

2013  
Annual  
Report

Republic of the Philippines  
Office of the President

**BCDA**<sup>®</sup>  
Bases Conversion and  
Development Authority

**BUILDING**

PROGRESS



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“Only let that which is good looking be seen on the surface of the city.”

Leonardo da Vinci's Vision of a City

## Message of His Excellency Benigno S. Aquino III

**M**y warmest greetings to the Bases Conversion and Development Authority (BCDA) on the publication of your 2013 Annual Report.

The administration's efforts to stamp out corruption and cultivate transparency and accountability in government have resulted in an invigorated economy. The credit ratings upgrades of the past year, the upsurge in tourist arrivals, the influx of investment, and the swelling of consumer spending—these are signs of refreshed confidence in the country.

The vibrancy that courses through the land shows a return of trust in our political and economic systems.

The BCDA has played a defining role in this revival: By allowing military land to flourish into prime destinations for investment and tourism, the BCDA has shown how government, in partnership with the private sector, can spur growth in these locations that redounds to the benefit of our community and, ultimately, the entire country.

Through the years, BCDA continues to open up new frontiers of development and opportunities for key projects to thrive. I thank you for your contributions to our nation's welfare and progress, and exhort you to keep strengthening your partnerships and fulfill your mandate of stewardship as we tread the straight and righteous path towards an even more equitably progressive, economically dynamic Philippines.



BENIGNO S. AQUINO III  
President  
Republic of the Philippines



## Message of the Chairman

### GROWING CITIES FOR THE WORLD'S FIRST GLOBAL SERVICES NATION

**T**he Philippine economy's aspirations to greatness are no longer so strong, not because the dream is out of reach, but because it is already becoming reality. After decades in the doldrums and of intermittent growth, the nation now rides the crest of consistent, sustained development.

Substantial growth has been achieved, with GDP rising 6.8 percent in 2012 and 7.2 percent in 2013; with few signs of a slowdown, the economy should post similar growth rates in the next decade. Inflation has long been tamed, foreign currency reserves far exceed the size of our foreign debt (thanks to the inflow of remittances from overseas workers that will not stop any time soon), interest rates have been falling for years, unemployment has steadied in single digits—these and other signs point to our economy's newfound stability. The upgrades from international credit rating agencies last year only confirm it. This is no fluke.

### THE NEW PHILIPPINE ECONOMY

If the nation's economic acceleration has been a happy surprise, more so has the country's emergence as the world's first truly global service economy.

Our workers abroad are more than just migrant laborers; they comprise a skilled professional workforce. The only parallels in the world are Mexico and Turkey, but they have specific markets (North America for the former, Europe for the latter). Our reach is truly global, with our citizens gathered in diverse locations around the world performing key services in arrangements that are definitely not short-term. Generations of fellow Filipinos will grow up and work in other countries. Our OFWs officially number only 3.5 million, but our overseas Filipinos are more than 10 million, or about ten percent of our population. These already outnumber the commercial-industrial workforce in the country (around 9 million) and make three to five times as much money, a reality with a great impact on the country's earnings, productivity, and stability.

This is the new Philippine economy. And this arrangement is not temporary. It is buttressed by three trends that have come together and will not wane any time soon. One, the steady stream of workers who leave our shores for other lands will continue. Two, the BPO industry continues to surge. Emblematic of our rise as a global service economy, the business process outsourcing industry employs nearly a million people, a number that will shoot up 15-20 percent yearly. (Already BPOs take up about 80 percent of



## We design and create new cities based on a forward-looking model, cities that are green and global, cities for learning and families, cities of the future.

commercial building construction nationwide.) In contrast, our traditional industry's employment, about three million, has plateaued. BPOs will one day outstrip it. It already does when it comes to compensation, providing three to five times what industry pays. The next generation of workers will not find themselves in factories. And no matter what happens to the economies of the United States, Europe, or China, BPOs will keep humming along.

Only the Philippines has achieved this. Only in this country do the right conditions—an education system that produces graduates highly literate in English, the global language; an adaptable culture that allows the Filipino to thrive wherever he finds himself in the world—exist for the emergence of such an economy. Our European, American and Asian heritage has made us unique in serving the world.

### ENTER THE GLOBAL CITY

Third is an idea gaining currency in the world: congested cities can actually be healthy. Already the majority of the world population lives in urban centers; the inflow to these people magnets will continue well into the future. The United Nations predicts that the number of city dwellers will rise by 2.5 to 3 million over the next 30 to 40 years, with developing countries accounting for most of the growth. As a nation becomes more prosperous, its cities will continue being crowded.

This is not necessarily a bad thing. The messiness we associate with congested cities, such as those that make up Metro Manila, are a result less of architecture (that is, problems inherent to their design) than transport policy. The congestion can be managed by rethinking where the people live, work, and study, and how we move people around. The main culprit: the automobile. For most of the past half century cities around the world have been adding roads to make way for more and more private cars. Now we understand that cars are not the solution. We need to change our priorities, giving more space and allotting more money to mass transport, and personal mobility, favoring pedestrians and cyclists. Europe has led the way towards an alternative system, and more and more countries are challenging the reign of the private car. In fact, in advanced cities fewer people now aspire to owning a car.

According to the new paradigm, a congested city can be a livable, even happy, city, accommodating the swelling numbers of people, meeting their needs, providing

essential services, and allowing them to lead fulfilling lives. Part of this shift in perspective is an emphasis on cities, less than countries, as centers of growth. After all, cities are communities that are more manageable living environments than countries.

Yes, urban centers can be dense, but their density can be used to their advantage. The key is managing the city as a living environment.

### FROM LAND TO LEADERSHIP

If cities play a large role in a nation's development, a role that will get only larger as the years go by, then we must build cities that are global.

That is our task at the BCDA: building global cities. These are cities that are outward-looking, that may or may not feature manufacturing or industrial areas but which give pride of place to communications and skills-oriented fields (such as healthcare and education). Such cities nurture skills that serve, and that are in high demand in, the world. We grow cities that will serve the world.

If one looks around the fastest growing cities in the country, such as Manila, Cebu, Baguio, Iloilo, Dumaguete, Cagayan de Oro and General Santos, invariably one will note that the main growth driver is education (Manila, Cebu, Baguio, Iloilo, Dumaguete, Cagayan de Oro and General Santos). Education facilities bring in young families which are the main consumers of products and services.

Ultimately, we see urban development as the primary way through which the country can achieve inclusive growth, one of the Aquino government's aspirations. The benefits of development will redound to Filipinos through the development of our cities.

This means that the BCDA is not merely about the conversion and development of military bases and land. We are about leadership. With our massive portfolio (more than 40,000 hectares of real estate, much of it prime property), we have the opportunity to design and create new cities based on a forward-looking model, cities that are green and global, cities for learning and families, cities of the future.

We shall foster and nurture these cities, making them green and global communities, shaping them into the urban centers that, while continuing to service the world, will spark growth and development across the country.

ROLANDO P. GOSIENGFIAO  
Chairman

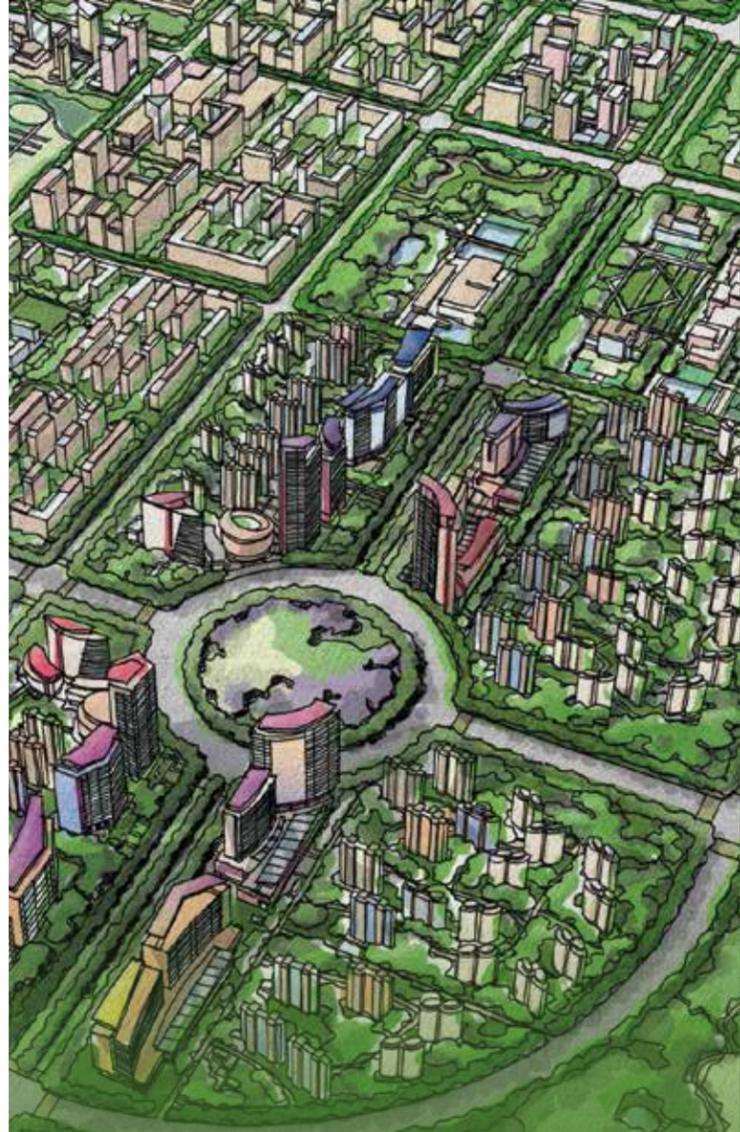
## Message of the President & Chief Executive Officer

### CITIES FIT FOR OUR DREAMS

**T**he BCDA's most important role, after more than 20 years of the agency's existence, has never been clearer: to be a catalyst in the country's economic development. How? By developing former military bases into economic dynamos that multiply opportunities for all. Metro Manila, the political and economic seat of the country, will always be a powerful economic force, accounting for more than a third of GDP. But for growth to be inclusive and reach the many citizens not within the capital's borders, other areas must flourish. This is BCDA's charge: to make sure that the potential of these vast land assets is optimized. By carrying it out, we increase exponentially the area's opportunities for employment, the quality of basic services delivered by the local government (whose financial standing will be enhanced), and, most importantly, the hope and optimism among our fellowmen. Such a transformation fuels aspirations and realizes the feeling of certainty, allowing people to dream dreams bigger than those they thought they could not achieve.

Land is a powerful tool in wealth generation. The BCDA is one of the biggest, if not the biggest, landholder in the country. Our portfolio now exceeds 40,000 hectares, a trove of vast potential. We have a duty to make the most of these assets for the country's benefit. This is why we build hubs that allow services to flow, goods to move faster, human capital to be developed. Land is a platform on which everything happens.

What's more, such an asset base is an opportunity to effect the change our nation has been hoping for. So we can directly impact and improve the lives of a substantial number of our people. The task is huge, but we are up to it.



We build hubs that allow services to flow, goods to move faster, human capital to be developed. Land is a platform on which everything happens.



### HAND IN HAND WITH THE PRIVATE SECTOR

We in BCDA distinguish work not just by our asset size but also by our trendsetting ideas. We have established a reputation as a "developer's developer." Our business model: privatization through fair and equitable partnership with the private sector."

