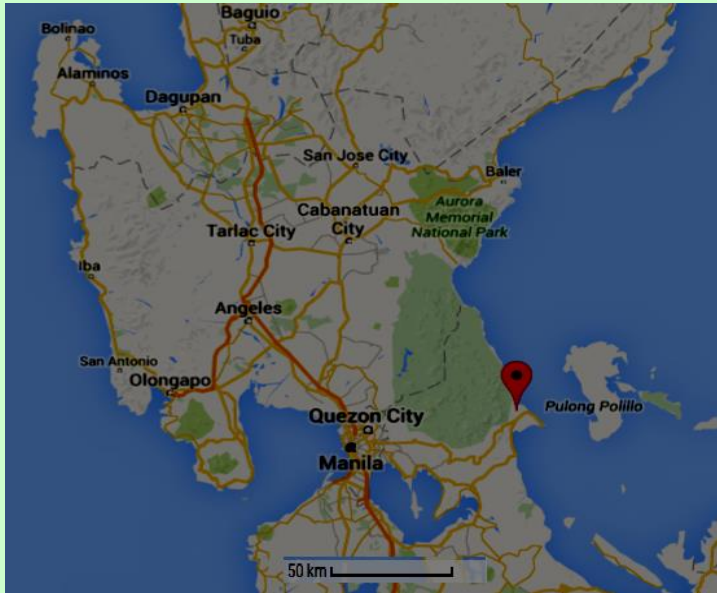
Where and What is Nakar?

•Is a 15,000-hectare cocoland located in General Nakar, Quezon Province owned by 5,900 farmers with properties ranging from less than 1 ha. to 30 has. All are titled and granted by the DENR.

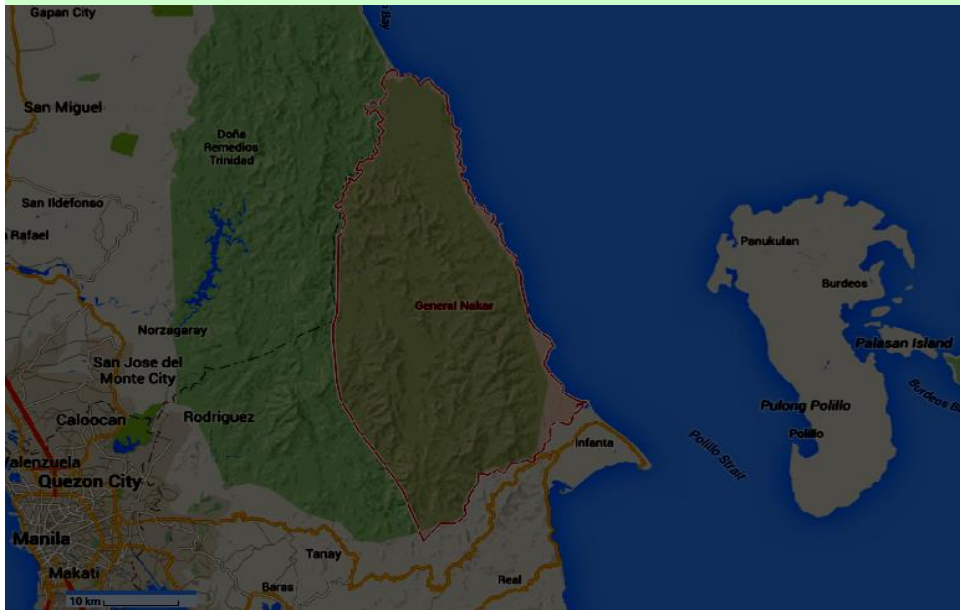
•It is located at the foot of Sierra Madre Mountain in the West, bounded in the North by Aurora Province and Infanta & Real towns of Quezon Province in the South. It is across Polilio Strait and Polilio Island on its Eastern side.

•It is accessible from Quezon City/Masinag thru about 2 ½ to 3 hours of good roads (~170 kms).

