

**DEVELOPMENT, OPERATION, AND MAINTENANCE OF THE DAVAO INTERNATIONAL AIRPORT
UNDER A PUBLIC-PRIVATE PARTNERSHIP (PPP) ARRANGEMENT**

PROJECT DESCRIPTION

1. Brief Summary of the Project

The Davao International Airport (DIA) is the third largest airport in the Philippines in terms of passenger volume and the primary gateway to Davao City and Southern Mindanao. In 2019, the airport served a total of 4.5 million passengers - a 58% increase over five (5) years that is consistent with the accelerated economic growth of the region and the increasing propensity of Filipinos to fly.

Built in early 2000 and with no major upgrade since, the DIA has exceeded its design capacity and now requires urgent expansion and improvement to meet current and anticipated traffic volume requirements. It is in this context that the Chelsea Logistics and Infrastructure Holdings Corporation (“Proponent”) submitted an unsolicited proposal (“Proposal”) to develop, operate, and maintain the DIA under a Public-Private Partnership (“PPP”) scheme.

The project includes the reconfiguration, expansion, operation, and maintenance of the airport facilities for a concession period of thirty (30) years. The development will be undertaken in phases with Phase 1 developments to be performed under a committed contract with the government and the succeeding phases to be triggered by traffic requirements, and in line with Minimum Performance Specifications and Standards (“MPSS”).

The projected capital investment for the Project is Php 56.2 billion to be spread over the duration of the concession period.

In October 2018, the Proponent was conferred an Original Proponent Status (“OPS”) by the Civil Aviation Authority of the Philippines (CAAP). The OPS award entitles the CLC to match any competing bid for the Project, under the Swiss Challenge process. The Project was approved by the National Economic and Development Authority (“NEDA”), through its Investment Coordination Committee (“ICC”) Cabinet Committee in December 2019. Under the PPP arrangement, tender processes for all work packages including detailed engineering, civil/structural works, equipment and IT will be conducted once the Proponent is awarded the concession.

The project supports the civil aviation sector and is closely linked with the Philippine Government’s objective to stimulate economic progress through high-quality and efficient infrastructure facilities under the Build, Build, Build Program. The development of the Davao International Airport complements the expansion and improvement of the country’s major gateways.

2. Proponent Background

The main project Proponent is Chelsea Logistics and Infrastructure Holdings Corporation, a publicly-listed firm engaged in logistics and transport services. Its subsidiaries include Chelsea Shipping, Tran-Asia Shipping Lines, Bunkers Manila, Oceanstar Shipping, Fortis Tugs, Davao Gulf Marine Services, and 15 other companies. CLC provides end-to-end transport solutions to support local industries in key growth areas of the Philippines. With many years of shipping and logistics experience, it has experience in engineering and design, construction, port services, port operations and management, and the whole logistics value chain through its own transport hubs.

In support of the Project, the Proponent will engage technical partners which are global firms with demonstrated experience in operating and managing international airports and airport assets with a traffic throughput ranging between 58 to 228 million passengers per annum. These companies have been approached to participate in the Project both under a Technical Services Agreement basis or through equity participation.

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3. List of Activities to be Conducted in the Project

The project will involve the following scope of work.

- a. *Operation and Maintenance Works* - At the start date of the concession period, the Proponent will take over the operations and maintenance of the airport facilities including the passenger and cargo terminals and all commercial assets in the airport.

The O and M performance of the Proponent shall be closely monitored and evaluated based on the agreed MPSS and Key Performance Indicators.

- b. *Reconfiguration and Upgrading Works* - The existing passenger terminal will be reconfigured to increase capacity, improve passenger flows, maximize non-aeronautical revenue, and enhance airport efficiencies. Other airport facilities, both airside and landside, will be upgraded as well.

Existing equipment will be upgraded and modernized including the introduction of new technologies that will help ensure safer flights and more conveniences for passengers.

- c. *Expansion and Capacity Augmentation Works* - The existing passenger terminal will be expanded to accommodate the projected increase in traffic. A new cargo terminal building will be constructed and equipped with modern facilities to address the requirements of the industries and businesses in Davao City and the region.

A full parallel taxiway will be constructed to increase the air traffic movements through the airport and encourage more connections.