The Bonifacio Global City (BGC) is a shining example of the public-private partnership, a feather in our cap. Its lessons for us are these: One, the government must provide an environment that allows market players to compete fairly. Second, we should not compete with the private sector but should offer a level-playing field to private companies, allowing them to thrive under the rule of law. Third, having a good partner is essential. We in government must choose partners who truly understand development, and good governance—those who see beyond building malls and residential enclaves, and who incorporate responsibility and responsiveness to the needs of people and the environment in their business. After all, Filipinos deserve better. Four, the government should shield private partners from political risks, such as those associated with changes in administration. And five, the government should temper the profit-maximizing ethos of private companies to ensure the sustainability of the community being nurtured. Bringing in institutions like schools, has reaped dividends that have redounded to everyone.

### FORGING AHEAD IN 2013

I am extremely proud of what we have accomplished as a corporate family—anchored on the synergy and cooperation with members of the BCDA Group, our co-stewards in the management and protection of government land. We forged ahead in 2013.

The development master plan for Clark Green City, or what is known as the Clark reservation adjacent to the Clark Freeport Zone, was completed.



A city must be beautiful, but before anything else, it must be built for the human beings who live in it.

The new urban center, on land larger than Metro Manila, will be a new and modern metropolis. A mixed-use development that will host a government center, a central business district, academic institutions, agri-urban farms, and ecotourism infrastructure, Clark Green City will have 70 percent forest cover to 30 percent developed areas, to preserve its almost untouched natural environment.

The master plan for the Poro Point Freeport and Special Economic Zone, in La Union, has likewise been completed and is ready for implementation in 2014. The plan: to make the place an integrated whole, allowing residents to live, work, and play within its confines. Poro Point can eventually rival Camp John Hay in Baguio as a hub for the development of northern Luzon.

The Subic-Clark-Tarlac Expressway (SCTEX), has set the foundation for the construction of reliable road infrastructure that will strengthen the seamlessness and convenience of traveling to regional centers of growth and tourism,

whether for business or leisure. Another such key infrastructure is the Tarlac-Pangasinan-La Union Expressway (TPLEX) which opened in May 2013.

The asset disposition program proceeds apace: smaller lots were sold off while larger ones are being prepared. Asset disposition is a long, tedious process in which land is prepared for privatization. Soon, the Bonifacio Naval Station and Naval Housing Area will be ready for disposal.

Our most significant achievement is the relatively less difficult revenue-generation: collections from partners and government agencies surpassed Php2.389 billion in 2013, reflecting efficiency gains we made. We have noticed that in this administration, the various state agencies are supportive of each other, making inter-agency collectibles no longer the big problem they used to be.

#### THE CHALLENGE OF GOVERNANCE

It has become clear over our more than two decades of existence that governance is the

big challenge before us. In our attempts to institutionalize reforms that make transparency in our affairs take root and level the playing field for all comers--some throw up roadblocks in our way, mostly by way of legal disputes. We have to realize that embracing good governance is the duty not just of the government but also of all in the private sector. While President Aquino's administration has made cleansing the nation of corruption his battlecry and has made deep inroads into eradicating this long-festering malaise, the private sector and civil society groups need to do their part if this transformation is to have lasting effect.

#### CITIES THAT UPLIFT HUMAN DIGNITY

Ultimately, the BCDA's mission is creating the urban center of the future. What is it like? It is a city for people, a place where human dignity is regarded above all else. The quality of life must be sustainable. The environment must be embedded as part of development, development that makes you feel that you are home, regardless of your station in life. It is not a city just for the rich.

In years past, city planners showed a bias toward beautiful infrastructure and buildings. True, a city must be beautiful, but before anything else, it must be built for the human beings who live in it. When you uplift people's dignity, they begin to believe in themselves. They begin to hope, to believe in their capabilities, to dream bigger. Then they work harder to achieve those dreams.

We in the BCDA are doing our part to make these dreams, the dreams of our countrymen, a reality.

ARNEL PACIANO D. CASANOVA, ESQ.  
President And Chief Executive Officer

# The BCDA Group: Transforming Land, Transforming the Nation

**T**he Bases Conversion and Development Authority (BCDA) has become one of the country's foremost citybuilders. Our projects inject new life into less developed communities, boosting investment, industry, employment, and the national economy in general. Born more than two decades ago in a time of great uncertainty—when the Philippines was reeling after the devastation brought about by the eruption of Mt. Pinatubo, the earthquake in Northern Luzon and the economic challenges following the pull-out of the American military forces—BCDA has over the years guided the transformation of former American bases and Philippine military camps to what they are now—vibrant economic centers—beacons of hope to a people who had all but lost it.

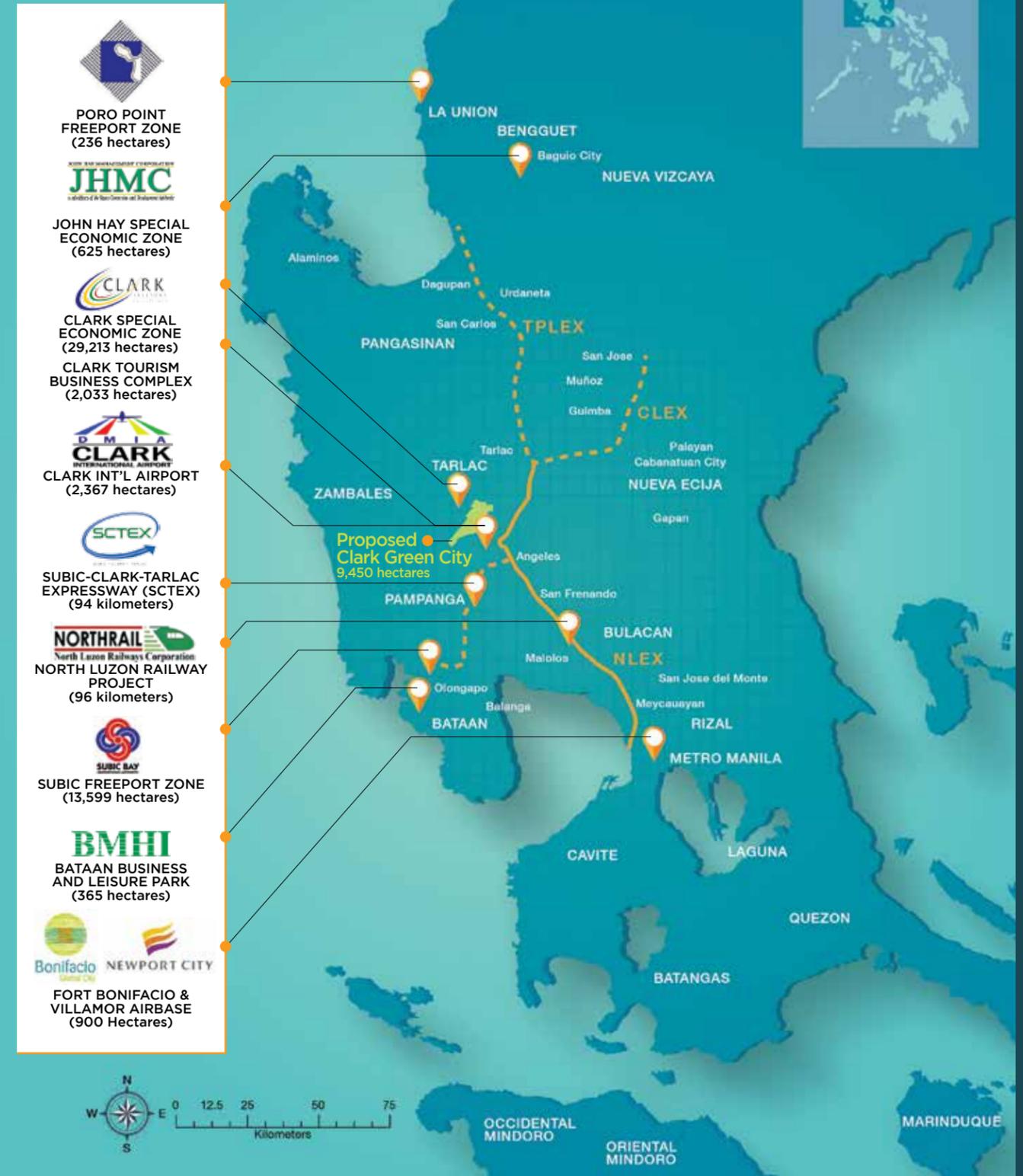
Today, BCDA is renowned not only for its accomplishments in converting former base lands. It is recognized as a prime mover of national development. By expertly managing the substantial assets of the former military camps placed at its care and management, it has created sustainable models for urban development, models that consider not only the creation of wealth but, more importantly, the expansion of economic opportunities that will empower communities and improve the quality of lives of their families.

BCDA has turned military camps into dynamic urban centers, economic hubs that inject vitality into communities all over Northern Luzon, Central Luzon, and Metro Manila. Indeed, with the Revised AFP Modernization Act of 2012, BCDA has the opportunity to provide stewardship for hundreds of thousands of hectares of military reservations and further contribute to the modernization of our Philippine armed forces, the largest single landholder in the country today. Through BCDA's expertise in land and asset management, BCDA is not merely a market player; it trailblazes into the creation of new markets. It defines the market.

### IMMENSE IMPACT

BCDA's impact on the country has been nothing short of immense. Since May 1993, proceeds from its Asset Disposition Program (ADP) have shot past Php60 billion in 2013. Taxes on these proceeds have reached Php175.9 million in 2013 alone. Total taxes remitted to the national government have reached almost Php6 billion, Php369.3 million in 2013 alone. Total real property and business taxes paid to the Taguig local government amount to Php422 million with Php135.28 million coming from ADP-related transactions from 1994 to 2013.

## THE BCDA GROUP AND ITS AREAS OF OPERATIONS



For 2013 alone, BCDA generated Php500 million in cash dividends for remittance to the National Treasury in addition to the Php1.707 billion representing the share of government agencies from BCDA's Asset Disposition Program. This brings the total BCDA remittance to Php2.2 billion.

All the revenue the agency has gathered under its ADP has redounded to the benefit of government agencies performing essential public services. These include the National Housing Authority; National Home Mortgage Finance Corporation and Home Insurance and Guarantee Corporation; Philippine Health Insurance Corporation; Department of Public Works and Highways and the Department of Transportation and Communications; Philippine Veterans Affairs Office; Commission on Higher Education; Department of Science and Technology; Office of the Secretary, Department of Justice and the Ombudsman; Mount Pinatubo Assistance, Rehabilitation and Development Fund; Bureau of Investigation, Bureau of Corrections, Philippine National Police and the Bureau of Jail Management and Penology; Supreme Court of the Philippines and Lower Courts, Sandiganbayan, Court of Appeals and Court of Tax Appeals; Department of Education, Culture and Sports, Department of Social Welfare and Development; Department of Labor and Employment; Department of Social Welfare and Development; Mount Pinatubo Assistance, Rehabilitation and Development; and the Philippine Economic Zone Authority. Also among beneficiaries are the Municipality of Pateros, and

the cities of Taguig and Makati. BCDA's biggest sole beneficiary is the Armed Forces of the Philippines (AFP). Total remittance to the AFP has exceeded Php20 billion over more than two decades.

The investments of local and international locators in our economic zones and investment centers continued to soar, reaching a total of Php551.99 billion in 2013, up by Php21 billion from 2012 figures. This represents 15 percent of the Compounded Annual Growth Rate (CAGR) covering 2008 to 2013. Leading the way is the Clark Freeport Zone with total actual investments reaching Php83.11 billion—Php3.12 billion higher than investments in 2012 at Php79.99 billion.