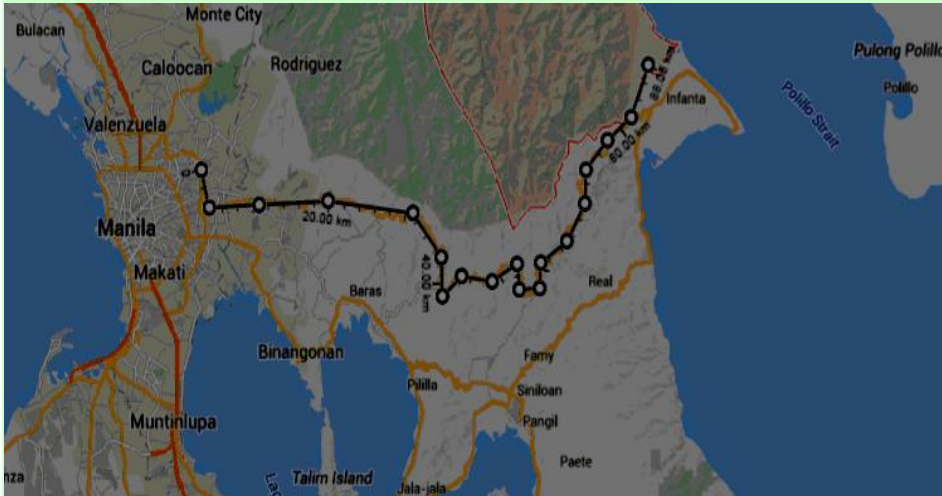
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The Nakar Coco Estate Physical Attributes

- 27 kms. Long, of which, 15 kms. is bounded by the Pacific coastline. The average width is about 5.5 kms, in general
- Traversed by 7 tributaries from the Agos River, about every 4 kms. of the estate
- It is sheltered from typhoons and storm surge because it is protected by the Polilio Island group
- The estate is within Gen. Nakar's 186,000 has. covering 17 barangays, with no road network inside

The Nakar Coco Estate Physical Attributes

- Planted at rate of 120 coco trees per hectare, it has a
- population of about 1.8 million matured coconuts ranging
- from 8 to 30 years old.
- Highest elevation is about 250m above sea-level and
- requires geo-mapping, geo-physical and technical
- examinations



Overlay of Agos River and river tributaries

NAKAR INITIATIVE

Nakar Initiative–ELCOT (Experimental Living Community of Tomorrow)

ELCOT is all about CHANGE.

CHANGE in the Coconut Industry from Copra to multi coconut products, nuts and sap, food and non-food, like VCO, cocowater, cocomilk, cream, coco flour, coco sugar, coco honey, coco syrup, coco vinegar, amino condiments, paring oil, activated charcoal, coir, etc..

NAKAR INITIATIVE

Nakar Initiative ELCOT (Experimental Living Community of Tomorrow)

- 1) From farmer-tilled to an integrated, modernized,
FARMER’S TRUST ENTERPRISE**
- 2) From farmers getting income just for cultivation, the
farmer will now get incomes from total value chain, thru
cultivation, processing and marketing**

Nakar Initiative ELCOT

(Experimental Living Community of Tomorrow)

- 3) From farmer's income being diminished by middlemen, usurers, truckers, processors, traders and capitalists, all these scourges are taken out of the equation, with the help of passive capitalists 30% (OFWs, non-agri corporations & banks) and professional managers 20%. So that the farmers will get 50% of the profit.**
- 4) From a monoculture of just coconuts to a polyculture of bamboo, dairy, sweet sorghum, inter-crops of coffee, cacao, castor, a giant nursery, a multi-purpose township and an R&D that will incubate new industries, products, technologies, etc..**

What Results Do We Expect from the Nakar Initiative?

- 1) Achieve "inclusive growth" in the coconut sector**
- 2) Reverse poverty by increasing farmer/owner income, from P30k/ha/year to P500k/ha/year**
- 3) Demonstrate the feasibility of a new business structure, the farmers trust enterprise as a vehicle for the changes**
- 4) Eliminate the scourges of the coconut farmers, like the middlemen, traders, usurers, truckers, millers and processor and the active capitalists**
- 5) Introduce in the new equation the professional managers and scientists**

NAKAR INITIATIVE

What Results Do We Expect from the Nakar Initiative?