The table below shows the indicative improvements to be undertaken under the project.

ITEM	EXISTING	PROPOSED <i>[At end of concession period]</i>
Passenger Traffic	4.5 million	15.5 million
Air Transport Movement [ATM]	9 ATMs per hour	35 ATMs per hour
Runway	2,999m x 45m	2,999m x 45m
Taxiways	2	4
Apron stand	8 – 3C/5E	15- 12C/3E
Passenger Terminal Building	24,780 sq.m.	64,800 sq.m. (2.6x)
Peak-hour Passenger Capacity	1,552	4,799
Departure Gates	4	11
Car Parking	17,460 sq.m.	29,500 sq.m.
Forecourt	4,800 sq.m.	11,540 sq.m.
Taxi Waiting Zone	1,800 sq.m.	5,870 sq.m.
Cargo Terminal	4,725 sq.m.	11,350 sq.m.

Note that no site acquisition will be involved in the project and no changes in the current airport classification and certification is included in the project objectives.

4. Indicative Budget

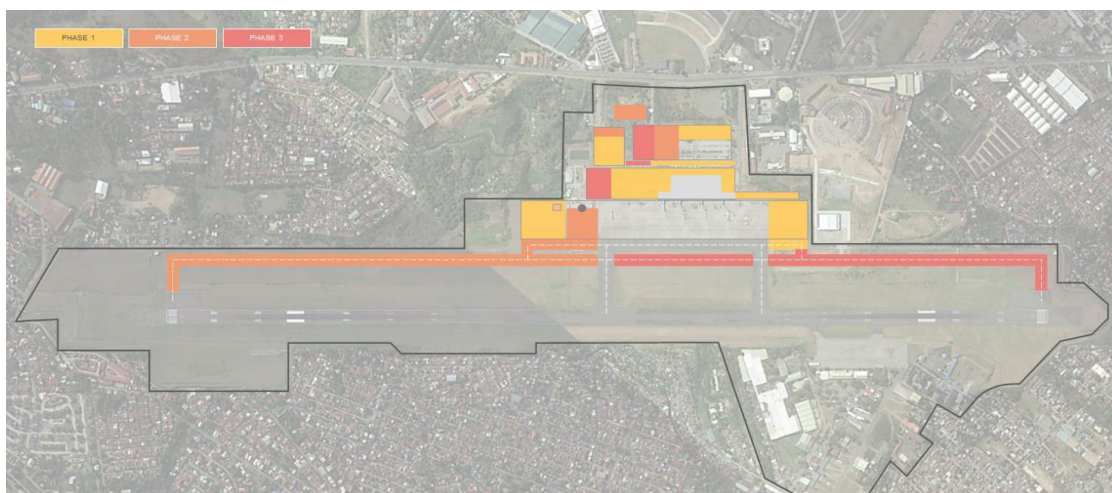
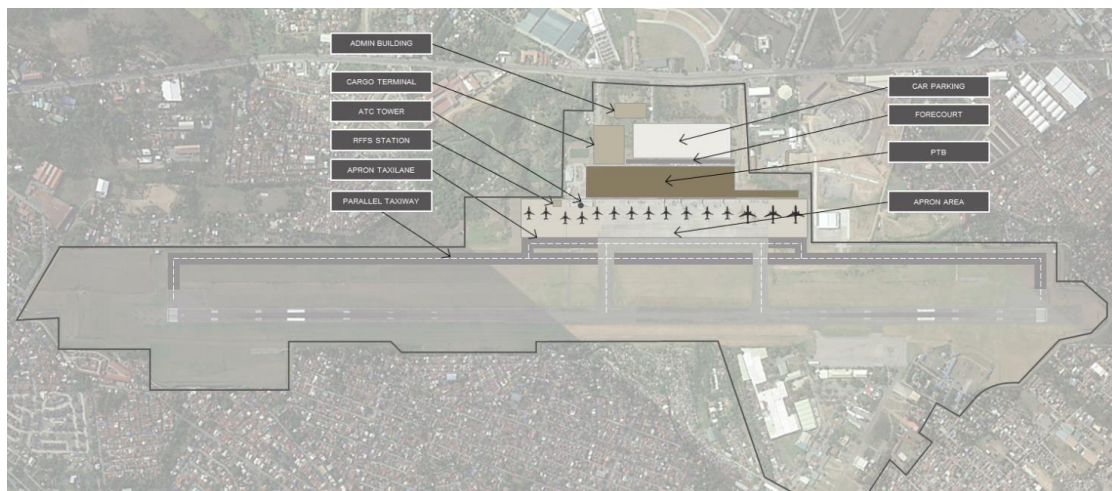
The Project is estimated to cost about Php 56.2 Billion (in current prices) and broken down as follows:

Construction CAPEX	25.832
Equipment CAPEX	2.067
Heavy Maintenance	20.973
Financing Costs	7.310
TOTAL	56.183

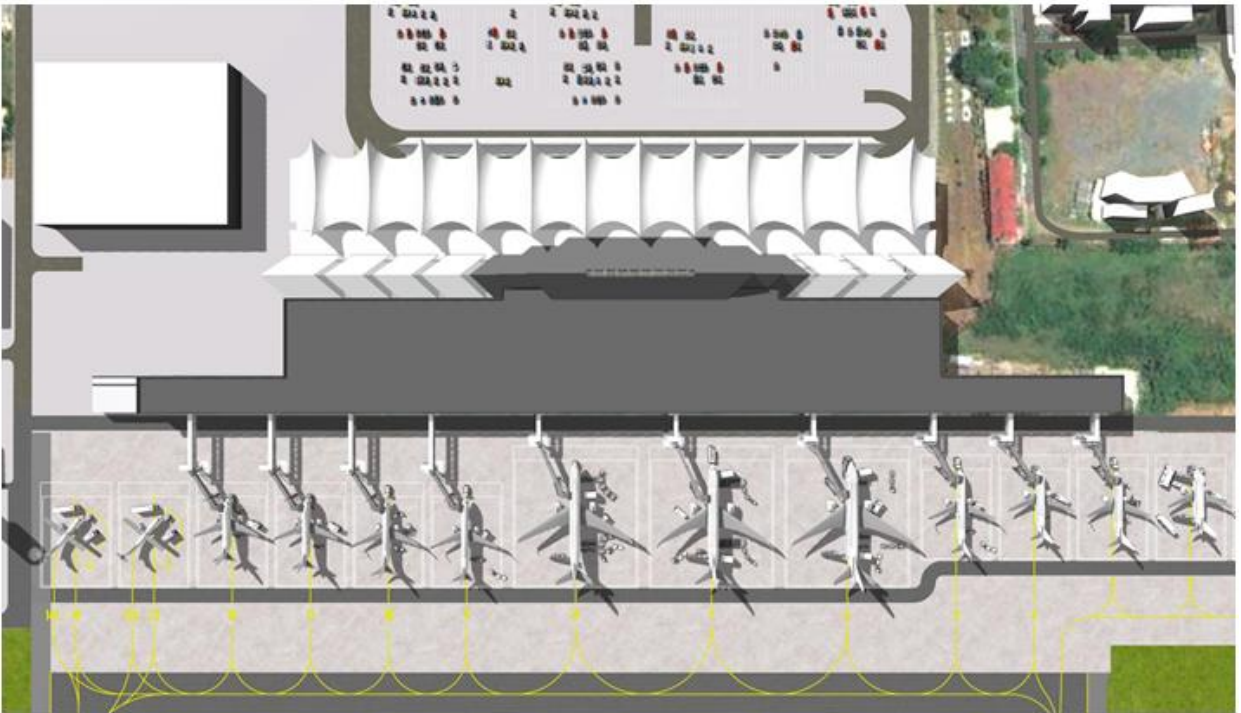
5. Information on the Approving Body of the Project

Pursuant to the Philippine BOT Law, as amended, and its Implementing Rules and Regulations (IRR), the Approving Body for the project is the NEDA Board upon the review and recommendations of the NEDA Investment Coordinating Committee (ICC).

6. Site Development Plan and Project Layout



Indicative Airport Development Concept



General Airport Lay-out

Forecourt area



Pedestrian plaza



Check-in zone



Departures area (airside)