Employment in the ecozones and the BGC is also on the rise, with total jobs generated in 2013 at 237,516, up by 9.75 percent over 216,418 in 2012. Tourism is likewise on the upswing; visitors of BCDA's zones and the BGC hit over 1.6 million.

In 2013, we completed the master plan for Clark Green City, a massive, long-term development that will be half the size of Metro Manila and the country's most modern urban center; Phase 1, involving 1,300 hectares, hits the market in 2014. The country's longest toll road, the Subic-Clark-Tarlac Expressway, or SCTEX, is now used by more than ten million vehicles a year; gross traffic revenue exceeded Php1 billion in 2013. The SCTEX is considered as the country's most scenic expressway as it showcases the

breathtaking landscape of Pampanga, Bataan, Zambales and Tarlac. It led to the synergy of the Clark and Subic Bay Freeport Zones into one big facility resulting in the convergence of land-, air, and sea-based transport. Further, the SCTEX paved the way for the construction of the Tarlac-Pangasinan-La Union Expressway (TPLEX) and the Central Luzon Expressway (CLEX), projects of the Department of Public Works and Highways. The interconnection of these roads will go a long way toward linking communities as well as igniting tourism and investment opportunities in Central and Northern Luzon. With the seamless connection of SCTEX to TPLEX by 2014, motorists will have a more convenient traveling experience.

#### INTERNAL IMPROVEMENT

BCDA's transformative work has also meant a makeover for its own self. To maximize the substantial assets, resources, and expertise represented by its many subsidiaries, the agency forged a new development platform, the BCDA Group, that brings all BCDA subsidiaries and key affiliates together into a catalyst of national development that is more than the sum of its many parts. The members of the Group—Clark Development Corporation, John Hay Management Corporation, Poro Point Management Corporation, BCDA Management and Holdings Inc., North Luzon Railway Corporation, and the parent company, BCDA—recognize their vital, strategic, and collective role in sparking development across the nation and commit themselves to fostering closer interagency cooperation.

BCDA has likewise taken on a commitment to improve its internal processes. Following the national directive toward greater transparency and accountability, the agency teamed up with the Development Academy of the Philippines (DAP) to strengthen BCDA's responsiveness to the needs of its stakeholders and improve its work processes through quality management systems. In line with this, BCDA institutionalized mechanisms that enhance transparency in the remittance and accounting of disposition proceeds.

For the year, BCDA implemented a "5S" program for improved efficiency, and signed an agreement with the Governance Commission for Government-Owned and -Controlled Corporations (GOCCs) to set key performance targets for 2013 and 2014. BCDA also entered into partnership with the Makati Business Club Integrity Unit, and embarked on meaningful workshops on integrity, with individual members of the Group signing an integrity pledge.

Further, BCDA institutionalized mechanisms that enhance transparency in the remittance and accounting of disposition proceeds.

#### LEADING THE WAY

Now into its third decade, BCDA continues to lead the way in showing how government, in partnership with private firms, can spur growth that is inclusive, and how the state, working closely with private hands, can transform communities into thriving ones, thereby making development a reality for all.

ASSET DISPOSITION PROGRAM  
MAXIMIZING VALUE,  
MULTIPLYING BENEFITS



Serendra is an Ayala development forged with the BCDA through joint venture partnership.

Megaworld's Newport City is a fully-integrated township development across the NAIA Terminal III.



## Asset Disposition Program

### MAXIMIZING VALUE, MULTIPLYING BENEFITS

**B**CDA started its disposition program in 1993 to fund the conversion and development of former United States military bases and camps into productive civilian use, through optimized revenue generation of Metro Manila camps—the biggest of which are Fort Bonifacio and Villamor Air Base. And in BCDA's 21 years of existence, it has pulled in Php60.41 billion through the program. In 2013 alone, the tax take on asset disposition proceeds hit Php175.9 million. The program has given a great boost to beneficiary agencies of the government (most of which provide crucial public services such as housing, education, social welfare, health insurance, and justice administration), which have received more than Php8 billion over two decades. The largest beneficiary, the Armed Forces of the Philippines, has received a whopping Php23.5 billion.

Fort Bonifacio is now home to several township developments—one of which is the Bonifacio Global City (BGC), a beautiful development resulting from the sound partnership between BCDA and the consortium of real estate leaders Ayala Land, Inc, and the Campos Group's Evergreen Holdings, Inc. Premiere developments showcased by the Megaworld Corporation at the Fort Bonifacio include McKinley Hill and the Uptown Bonifacio, and Federal Land's Veritown Fort.

The Bonifacio Global City, BCDA's most successful asset disposition project, is also its most prestigious. BGC has become a magnet for investment and is now the template for the agency's development effort. And with BCDA's land coverage growing an additional 125,000 hectares from camps not covered by RA 7227 (which created the agency) the opportunities to replicate the successful development of BGC and McKinley Hill in Fort Bonifacio, and Newport City in the former Villamor Air Base, went up exponentially. These additional projects will



"Specific Gravity" by artist Reg Yuson is one of the public artworks on display at the Bonifacio High Street.

allow BCDA to continue raising funds for the AFP's modernization effort as well as energize development all over the country.

By making the most of these former military assets—by partnering with real estate leaders in the private sector and exercising prudent management—BCDA is able to multiply the benefits for all.

### BONIFACIO GLOBAL CITY

BGC is BCDA's crown jewel. Today, BGC has become the template for the agency's development effort.

BGC is host to residential landmarks such as the premier condominium project Serendra, forged jointly with Ayala Land in 2003. To date, the project

has generated cumulative revenue of Php3.147 billion. For its part, the lease of the area where Ayala Land's retail mall Market! Market! stands has brought in Php2.575 billion. In 2013 alone, total disposition proceeds for Serendra and Market! Market! totaled Php1.09 billion and Php 239.23 million .

The gross floor area (GFA) of completed vertical Developments in BGC hit almost 2.6 million square meters as of end-2013, with another 2.1 million square meters under construction. Almost half, or 47 percent, of this GFA is residential, indicating how attractive the urban center is as living space.

But there is more room for growth: only 39 percent of BGC's total developable GFA of 12.1 million square meters has been built up.

Another landmark is Bonifacio High Street, a mall unique in its design. A shopping environment that encourages strolling, the place has become a favorite of shoppers, diners, and others simply looking for a good place to while away the hours.

Also popular is the Mind Museum, a world-class, interactive, science educational institution. Sitting on 12,500 square meters, the museum has hosted over 500,000 visitors since its launch in 2011. The project is a brainchild of the Bonifacio Arts Foundation Inc, (BAFI) composed of representatives from BCDA, Ayala Land, the Campos Group, and property owners in BGC like Carlos Rufino of The Net Group, to name a few, as well as private donors supportive of science and technology. This massive facility is the first



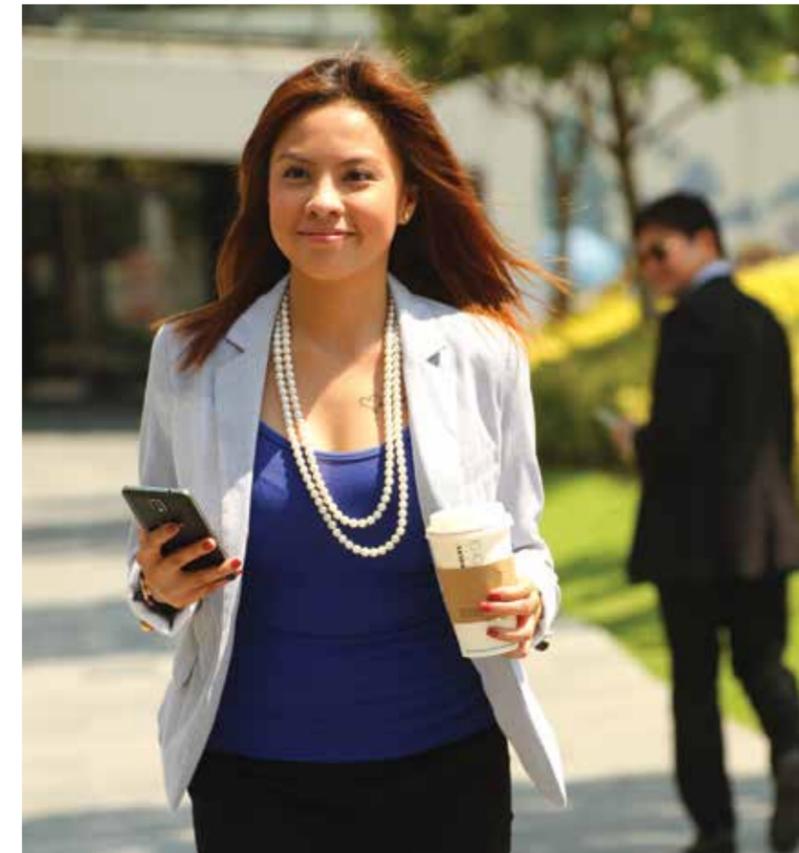
Explore fashionable boutiques at the BHS Centrale.



Fun and learning for the young and old at the Mind Museum.



A relaxing evening amidst quaint restaurants, art galleries and unique shops at the retail promenade of Serendra.



Young urban professionals enjoy a peaceful walk from the coffee shop to their workplace.

science museum of its scale in the country. In 2013, the museum was declared by the Themed Entertainment Association as a recipient of the Thea Award for Outstanding Achievement. The Thea Awards is internationally recognized as a symbol of excellence within the themed entertainment industry. For the year, Mind Museum also earned a gold-level certification from the Leadership in Environment and Energy Design (LEED). It was commended for its environment-friendly practices which led to conservation of water and energy and improved indoor air quality.

Meanwhile, BGC is also host to prestigious institutions of learning such as the Manila Japanese School, British School Manila, International School Manila, Systems Technology Institute, and Every Nation Leadership Institute, Everest Academy, Inc., Treston International College, and the MGC New Life Christian Academy. Areas leased to

these schools yielded revenues of Php90.76 million for the year. Joining such notable institutions is the UP Professional Schools, which will soon rise on a donated 4,300-square meter area in BGC. UP will offer graduate courses in law, business administration, statistics, engineering, and architecture, as well as open university courses plus other continuing education courses and seminars.

In 2013, we welcomed a new member to these prestigious learning institutions—De La Salle University. Winning the bid for the property, the university will establish a graduate school that will offer courses in business administration and law on its 1,395 square meter property. La Salle will pay an annual lease of Php3.948 million with five percent increases every year. For 2013, it has yielded Php17.01 million in lease proceeds.

BGC's cultural cachet just got better. Plans are underway to transform the Bonifacio War

Tunnel into a museum and tourist site. BCDA signed a memorandum of agreement with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), National Historical Commission of the Philippines (NHCP), and the National Museum to preserve the Bonifacio War Tunnel as a historical structure and develop it into a tourism site that complements Fort Bonifacio's rich historical heritage.

The original length of the tunnel is 2.2 kilometers. Currently a 730-meter segment of the tunnel remains unaffected. It has 32 built-in chambers and a six-meter deep well.

The project will unfold in two phases, the first involving a feasibility study leading to rehabilitation, marketing, and operational plans, the second involving actual rehabilitation and development. The tunnel, which lies beneath Makati's Pembo, East Rembo and the eastern portion of the BGC was built by the Americans in 1941.

As of 2013, employment in BGC has risen to over 60,000 as investments continue to come in. As construction continues and offices, commercial, residential, and institutional areas fully utilized, these figures will only keep rising.