- 6) Introduce SECURITIZATION to generate funds from the passive capitalists (Corporations and OFWs), thru Agri-agra investment certificates
- 7) Highlight the high returns of agriculture (80% IRR/annum over 12 years) counteracting prejudice by banking sector vs. agriculture, especially agrarian.
- 8) Demonstrate ability of agricultural sector to cut its umbilical cord with government, and in fact, even show ability to promote government taxes, local and national.
- 9) Promote replicability of Nakar Initiative Elcot in other main crops like rice, corn, sugar, aquaculture, fishing, forestry and even non-agri sectors like jewelry, manufacturing and small mining, etc..

NAKAR INITIATIVE

Critical Policy Issues

- 1) Understanding and acceptance by the farmers/landowners the proposal to shift from individually tilled to communal farming.
- 2) Understanding and acceptance of the TRUST BUSINESS POC the trustor and the trustee, the professional scientists, managers and governing board
- 3) The approval of SEC in the floatation of two new SECURITIE totalling P3.2 billion, both for public offering
- 4) The successful underwriting of issue
- 5) Successful implementation of fully disclosed business plan, production, marketing and finance with returns as projected.

Critical Policy Issues

- 6) How to attract collaboration with the best and the brightest in all relevant fields, scientists, managers, policy thinkers, foundations, institutions, domestic/foreign, private/gov't.**
- 7) How to attract replications, nationwide in other sectors, with some degree of faithfulness to objectives and with tolerable variations**
- 8) That nature will cooperate and that the natural disaster that may descend in Nakar will be only of such that we can mitigate and tolerate**

Internal Rates of Return

Consolidated IRR	80.2%
Consolidated Agriculture	103.6%
Coconut	163.7%
Sweet Sorghum	35.3%
Bamboo	42.0%
Livestock	43.5%
Nursery	66.0%
Township	39.7%