#### FORT BONIFACIO TOWNSHIPS

##### McKinley West

In 2010, BCDA entered into a joint venture with developer Megaworld Corporation for the development of approximately 34.5 hectares of the prime JUSMAG area along Lawton Avenue in Fort Bonifacio into the premiere township project called McKinley West. The agreement called for the development of the property into a mixed-use complex with residential, office, and commercial blocks. BCDA contributed the land to the joint venture while Megaworld committed to invest no less than Php22 billion over 20 years to maximize the property's development potential. Aside from its annual share of Php873.4 million guaranteed under the agreement, BCDA also received



BGC grounds have provided ideal venue for fitness activities for residents and sports enthusiasts.

Php1.5 billion upfront in advance revenue upon the signing of the accord. This is on top of the Php700 million allocated for the replication of AFP Housing Facilities, in support of the disposition and development of the JUSMAG area in Fort Bonifacio.

The initial development is expected to offer an inventory of 285 residential lots with sizes ranging from 188 to 500 square meters.

Since its signing, the deal has generated Php 4.82 billion in revenues.

**Bonifacio South Pointe**

A major project in 2012 would have been disposing of the 33.1-hectare Bonifacio South Pointe property along Lawton Avenue in Fort Bonifacio, Taguig City. The area is intended for a residential development supporting mixed-use commercial, recreational, and civic or institutional development.

BCDA planned the Bonifacio South Pointe's privatization through a joint venture expected to bring Php7 billion to the government through a cash payment for the private partner's 55 percent equity along with guaranteed annual cash inflows for the agency's 45 percent share from the fifth to the twentieth year of the agreement.

The property was originally the subject of an unsolicited proposal submitted by SM Land, Inc. which was eventually subject for competitive public bidding in December 2012 to enable

government to derive the best value for the property. This is pursuant to the directive of the Office of President Benigno Aquino, as it is believed that competitive bidding is a better option in upholding public policy and transparency. This prompted SM Land to file a petition to stop BCDA from bidding out the property, and a temporary restraining order issued by the Supreme Court has put the disposition process on hold.

The property is expected to yield 12 billion in revenues—primarily for the direct benefit of the modernization program of the AFP.



**MCKINLEY HILL**

BCDA received Php201.93 million as its revenue share from the McKinley Hill project in 2013, more than the guaranteed annual minimum Php118 million under the joint venture agreement with Alliance Global Group. This brings the total revenues to Php 2.71 billion from the joint venture. As an accredited project of the Philippine Economic Zone Authority (PEZA), McKinley Hill offers incentives to BPO companies locating in its more than 17,000 square meters of prime office space.

Still, McKinley Hill remains a predominantly residential community with more than 4,700 condominium units and 482 individual residential lots spread out in themed developments. These include the upscale McKinley Hill Village, the mid-rise Garden Villas, and the Italian-themed Tuscany Private Estates.

McKinley Hill covers 24.6 hectares which BCDA contributed to the joint venture while Alliance Global committed to investing a minimum of Php2.06 billion for its development. BCDA's share in the project takes the form of commercial and residential units for sale or lease.



The 50-hectare McKinley Hill now showcases the world-class Emperor Stadium which hosts matches of the country's semi professional football leagues.

Tuscany at McKinley Hill is the newest dining destination offering new flavors and a scenic view of restaurants reminiscent of Italy.



Business processing firms at McKinley Hill provide employment to many young urban professionals.



The BCDA turned over 160 housing units to active members of the military as part of its P700-million JUSMAG Replication Program.



**NEWPORT CITY**

Located in the former Villamor Air Base, Newport City is a Php7.64 billion township development across the Ninoy Aquino International Airport Terminal 3. It hosts the six-star Maxims Hotel, the five-star Marriott Hotel Manila, the entertainment complex Resorts World Manila, and residential communities such as the Residential Resort. Resorts World Manila, a project of Travellers International Hotel Group Inc. (a partnership between Megaworld and Malaysia's Genting Berhad Group), is home to the 1,000-seat Newport Performing Arts Theater, which lavishes its guests with world-class entertainment. Already to be found in the Newport City CyberPark is the Asia-Pacific's leading cruise line operator, Star Cruises

The internationally known Marriott Hotel is a popular destination for corporate meetings at Megaworld's integrated township, Newport City.



Celebrate romantic evenings in the luxurious six-star Maxims Hotel.

Ltd. The CyberPark is expected to stir employment opportunities as it attracts business process outsourcing (BPO) firms as well as cargo, logistics, and airline-related businesses.

As of 2013, proceeds from the disposition and development of Newport City reached Php2.85 billion consisting of cash revenues and replicated facilities of the Philippine Air Force and community facilities. Investments in the area are expected to reach Php50 billion.



Dubbed as a "leisure capital," shoppers delight in the international shops located at the upscale mall of Resortworld Manila, Newport City.



Among BCDA's replicated military facilities is the Philippine Army General Hospital, worth P254 million.

**OTHER PROPERTIES**

In 2012, BCDA disposed two smaller properties: the 1,224-square meter Sampaguita East Ramp property along C5 Road across BGC and the Nichols Loop together with a residual of the driving range at Villamor Air Base totalling 10,394-square meter. All three properties were sold through public bidding and were won by a single private local investor, Mr. Simon Paz. The Nichols property is an ideal place for institutional facilities. The Sampaguita East Ramp, on the other hand, can be developed in the future for residential use with support commercial uses. As for the Nichols Loop property together with the portion of the Villamor driving range: the contract was signed in 2003.

Two more properties within Fort Bonifacio remain up for grabs: the Bonifacio Naval Station and the Navy Housing Area. BCDA is expecting to finalize preparations for bidding these out in 2014.

**EXPANDING THE DEVELOPMENT OF MILITARY CAMPS**

In 2012, a fresh opportunity for BCDA opened up. Republic Act No. 10349, or the Revised Armed Forces of the Philippines (AFP) Modernization Act of 2012, was passed, a law that aims to boost the external defense capacity of the country's military and extend its modernization program for another 15 years. Furthermore, the law designates BCDA as the corporate arm of the AFP and the Department

of National Defense (DND) in the disposition and development of camps not covered by RA 7227 (which created BCDA).

In 2013, the DND-AFP identified nine camps for master planning. These camps cover more than 125,000 hectares combined, a massive landholding whose disposition and development can swell the funding of the AFP's modernization effort as well as energize development all over the country.

BCDA welcomes the opportunity to replicate the successful development of Bonifacio Global City, Newport City, and McKinley Hill, and portions of other camps, thereby helping our Armed Forces upgrade and retool to meet the challenges ahead of it, as well as contribute to the flourishing of employment and investment opportunities across the nation.

**HERITAGE PARK**

BCDA owns a substantial inventory of Heritage Park Investment Certificates (HPICs) as its share from the development of the upscale memorial park at BGC which it is selling through accredited brokers. By the end of 2013, BCDA had sold Php 706.77 million in new memorial products in the form of HPICs to third-party buyers. BCDA projects to earn an additional Php 653 million from Heritage Park based on prevailing spot cash prices for its remaining certificates.

# Clark Green City Smart, Green and Global

The BCDA has extensive experience in building a city. Following its success in developing the Bonifacio Global City, the country's most beautifully planned and developed city, BCDA is now building the Clark Green City, the country's first smart, green, and disaster-resilient metropolis. This new city is envisioned to sustain momentum in the economic growth of the Philippines.

Clark Green City will be carved out of the 36,086-hectare Clark Special Economic Zone that straddles the provinces of Pampanga and Tarlac in Central Luzon that were formerly part of the so-called Clark Reservation in the former Clark Air Base. The new city will host a mix of residential, commercial, agro-industrial, institutional, and information technology developments while at

the same time nurturing a green, sustainable and intelligent community for its residents. The city will cover 9,450 hectares.

At full development, Clark Green City will be home to 1.12 million residents, will generate 925,000 jobs and will contribute approximately P1.57 trillion per year to the national economy or roughly four percent share in the county's Gross Domestic Product (GDP).

It is positioned strategically between highly urbanizing cities of San Fernando, Angeles and Olongapo in Central Luzon as well as the cities of San Carlos, Dagupan and Urdaneta in Northern Luzon. It is near the Clark International Airport and the Subic Seaport. In 2013, the Department of Public Works and Highways (DPWH) has committed to the construction of access roads and other infrastructure—all of which are underway.

Other infrastructure—all of which are underway.

In 2013 the Clark Green City master plan was approved by the National Economic and Development Authority (NEDA) Board Committee on Infrastructure (Infracom) and endorsed to the Office of the President for approval.

To guide BCDA in drawing up the master plan for the new city as well as the BCDA's other landholdings, BCDA tapped the Urban Land Institute (ULI), a world-renowned institution with expertise in land



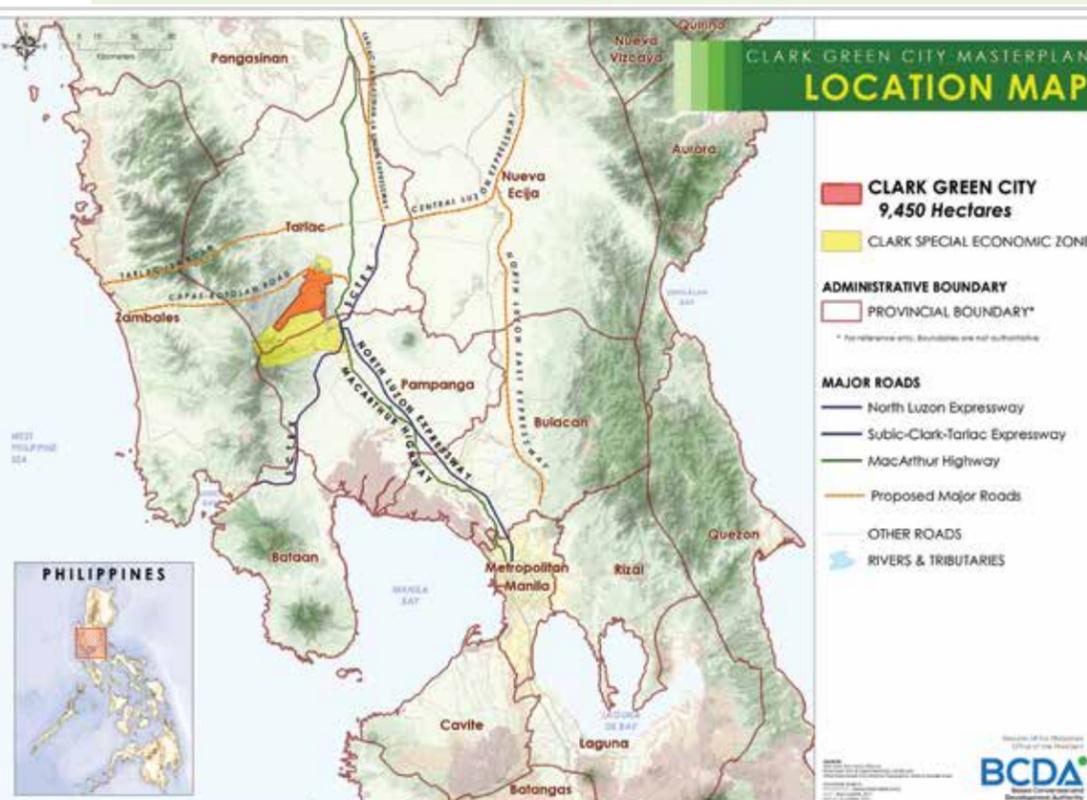
use and city planning. Their inputs were aimed at making BCDA's development projects better, safer, more energy efficient, and sustainable.

To ensure that the new urban center will indeed be green, BCDA entered into a partnership with the Philippine Green Building Council, a nonprofit organization that promotes green building practices to establish guidelines that will guide institutions, corporations, and other entities on how to make green living an essential part of their communities and keep environmental impact to a minimum. A memorandum of mutual cooperation has been forged.

BCDA also partnered with the Ross School of Business of the University of Michigan on the drafting of a strategic marketing plan for Clark Green City. The school presented their study to BCDA in December. Called the Strategic Marketing Development Plan, the scheme entailed, among others, a market attractiveness assessment, sizing analysis, and branding formulation. The plan was made part of the CGC Master Development Plan.

At the same time, BCDA commissioned a feasibility study by Cisco/Centios, global experts on urban planning and information and communications technology, on ICT development and another by Mitsubishi Heavy Industries on utilities, both of which are in progress. Centios helped develop the Songdo International Business District in South Korea, a model of master planning.

Among key partnerships forged were that with the Incheon Free Economic Zone Authority (IFEZA) which will enable exploration of potential collaborative opportunities with BCDA. Successfully launched within the Incheon Free Economic Zone, Songdo International Business District integrates the best practices of urban planning and sustainable design. With this, BCDA hopes to gain new insight that will help it make Clark Green City truly a smart and green city. Further, BCDA entered into a memorandum of agreement with the Department of National Defense-Armed Forces of the Philippines (AFP) on the city's security needs, while the area is being prepared for development.



# THE SPECIAL ECONOMIC ZONES STRENGTHENING ECOZONES NURTURING COMMUNITIES

The smart, green, disaster-resilient  
Clark Green City

Convergys at the Ayala Technohub-  
Baguio is among the top employers of  
the John Hay Special Economic Zone.

The beautiful Le Monet Hotel is nestled among fresh pine  
trees providing relaxing accommodations to visitors of  
Camp John Hay.

## Strengthening Ecozones, Nurturing Communities

**T**he success of BCDA's transformation of former military lands into productive civilian use has been nothing short of triumphant. The Philippine economy used to depend on US military aid directly tied to the American bases, but the conversion program not only mitigated its loss but also prevented the economic dislocation of hundreds of thousands of Filipinos who used to depend on the bases for employment and livelihood. Now, more than two decades after BCDA began its work, the former baselands have become lively economic zones, producing goods and services essential to the national economy as well as providing a continuing stream of jobs and livelihood opportunities that have brought life and renewed hope to the people.

By end-2013, more than 90 percent of BCDA-administered special economic zones that have been made available to private investors were leased out, an indication of the great strides in the conversion program. Job generation has risen steadily, with 79,080 people working in the different ecozones in 2013, from 75,582 in 2012.

The biggest employment profile was posted by the Clark Freeport and Special Economic Zone at 72,616 workers as recorded from its 679 locators. This is 2 percent higher than 2012 figure of 71,073; five years ago, employment at the zone was at 57,790.

Total actual investments in the ecozones reached Php87.55 billion, higher than the 2012 figure of Php84.2 billion. Export receipts, all of which are attributed to the Clark Freeport Zone which hosts the largest number of manufacturing locators, increased by USD212 million, from USD 3.66 billion in 2012 to USD3.83 billion. Aside from generating jobs and investments, the ecozones have also made substantial contributions to the country's tourism industry. Some 928,644 tourists came to the zones in

2013. Of the 52 tourism events in reported by the Clark Development Corporation (CDC), two international events—the 18th Philippine International Hot Air Balloon Fiesta and Asia Pacific Regional Baseball Tournament—generated Php5.4 million for government.

### THE CLARK FREEPORT ZONE

The Clark Freeport Zone, a vibrant economic growth center in Central Luzon, has blossomed into a much-desired investment destination. Its success has been made possible by BCDA subsidiary Clark Development Corporation (CDC), which leverages its strategic strengths by combining them with an attentiveness to customer service and a determination to foster a corporate climate hospitable to business.

**The manufacturing facility of Ecell Global in Clark services all regions worldwide and employs a large number of customer service staff.**



Clark's development hinges on the presence of its well-established industrial locators like Yokohama, Phoenix Semiconductor Philippines Corporation (PSPC), Texas Instruments, Nanox Philippines, and L&T International Group Phils., Inc., to name a few. Also the presence of an emerging passenger and cargo hub, a fast-rising international airport, and its easy accessibility from Metro Manila, enables the ecozone to position itself as a total community. It also draws strength from its synergy with the nearby Subic seaport through the Subic-Clark-Tarlac Expressway (SCTEX). Fiscal incentives, a strategic location, world-class and competitive support infrastructure and utilities—these make it easy for new businesses to move into the ecozone and for current ones to expand.

In 2013, new locators signed 17 direct lease contracts with CDC covering 9.92 hectares, with total investment at USD58.10 million and an



Widus Hotel in Clark has a modern Asian design, and offers comfortable accommodations and personal service for guests who want to relax in comfort.



Widus is fast growing as a fully integrated development in Clark with its entertainment facilities, elegant accommodations and sumptuous food selections.



The Philippine Academy for Aviation Training (PAAT) offers type-rating and recurrency training for the Airbus A320 family in its new center at the Clark Special Economic Zone.



Pishon Clark Phils., Inc., is a garment manufacturing firm that eyes expansion in the zone by 2014.

employment commitment of 10,722. The year also saw a corporate milestone: the revival of projects inactive for many years. These cover 236.35 hectares and involve an investment commitment of USD177.77 million as well as an employment commitment of 5,810. All in all, 246.27 hectares has been earmarked for development, which will bring in USD 235 million in investment and create 16,000 jobs over the next five years.

The major lease contracts signed this year are with Preferred and Proven Therapies (PPTI), a manufacturing facility and distribution hub for treatments of dengue and malaria; Pishon Clark Philippines, a garments manufacturing firm; and, Sambon Precision and Electronics Co., an electronics company manufacturing audio device. Two businesses that substantially expanded in the zone were both Japanese firms—Aderans, manufacturer of hair implant products, and SMK Electronics, maker of touch panel glass displays. There were 275 sub-lease contracts signed by property developer-locators in 2013, with US\$66.85 million in promised investment and 8,357 jobs to be created.

If direct leases and sub-leases are combined, the number of contracts signed in 2013 reaches 292, which brings the number of locators in Clark to 679. The figure is an all-time high, a sign of CDC's success in creating interest in the ecozone. The total investment and employment commitment of firms made in 2013 is USD 302.72 million and 24,259, respectively.



Systronix is a leader in the production of high quality and highly reliable electronics for various companies.

CDC was also able to recover undeveloped lands in 2013. Totalling 26.298 hectares coming from Ritzville (6.298 hectares) and BB International Leisure and Resort Corp. (BBI) (20 hectares), these properties were voluntarily turned over to CDC without need for legal action but through persuasion and close consultation with concerned locators. The properties now form part of the land inventory available for lease.

As part of its efforts to serve customers better, CDC instituted changes in policy and carried out innovations that enhance the business environment in Clark.

To strengthen the culture of integrity and transparency, CDC implemented an organization-wide no-gift policy. Further, it enjoined locators to sign an anti-fraud declaration—the violation of which become grounds for contract termination. Leading by example, it effectively enjoined the Clark Investors and Locators Association (CILA) to sign the Integrity Pledge, which represents a written commitment to intensify integrity within the zone. The CDC is the first and only investment promotion agency in the country to extend the term of certificate of registration and tax exemption to three years. Convenience of doing business in the zone is improved through the reduction of business processing time by 30-50 percent and the adoption of an enhanced account officer system where there is a dedicated officer attending to all of the locator's needs from beginning to end. The year also saw an intensified commitment to timelines; non-compliance was basis for the automatic termination of contract.



The Clark International Airport has an annual passenger capacity of over 4M, a number which is expected to increase seven-fold by 2016 with the construction of a dedicated low-cost carrier terminal .

Merchandise exports continued their steady growth in 2013, rising 6 percent from USD3.66 billion in 2012 to USD3.83 billion. Phoenix Semiconductor Philippines Corporation (PSPC) the maker of micro secure digital cards, board on chips and modules, is the top exporter with exports totaling USD1.93 billion. Nanox Philippines, another consistent top exporter in the zone, came in second with US\$66.67 million, followed by HLD Clark Steel Pipe, Co., Inc. with US\$14.76 million. Pioneer zone locators—Yokohama Tire Philippines, Inc., SMK Electronics and garment factory, L & T are also among the top exporters. Clark's export values exclude the numbers from Texas Instruments, Clark's largest locator. These are reported by the Philippine Export Zone Authority (PEZA).

Service export performance hit USD109.48 million in 2012, and USD92.59 million already as of 3rd quarter of 2013. Sutherland Global Services, a Dutch company, is Clark's top service exporter; its exports reached over USD33.56 million in 2013, accounting for 36 percent of service exports in Clark.

Employment in the ecozone went up a slight 2.17 percent, bringing the total registered workforce to 72,616 from 71,073 in 2012. Industrial and IT-enabled sectors remain the zone's top employers.

All in all, 2013 saw record highs in the number of locators, in employment, and in export values. Clark's tourism industry remained robust. Visitors numbered 789,512 according to the CDC Tourism Department. CDC posted 52 events in 2013, which brought in 102,506 attendees,



or six percent of total visitor arrivals. These events include two international events: the 18th Philippine International Hot Air Balloon Fiesta, an annual tourist favorite, and the Asia Pacific Regional Baseball Tournament. Together, these pulled in 81,000 people and contributed Php5.4 million to the CDC's coffers.

#### CLARK INTERNATIONAL AIRPORT

Playing an integral role in the growth of the Clark Special Economic Zone as an investment haven and tourist destination is the international gateway, the Clark International Airport, under the management of the Clark International Airport Corporation (CIAC).

In 2013, passenger traffic in the airport reached 1,200,592—slightly lower than 2012 traffic of 1,315,757. Majority or 33 percent of international passengers arrived from Hong Kong, followed by Singapore (19 percent), Incheon (15 percent), and Dubai (3.78 percent). On the other hand, domestic traffic is at 215,173 slightly lower than 300,438 in 2012. Top destinations of local tourists are Kalibo, Cebu, and Davao at 57 percent, 21 percent, and 20 percent, respectively.

Further, CRK was again granted ISO 9001:2008 certification for Internal Operating Processes and International Passenger Facilitation in July by TUV Rheinland. The first certification was issued in 2009.

This is a clear manifestation of the dedication of CIAC to continuously improve its services for its stakeholders—giving prestige to our country.



Majestic evenings at the Mediterranean-inspired Thunderbird Hotel, a beautiful resort development in the North.



Outdoor family fun amidst breathtaking outdoors

Laze around the pool while enjoying the seabreeze of La Union.



#### PORO POINT FREEPORT ZONE

Over the years, Poro Point Management Corporation (PPMC), a BCDA subsidiary, has moved closer to realizing its vision: making the Poro Point Freeport Zone (PPFZ) the foremost business and leisure destination in Northern Luzon. Mindful of the PPFZ's vital role as gateway to and catalyst of development in Northern Luzon, PPMC spent 2013 engaging in activity aimed at boosting investment, trade, and tourism development.

The year's significant achievement was the completion of the master plan for the freeport zone. The concept: to make the place an integrated whole, allowing residents to live, work, and play within its confines. The plan is ready for implementation in 2014.