Consolidated Financial Highlights

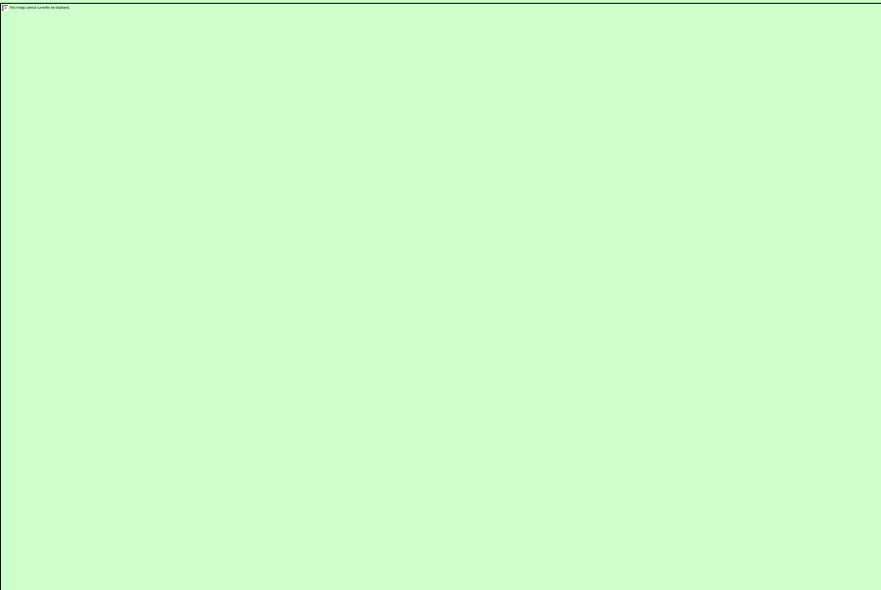
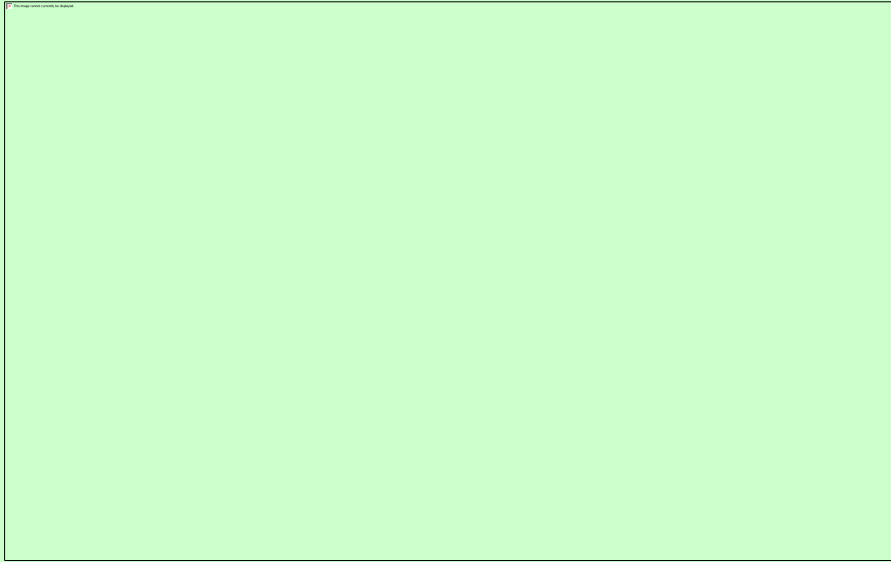
Million Pesos	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Total
Gross Revenues	113	7,531	9,521	10,656	11,489	13,735	15,817	18,066	19,238	20,276	21,166	22,201	169,810
Gross Profit	55	4,631	6,017	6,947	7,535	9,226	10,759	12,439	13,275	14,100	14,801	15,591	115,376
Operating Expenses	12	418	507	801	820	963	1,053	1,169	1,200	1,195	1,200	1,237	10,575
Mrktg & Mgt Fees	9	265	609	701	793	1,044	1,290	1,537	1,674	1,774	1,872	1,933	13,501
Income Before Tax	33	3,947	4,901	5,446	5,922	7,219	8,416	9,733	10,402	11,132	11,729	12,421	91,301
Income Tax	-	1,167	1,246	1,281	1,392	1,522	1,581	2,006	2,051	2,184	2,272	2,388	19,090
Net Income After Tax	33	2,780	3,655	4,165	4,530	5,697	6,835	7,728	8,351	8,948	9,457	10,033	72,212
Project Requirements	3,176	1,379	1,918										6,473
Funding Sources	2,925												
Internally Generated Funds	251	1,379	1,918										3,548

NB: Taken from Information Memorandum now undergoing due diligence by Asian Alliance

(continuation...)

Million Pesos	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Total
Gross Profit Ratio	49%	61%	63%	65%	66%	67%	68%	69%	69%	70%	70%	70%	68%
Ratio of Mrktg & Mgt Fees to Gross Revenues	8%	4%	6%	7%	7%	8%	8%	9%	9%	9%	9%	9%	8%
Net Income Before Tax to Gross Revenues	29%	52%	51%	51%	52%	53%	53%	54%	54%	55%	55%	56%	54%
Income Tax to Gross Revenues		15%	13%	12%	12%	11%	10%	11%	11%	11%	11%	11%	11%
Net Income Ratio	29%	37%	38%	39%	39%	41%	43%	43%	43%	44%	45%	45%	43%

NB: Taken from Information Memorandum now undergoing due diligence by Asian Alliance



Highlights of Coconut Cluster

Million Pesos	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Total
Gross Revenues	0	6,704	6,704	6,842	6,842	6,983	6,983	7,128	7,128	7,275	7,275	7,412	77,275
Gross Profit	0	4,267	4,267	4,392	4,392	4,519	4,519	4,649	4,649	4,782	4,782	4,906	50,125
Operating Expenses	0	361	385	402	409	444	437	438	432	432	426	428	4,594
Mrktg & Mgt Fees	0	150	291	294	297	300	303	307	311	314	318	321	3,206
Income Before Tax	0	3,756	3,590	3,696	3,686	3,775	3,778	3,905	3,907	4,036	4,038	4,157	42,324
Income Tax	0	1,127	1,077	1,109	1,106	1,132	1,133	1,171	1,172	1,211	1,211	1,247	12,697
Net Inc. After Tax	0	2,629	2,513	2,587	2,580	2,642	2,645	2,733	2,735	2,825	2,827	2,910	29,627
Project Requirements	693	45	48										785
Funding Sources	733												
Internally Generated Funds		45	48										

Highlights of Coconut Cluster

Million Pesos	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Total
Gross Profit Ratio	64%	64%	64%	64%	65%	65%	65%	65%	66%	66%	66%	65%
Ratio of Mrktg & Mgt Fees to Gross Revenues	2%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Net Income Before Tax to Gross Revenues	56%	54%	54%	54%	54%	54%	55%	55%	55%	56%	56%	55%
Income Tax to Gross Revenues	17%	16%	16%	16%	16%	16%	16%	16%	17%	17%	17%	16%
Net Income Ratio	39%	37%	38%	38%	38%	38%	38%	38%	39%	39%	39%	38%

Epilogue

- 1) Agriculture is good business with high stable returns:**
 - Average IRR 82% over a 10-year period
- 2) Net profit of Nakar Initiative will be as follows:**
 - 50% of profit will go to farmers
 - 20% of profit for professional management & governing board
 - 30% will be for profit sharing for the OFW investors and corporations
- 3) The farmers will remain as owners of their respective properties, but granting to the project, a usufruct on the use of their land for a period of 12 years: the covenant between the farmer-owner and the Nakar Initiative with a base employment income of P100k per year per worker/owner-family**

(continuation...)

- 4) The 12-year covenant will endeavor continuity of the enterprise, to be managed by the 2nd generation farmer-owner**
- 5) Nakar Initiative is a completely private-sector effort to demonstrate what is inclusive growth and financeability of an enterprise**
- 6) The real antidote to inequality and non-bankability of a farm enterprise and normally avoided by mainstream financial banking sectors**
- 7) The ultimate aim of Nakar Initiative is to be replicated in many parts of the country with the help of OFWs, and the affluent non-agricultural corporate world**

The Exit in 12 years

The declaration of exit

The exit strategy

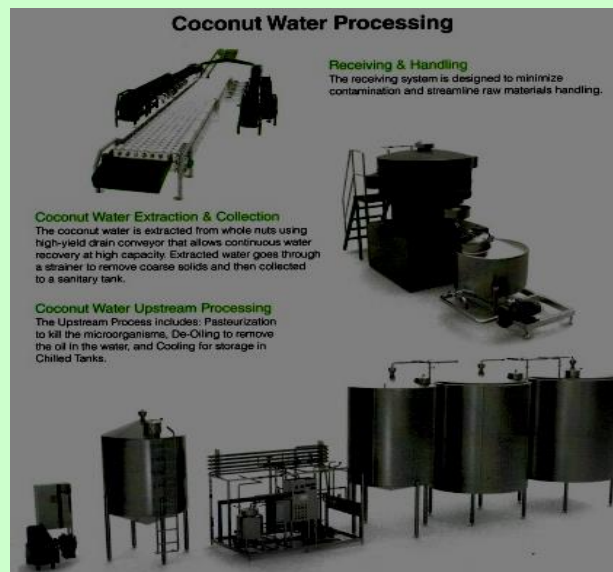
The 12 year preparation with education, training, traineeship