Actual investments generated in 2013 reached Php1.59 billion, up 8.5 percent from Php1.47 billion in 2012. Top three investors were Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), Poro Point Industrial Corporation, and Leading Edge International Aviation Academy. Revenues rose 38 percent, to Php68.12 million from Php49.41 million, mainly derived from lease rentals of zone locators led by TPHRI and Voice of America, and also from the 7.5 percent share on real estate. More significantly, tourist arrivals in the zone grew more than 40 percent to 40,848 from 28,138 in 2012, indicating a dramatic surge in Poro Point's popularity as an entertainment and tourism destination. Employment inside the zone likewise shot up in 2013, 2,991 from 2,710, a 10.37 percent spurt. Total number of locators are now 11, up from nine locators in 2012. For the year, PPMC, was also able to generate higher revenues at Php68.64 million and was able to remit Php5.58 million to the National Government.

The investment opportunities Poro Point offers at present are in tourism development, information and communications technology, and airport operations in the San Fernando Airport. As PPMC

intensifies its efforts to develop Poro Point, it has also undertaken a parallel track to improve the life of the surrounding communities.

#### Tourism / Thunderbird

Poro Point's major locator, Thunderbird Pilipinas Hotels and Resorts, continues to demonstrate its bullishness on Poro Point as an emerging tourist and leisure destination. It has far exceeded its investment commitment of Php569 million under its lease agreement; its cumulative investment has already hit Php1.48 billion. With the approval of the supplemental lease agreement that extends the original lease period of 25 years by another 25, or until 2055, Thunderbird has committed to pouring in another Php1.52 billion into the tourism complex.

Thunderbird has lined up projects aligned with the continued development of the tourism complex inside the freeport zone. First is the expansion of the existing gaming and entertainment facility through an investment of Php348 million, adding 1,600 square meters of floor space. Second is the construction of a condominium hotel with 51 rooms to absorb spillover guests from its existing hotel. The project will cost about Php215 million. Another project is the construction of a three-hectare community park. Fourth is the development of residential real estate at the 15-hectare The Point Residences. To date, 77 of 95 lots within this area have been sold, five villas have been built while the construction of another seven is underway. The construction of the villas, which range in size from 130 to 240 square meter will cost Php694 million. Further, another 2.2 hectares in the tourism complex will be devoted to a medium-density condominium. Also underway is the construction of a 8,000-square meter commercial area and 1,000-square meter events center. The commercial area will include medical clinics, golf offices, a gaming room, and a spa. This investment is estimated at Php181 million.

### Poro Point Lighthouse

PPMC included in its development plan the promotion of the six-hectare Poro Point lighthouse, one of the oldest functioning lighthouses in the country, as a tourist destination. Just as the lighthouse serves as a beacon for ships in the night, the Poro Point Freeport Zone hopes to be the Beacon of the North by energizing socioeconomic development in Northern Luzon.

In pursuit of strategies to strengthen the position of the PPFZ in the tourism industry, PPMC has intensified its efforts to develop the Poro Point Lighthouse as a vital component of an integrated Tourism Complex inside the PPFZ. In 2013, PPMC started the proposed development of the Lighthouse with the creation of a joint BCDA-PPMC Technical Working Group (TWG) which spearheaded the preparation and finalization of the Terms of Reference (TOR) as well as the discussions and negotiations with the Philippine Coast Guard (PCG) for the Long-Term Lease and Development of the Poro Point Lighthouse. An Asset Disposition Committee consisting of representatives from PPMC and BCDA was likewise created for the disposition of the lighthouse area.

In 2012, PPMC launched an annual summer festival dubbed “Sillag: Poro Point Festival of Lights.” Promoting not only the freeport zone but the City of San Fernando, La Union, as well as La Union province itself, the festival aims to attract domestic



The highlight of the Sillag Festival is the release of hope lanterns, symbolic of the promise of growth in the region and the unity among the people of La Union.

and foreign tourists alike and create a market that will stimulate business and commerce. “Sillag” from the Ilocano word *sellag* means moonbeam or illumination from the moon. The festival highlight was the lantern fluvial parade and the releasing of hope lanterns that lit up the night sky on its final evening. About 18,000 guests attended the festival this year. PPMC takes pride in receiving the Province of La Union Governor’s Awards for the said festival.

### ICT Park

PPMC continued its steadfast efforts to promote the three-hectare Information and Communications Technology (ICT) Park. In 2013, it has been chosen as the Chair of the San Fernando City Council. The council will help strengthen the position of the PPFZ and the city itself in the Information Technology (IT)-Business Process Outsourcing Industry. The development of the ICT Park was among priority projects that were presented to prospective investors during the 19th Philippines-Taiwan Joint Economic Conference (JEC) in Manila.

StarTek, Inc., a BPO industry key player has considered the zone as the next location of its fast-growing operations. Zoop Mobility, Inc., a software company, also signified interest to locate in the zone.

### Marketing Efforts

For the year 2013, PPMC has become one of the newest member-agencies of the Philippine Investments Promotion Plan (PIPP) group, joining the roster of the Investment Promotion Agencies (IPAs) in the country.

In September, PPMC, together with the PIPP member agencies, participated in the 10th China-ASEAN Expo 2013 (CAEXPO) and China-ASEAN Business and Investment Summit (CABIS) held at Nanning, China. The participation of the PPMC in this international exposition provided an opportunity to showcase internationally the various investment and tourism opportunities in the zone. It also provided an avenue for PPMC to explore business opportunities in China and the rest of Asia.

Similarly, PPMC intensified its marketing activities by participating in numerous exhibitions, tourism events and meetings. Among these were the La Union Travel and Tourism Expo organized by the Provincial Government of La Union and the Business Forum and Business Matching Program of the Turkish Chamber of Commerce of the Philippines (TCCP) and the Confederation of Business and Industrialist of Turkey (TUSKON).

### New Registered Enterprise and Lease Contracts

PPMC entered into a Lease Contract with its long-time airport client, Omni Aviation Corporation, for the lease of the Aviation Fuel Shed at the San Fernando Airport. Omni is engaged in the business of the aviation industry and allied enterprises such as shuttle service, hangar age and moorage, charters, parking and landing operations, flight training, supplies, among others.

In 2013, Forerunner Multi Resources, a company engaged in the trading of industrial equipment, construction machineries, automotive spare parts and roadworthy vehicles, registered as a new locator in the zone.

### Light Industrial Area

Adjacent to the ICT Park is the 50-hectare Industrial Area. The new Master Development Plan (MDP) for the said area will play a vital role in competitively marketing the areas in PPFZ once it is freed from legal issues.

### San Fernando Airport

San Fernando Airport is another development priority of PPMC. In 2012 PPMC submitted the aerodrome manual as a fundamental requirement for the certification process of the Civil Aviation Authority of the Philippines (CAAP), which conducted its first aerodrome certification audit for the airport in August 2012. PPMC continues to improve the airport’s operations in order to comply with the requirements of other aviation bodies.



The BCDA, PPMC and the Rebel Group held a signing ceremony for the conduct of a Feasibility Study on the Upgrade of the San Fernando Airport.

In 2013, BCDA, PPMC and the Rebel Group International held the ceremonial signing for the upgrading of the San Fernando Airport Project. RGI was selected by the Public-Private Partnership (PPP) Center of the National Economic Development Authority to undertake the Feasibility Study for the airport upgrade. The upgrade is envisioned to establish it as a regional airport which can accommodate direct international flights, serving as a gateway to La Union and Baguio. It is also aimed at complementing operations of the Clark International Airport.

PPMC is also working aggressively on the resumption of commercial flights. It has been negotiating with Air Philippines, Cebu Pacific, Sea Air, Zest Airways, and Sky Pasada to establish flight routes. A house-to-house survey was also conducted. Further, it is exploring the possibility of privatizing the operations, maintenance of the airport and has requested assistance from the PPP Center.

The lack of commercial flights notwithstanding, San Fernando Airport continues to be the best cross-country destination for flight training, with 26 accredited aviation schools using it for just this purpose. One of these schools is the Leading Edge International Aviation Academy, which pursued the expansion of its zone operations in 2013. More schools have shown interest in joining. Aircraft traffic at the San Fernando Airport reached 13,785, up 17 percent from 11,771 in 2012. Passenger traffic reached 18,215 passengers—up 18 percent from 2012 figures of 15,378.

The year also saw the first airport emergency full-scale exercise on air crash drill, a necessity emphasized by the CAAP.



Take a memorable walk through the rolling hills and lush pine forestry of the John Hay Special Economic Zone.

### JOHN HAY SPECIAL ECONOMIC ZONE

Among the military facilities returned to the government when the Philippine-US Military Agreement ended in 1991, Camp John Hay was, for a long time, the popular rest and recreation hub in Baguio City for American military personnel stationed in the country. It has since been transformed into the John Hay Special Economic Zone. The former camp is overseen by BCDA through John Hay Management Corporation (JHMC). JHMC's mandate: to convert the facility into productive civilian use. This will be done by maintaining the scenic mountain site as a human resource center and a premier tourist destination that stirs the creation of jobs for the surrounding communities while preserving its near-pristine environment.

Proving that John Hay remains a much-desired investment destination is the influx of locators into the special economic zone, which continues unabated. In 2013, the number of registered locators reached 110, or 7 percent higher than 103 in the year before. Of these, almost all (97 percent) are Filipino-owned, and more than half (56 percent) are tourism-related businesses.

This rise in the number of locators pushed up the number of available jobs, with employment at the ecozone shooting up 29 percent to 3,473 workers from 2,691 in 2012. Business process outsourcing firms, such as Convergys, as well as the InterContinental Hotels Group accounted for many of the new jobs created. About 92 percent of all employees are from the BLISTT area (Baguio City, La Trinidad, Itogon, Sablan, Tuba, and Tublay), a compliance rate far above the minimum of 85 percent locators need to maintain. The rate shows that the development of the former camp benefits the residents of nearby areas themselves.

More locators employing more people led to more revenues. For 2013, JHMC pulled in Php34.56 million in revenues and posted actual investments



Tourists enjoy world-class accommodations which open to a scenic view of the beautiful mountain ranges and cool breeze of Baguio City.



amounting to Php2.74 billion. Tourist arrivals reached 151,477 in 2013, up 12 percent from 135,209 in 2012, the upshot of successful efforts to promote the camp for recreational tourism as well as for meetings, seminars, conventions, and exhibits, as well as the increase in the number of retail shops and restaurants. The opening of the 70-room Le Monet Hotel in 2012, a member of the World Hotels group, drove up hotel capacity and helps attract visitors.

The Bell House is part of the Historical Core of Camp John Hay, and enables tourists to have a glimpse of the Camp's history as a military resort.



The promotion of eco-cultural tourism, with the marketing of the Historical Core as the preferred destination for corporate events and family occasions, resulted in the 27 percent rise in revenue from entrance fees charged by the project, from Php1.88 million in 2012 to Php2.39 million. Eco-tourism includes the conduct of eco-walks, eco-talks, and workshops, and the promotion of Tree Top Adventure, and the only adventure theme park in the zone that has become a major tourist attraction at the Historical Core. Its cable rides that span more than 700 meters start at the back of the Bell House and traverse the Yellow Trail.

A lingering challenge for JHMC, however, is the nonpayment by its biggest locator, the Camp John Hay Development Corporation (CJHDevCo), of its lease rental, which prompted BCDA to terminate the lease agreement in May 2012. CJHDevCo's arrears have surpassed three billion pesos, 25 percent of



Add more highlights to your trip up north and do the extreme aboard the canopies of Tree Top Adventure.

which amounting to Php850 million belongs to Baguio City. BCDA is confident that justice will win out in the end. And despite the tension, investments continue pouring into the ecozone.

In 2013, JHMC completed several projects that enhanced the John Hay Special Economic Zone, including repairs and improvements to its cottages, improvements to outdoor dining facilities, and the construction and improvement of roads, pathways, and ramps around the reservation including the Bell House Driveway and Liberty Loop.

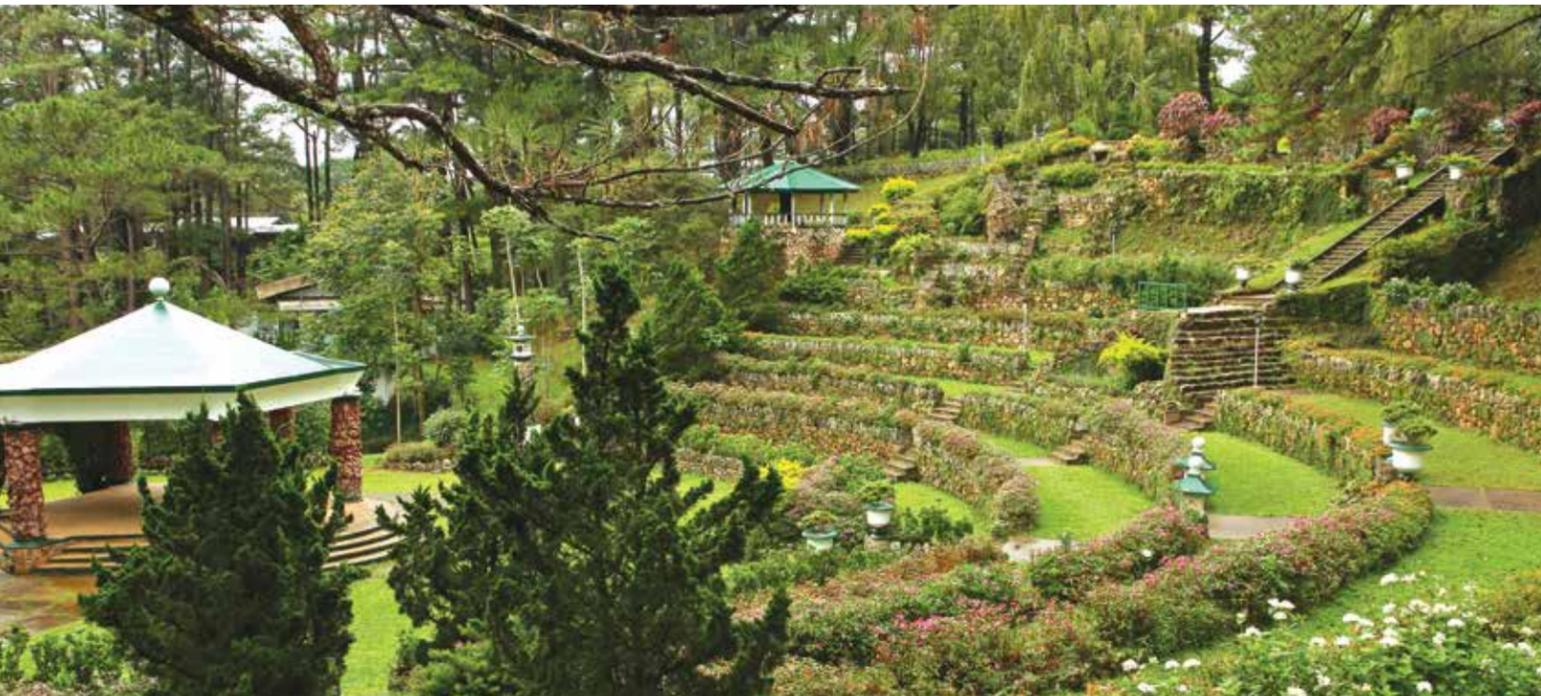
JHMC continues to ensure the preservation of the forest watershed within the former camp, which accounts for 52 percent of the remaining forest cover of Baguio City considering that the John Hay area only comprises 11 percent of the total land area of Baguio City. As steward of the environment, JHMC helps clean the air and water for city inhabitants and maintain forest density. To maintain Camp John Hay's delicate ecological balance as a forest watershed, less than half of the camp's 625.4 hectares is leasable.

Aside from its investment-generation activities, JHMC continued efforts to maintain the long-term viability and environmental sustainability of the ecozone as well as to enhance its relationship with surrounding communities.

With partner locators and local barangays, JHMC took part in the Adopt-an-Estero program of the DENR, a cleanup drive of canals, esteros, and waterways. The groups worked on areas within and outside the reservation particularly along areas identified as tributaries to the Bued River. The management company also undertook ambient air sampling and monitoring as well as water quality monitoring.

JHMC entered Phase 2 of its Springs Development Project: completing the identification of spring sources within the reservation; finishing water sampling and analysis of spring sources; formulating the terms of reference for the conduct of a feasibility study of the Springs Development Project with a consultant to be hired to carry out the study in 2014.

The first phase of the Tree Inventory Project begun in late 2012 was completed this year. More than 151 hectares were covered, with 52,923 trees marked and counted. Phase 2 began in December 2013 and will be completed early in 2014. The inventory provides data that will allow JHMC to carry out its forest management and protection duties more effectively.



The Bell Amphitheater was also named in honor of Major General Franklin Bell, commanding general of the Americans in the Philippines history; It could seat over 4,000 guests.



Kite-flying with the lush rolling hills of Morong, Bataan as backdrop can be truly memorable.

### BATAAN TECHNOLOGY PARK

Among the special economic zones under BCDA, only the Bataan Technology Park (BTP) in Morong, Bataan, is not a former military base or facility. It was previously the Philippine Refugee Processing Center that hosted hundreds of thousands of Indo-Chinese refugees known as “boat people” at the height of the Vietnam War in the 1970s. After closing the refugee center in 1994, the government declared it a special economic zone and placed it under the wing of BCDA.

Sprawling over 365 hectares, the Park features scenic rolling hills and verdant open spaces with a commanding view of the West Philippine Sea. It is an ideal site for retirement havens or ecologically

themed resorts, as well as a light industrial park because of the fiscal incentives it offers as a special economic zone. When the Subic-Clark-Tarlac Expressway turned fully operational, the BTP became more accessible. Just 20 minutes from Subic and less than three hours’ drive from Manila, the BTP is now a favorite site for corporate team-building as well as educational and nature tours.

BCDA opened the Atmanda Resort in 2013 which became a substantial source of revenue for the park. The Resort offers a panoramic view of the mountains of Bataan and the West Philippine Sea and offers spacious venues for corporate training and retreat. In the last five months of 2013 alone, the resort generated Php3.17 million in revenue

and Php960,000 in net income. The figures are expected to rise as the site establishes a niche in fast-urbanizing Central Luzon.

Its potential as a tourism hotspot is only beginning to be tapped. The BTP’s recent linkages with tourism destinations and networks in the region—such as the Pawikan Conservation Center, the Kanawan Village, West Nuk Resort at the site of the mothballed Bataan Nuclear Power Plant, and the Association of Beach Resort Owners of Morong—are beginning to bear fruit.

The major activities of the BTP in 2013 concerned preservation and upkeep of its grounds and tourist attractions. A shrine commemorating a mass celebrated by Pope John Paul II (now a saint) at the former refugee camp, completed in

Students appreciate history as they study the boat on display in the BTP which served as home to war torn refugees during the Vietnam War



Situated in the BTP is the Pope John Paul II shrine, which commemorates the visit of the pontiff in February of 1981—when the Park was still home to Indo-Chinese refugees displaced by war.

2012, has become a popular site. Its design echoes the original stage he used, featuring indigenous materials and an image of the late pontiff in a boat with a family of refugees. Freedom Plaza, Freedom Park, and a museum commemorate the ecozone’s past as a refugee processing center.

In 2014, BCDA will step up its search for a partner to develop 200 hectares, or more than half, of the BTP. BCDA anticipates that the sites lease rates, the lowest among the agency’s ecozones, will prove attractive to the right investors. Development proposals for the sizable chunk of real estate that prospective proponents may consider to submit include a retirement haven, locations for small- and medium-scale industries, and centers for research and development.

Executive Vice President Aileen Zosa presents to the Congressional Committee on the Bases Conversion chaired by the Honorable Cinchona Cruz-Gonzales.



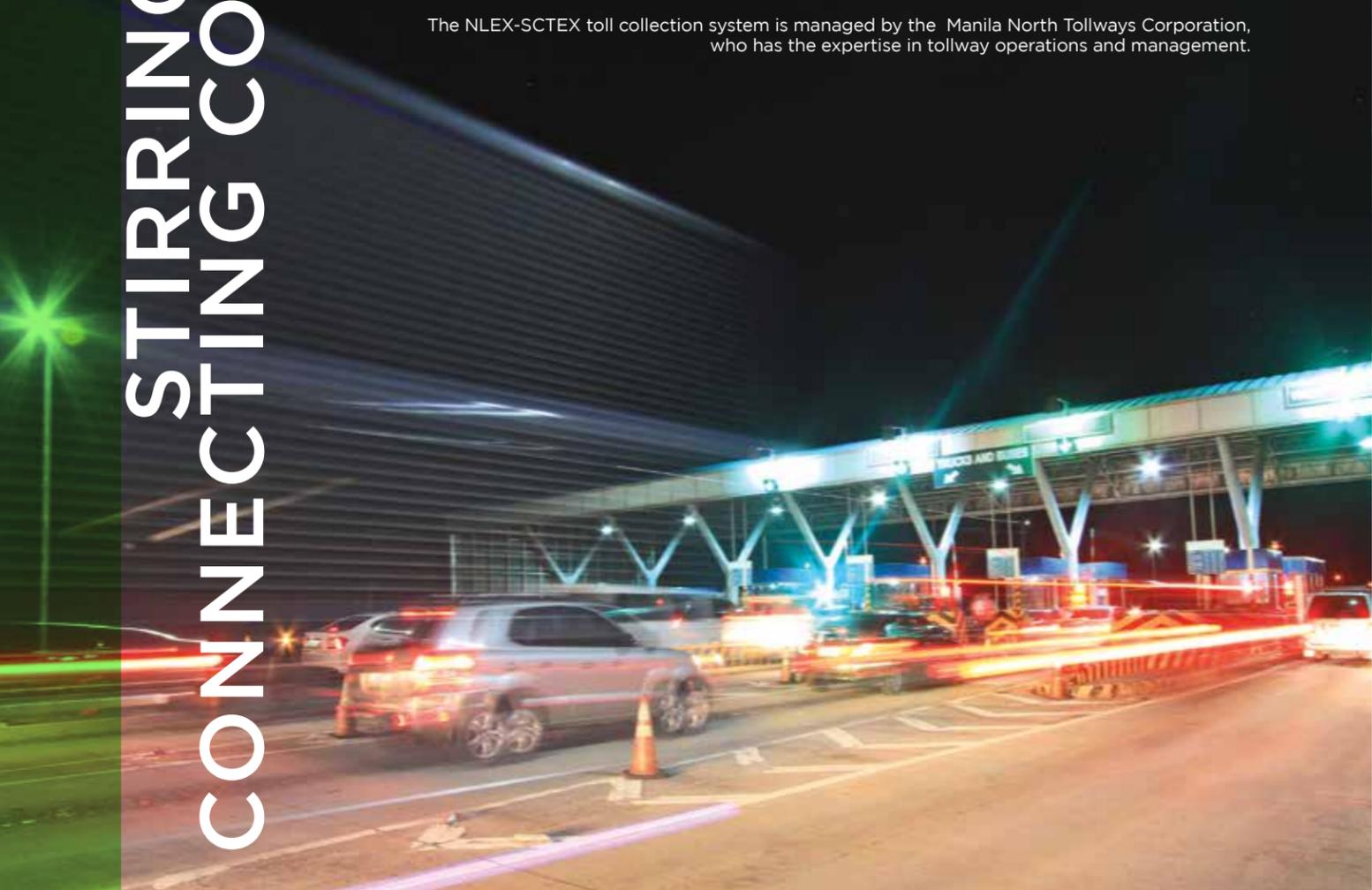
Shown is one of the 11 Indo-Chinese monuments located at the Bataan Technology Park.