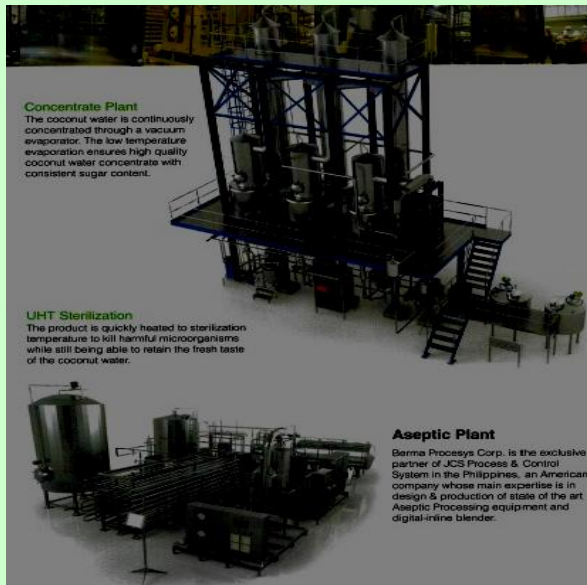
The housing plan

The provident and savings plan

The accompanying home industries for other members of household

The value formation systems





Concentrate Plant
The coconut water is continuously concentrated through a vacuum evaporator. The low temperature evaporation ensures high quality coconut water concentrate with consistent sugar content.

UHT Sterilization
The product is quickly heated to sterilization temperature to kill harmful microorganisms while still being able to retain the fresh taste of the coconut water.

Aseptic Plant
Barma Processys Corp. is the exclusive partner of JCS Process & Control System in the Philippines, an American company whose main expertise is in design & production of state of the art Aseptic Processing equipment and digital in-line blender.



Coconut Meat Processing

Coconut Meat Preparation
White meat from nuts opening section goes through washing, size reduction, and blanching to achieve consistent product quality.

Milk Extraction
Coconut milk is recovered under hygienic condition while ensuring optimum yield.

Milk Standardization through Digital In-Line Blending
Highly accurate and flexible coconut milk production that meet varied customer specification is made possible through state of the art Digital In-Line Blending.

Homogenization
This process stage ensures consistent product quality and stability.



Virgin Coconut Oil Processing

VCO via Wet Process

The coconut milk is fed to a series of centrifuges to separate the Virgin Coconut Oil (VCO) from the skim milk. The final stage uses either a Vacuum Dryer or high G-force Centrifuge to produce a top quality VCO.

VCO via Dry Process

Fresh coconut meat is quickly dried before it is fed through an oil expeller. High quality virgin coconut oil via dry process is finally produced through a purification process that removes residual sediments and moisture content to meet global standards.



NAKAR INITIATIVE

Integrated Coconut Processing Plant

Berma Procesys Corp. provides turnkey solutions for an Integrated Coconut Processing Plant. We have the expertise to design & deliver complete coconut processing plants from materials receiving all the way to product packaging that meet stringent global standards for food & beverage products. We only include best of breed process technology and components in our turnkey solutions.

Customer benefits in dealing with Berma Procesys Corp.

- Well-balanced overall plant design.
- Single point of responsibility in design, engineering, implementation, & plant performance.
- Fast implementation from project development to commercial operation.



Coconut Husk Processing

Berma Procesys Corp. has partnered with Essar Engineers, a leading cocopeat machine manufacturer from India. We now have the capability to offer turnkey solutions for production of high value products from coconut husks.



NAKAR INITIATIVE

Galas Green Dwarf (GALD)

- Yields an average of 70 nuts/palm/year
- Produces uniform, medium-sized, round and deep green nuts
- Fruit has thick husks
- Has spherical and well-balanced crown of leaves
- Has short leaves but containing plenty of leaflets
- Highly recommended for commercial buko production because of its sweet meat and water



Aromatic Green Dwarf (AROD)

- Early-bearing and prolific
- Has small nuts with thin meat
- Embryo is covered by a clump of meat not commonly observed in a normal nut.
- Its sweetness and taste makes it ideal for young or "buko" production (7-8 mo. old)



Kinabalan Green Dwarf (KNBD)

- Yields an average of 270 gm. of copra/nut
- Grows slow in height
- Often displays a robust trunk
- Probably the highest fruited dwarf type
- Discovered in Malita, Davao del Sur

Open Pollinated Varieties (OPV)



Thank you!

Nakar PPT2 OO 021716