INFRASTRUCTURE  
STIRRING GROWTH,  
CONNECTING COMMUNITIES



The Subic-Clark-Tarlac Expressway (SCTEX) which was opened in 2008 is now connected with the Tarlac-Pangasinan-La Union Expressway.

The NLEX-SCTEX toll collection system is managed by the Manila North Tollways Corporation, who has the expertise in tollway operations and management.



## Infrastructure Development

### STIRRING GROWTH, CONNECTING COMMUNITIES

The BCDA has spurred the national economy through its landmark infrastructure projects. By joining hands with private firms through public-private partnerships (PPPs), not only did BCDA continue to increase the value of the government assets in its charge, it has multiplied the benefits for all.

BCDA continued implementing and improving infrastructure projects that provide vital connections between communities. The Subic-Clark-Tarlac Expressway, or SCTEX, is now the backbone of trade and commerce in the so-called Subic-Clark corridor. The nation's longest toll road has spawned faster and more convenient traveling, stirred tourism in the nearby areas,

substantially and spur tourism and investment opportunities in the north.

#### SCTEX Still Going Strong

Begun in 2005 and completed in record time (three years), the 94-kilometer Subic-Clark-



Experience seamless, convenient travel with your loved-ones in the world-class Subic-Clark-Tarlac Expressway

Tarlac Expressway, or SCTEX, is now the backbone of trade, commerce and tourism in the so-called Subic-Clark corridor and enhanced the region's status as a premier investment destination. BCDA's partner in the operations and management of the SCTEX is the Manila North Tollways Corporation (MNTC).

The completion of our first major infrastructure project has continued to bear fruit. Gross toll revenues hit P1.04B in 2013, up 7 percent from P971M in 2012. On average the toll road grossed P2.86M a day. More than ten million vehicles passed through it, 9 percent higher than in 2012.

Also in 2013, a portion of the SCTEX toll road was damaged due to the heavy downpour of Typhoon Maring which set off a massive erosion of up to 10 hectares of land from the banks of the Pasig-Potrero river that caused the damage to the approach to the Pasig-Potrero Bridge. In response to this, a 49-meter Bailey bridge was



Courteous tellers line the toll booths as they render service to motorists.

and enhanced the region's status as a premier investment destination. Yearly revenue from the nation's longest toll road surpassed a billion pesos for the first time in 2013, and its impact on the 13 municipalities it spans has been substantial.

For its part, the Tarlac-Pangasinan-La Union Expressway (TPLEX), connected to the SCTEX, opened in May and set for completion in 2014, will cut travel time to La Union and Baguio City



The SCTEX is also one of the most beautiful expressways in the country as it showcases picturesque landmarks in Central Luzon.

completed by the DPWH and BCDA in a span of nine days. The remedy was in recognition of the vital role of the SCTEX in the socio-economic growth and development of Central Luzon—being the main artery in the delivery of goods and services in the region. By end July of 2014, the fortification works that will further establish the structural integrity of the SCTEX Pasig-Potrero Bridge is expected to be completed. Project worth is Php28.56 million. Just in time for the torrential rains that usually come during the months of August to October.

In 2013, BCDA bid out two service areas along the toll road. Seoail Philippines Inc won the bid for the 25-year long-term lease and development of the Concepcion Service Area. The full-service area will feature a gasoline station, restrooms, and other facilities that motorists will welcome.

**A New Mass Transport System:  
The Monorail Project**

Aimed at providing an efficient and environment-friendly mass transport system in the southern portion of Metro Manila, the BCDA hopes to pursue a monorail project which will connect the Metro Rail Transit Line 3 to Bonifacio Global City and the Ninoy Aquino International Airport Terminal 3. The pre-feasibility study of the project, renamed the Metro Manila Central

Business Districts Transit System (because it now includes other business districts in the metropolis), was completed in February by the team of Japan's Ministry of Economy, Trade, and Industry (METI). BCDA then received approval from the Japan International Cooperation Agency for the funding of a full-blown feasibility study, which got underway following a meeting in November and should be complete in October 2014.

**Other Projects in the Pipeline**

After the successful completion of the SCTEX, our infrastructure sights are now on the Tarlac-Pangasinan-La Union Expressway (TPLEX). Opened in May 2013, the TPLEX will be finished in 2014. While the TPLEX is being built by the DPWH, BCDA will provide the link for the two toll roads in the form of a 700-meter road connecting the SCTEX northern terminus in La Paz, Tarlac, to the southern tip of the TPLEX in the same town.

Preparations for the upgrading of the San Fernando Airport went further in 2013. After funding for transaction advisory services was approved, BCDA forged an agreement, in conjunction with the PPP (Public-Private Partnership) Center, with Rebel Group International BV to conduct a feasibility study. The private firm began the study late in the year.



**RESPONDING,  
REACHING OUT,**  
CORPORATE SOCIAL RESPONSIBILITY

# Corporate Social Responsibility

## RESPONDING, REACHING OUT



In pursuing its mandate of transforming and developing former US military installations into productive civilian use, BCDA works with the many people throughout the country who live in and around them. Being involved in the life of these communities means providing services beyond those called for by our charter. It means reaching out to them, especially those most vulnerable in times of great need, providing social and economic services that will help them improve their lives. To BCDA, corporate social responsibility is part and parcel of our mission to uplift the lives of fellow Filipinos.

What follows are highlights of the corporate social responsibility projects of BCDA and its agencies.

### Typhoon Relief

On November 8, the Philippines was hit by what has been called the strongest and deadliest typhoon in the world. Typhoon Haiyan, locally known as Yolanda, wrought devastation to large swaths of Central and Western Visayas, killing thousands and leaving many more homeless and injured, as well as destroying crops, farms, livestock, and infrastructure. As a response to the catastrophe, the top officials, board members, and employees of BCDA conducted a relief drive to help the victims. In addition to this, BCDA members participated in the repacking of relief goods at various locations. For its part, Clark Development Corporation (CDC) launched “Bangon Bayan” for Haiyan victims, handing out Php2.25 million donations and giving out two tons in relief goods. An earlier Typhoon, Mareng, tore through Central Luzon earlier in the year. To aid affected families, CDC distributed 50 sacks of rice in Barangay Palihan (250 families), Hermosa, and another 50 in Barangay Pagalangang (250 families), Dinalupihan, during relief operations in September. Other ecozones under the BCDA Group conducted their own typhoon relief operations in their respective areas.

### Medical Missions

The first Clark Green City joint medical and dental mission got underway in July 2013. BCDA, the local government of Capas, the SCTEX, the Tollways Management Corporation (or TMC), Philippine Seven Corporation (better known as 7-Eleven), and the 600th Airbase Wing of the Philippine Air Force came together to provide medical and dental checkups plus hair grooming sessions to residents of Barangay Aranguren, Capas, Tarlac. The project benefited 581 medical and 163 dental patients. A second medical mission was undertaken in November. About 500 members of Barangay Maruglu, Capas, Tarlac, one of the barangays affected by the Clark Green City project, were the beneficiaries. With the BCDA Group in the lead, the mission was joined by private sector partners—United Laboratories (or Unilab) and the Tollways Management Corporation—and local government officials. CDC also undertook projects to give away wheelchairs and provide eye surgery as well as other ophthalmology services to those in need.

For its part, Poro Point Management Corporation (PPMC) undertook its own medical missions in partnership with Union Christian College and “Bombo Medico” Broadcasting. It implemented a supplemental feeding program in partnership with Gawad Kalinga, Department of Education, San Agustin Elementary School, San Agustin Barangay Council, Union Christian College, and Thunderbird Pilipinas Hotels and Resorts.

### Livelihood and Education

Clark Development Corporation launched a livelihood program to support and augment the economic needs of indigenous peoples and persons with disabilities employed inside the Clark Freeport and Special Economic Zone. Called the Aeta-preneur program, the project, a partnership with the Technical Education Skills and Development Authority (TESDA), provides a variety of livelihood programs such as wellness massage, electrical and plumbing, negosyo karts,

desilting and hollow blocks making, among others. Three hollow block-making machines, six “kabuhayan” carts, six “kubong pangkabuhayan,” and 30 multipurpose Aeta-preneur vests have already been awarded to beneficiaries.

CDC also forged agreements with City College of Angeles City, Mabalacat City College, and L&T International for the Skills Training for Employment Program (or STEP-UP) and implemented its first jobs fair for the disabled and indigenous peoples, which resulted in hirings by freeport locators. PPMC, for its part, teamed up with Gawad Kalinga to implement projects such as Sibol Start-Up Training, Values Formation, and Siphoning Project in GK Soledad Village, Talogtog, San Juan. It worked with Christ the King College on its Eco-Garden project and Children’s Joy Foundation with environmental projects. It also joined in the Livelihood Assistance Program of Union Christian College.

Through its HELPS Program (Health, Education/Environment, Livelihood Program, Strengthening Linkages), PPMC was able to provide assistance to the people in the surrounding communities for their health, education, environment management, livelihood programs, and strengthening of linkages activities. Partner institutions have been supportive and played an important role in carrying out community developments and services.



John Hay Management Corporation, as part of its education advocacy, visited the Springhills Elementary School in Barangay Apugan to turn over reference materials, visual aids, and books.

### Nature and the Environment

Among the greening activities shared within the BCDA Group is the planting of trees. The SCTEX Service Department undertook the planting of trees along the highway. In May and June 2013, members of the team planted 1,300 trees. JHMC, for its part, sent its members to participate in tree planting at the Tree Top Adventure area in the camp.

JHMC teamed up with local runners, forest rangers, and other concerned citizens in conducting two cleanup drives. One involved tributaries of the Bued River, some of which are within the camp. Part of the adopt-an-estero project of the Department of Environment and Natural Resources, the project saw participants cleaning up these bodies of water and collecting nearly 200 bags of garbage. The second concerned roads and trails: Converging on Loakan Road and major trails of John Hay, participants cleaned pathways and collected garbage.

### Gender Issues

In 2013, JHMC launched its Gender and Development Program by embarking on its data gathering phase. A survey comprising field interviews of 11 barangays within the Camp John Hay Reservation Area was conducted, the results of which will guide JHMC in designing and implementing gender-responsive initiatives. These initiatives are its contribution to promoting the substantial role of women in national development.

BCDA's accomplishment in achieving its mandates is better gleaned from the cash it has generated from its disposition activities which amounted to Php3.5 billion and Php3.2 billion in 2013 and 2012, respectively. An Asset Disposition Report for the period 1993 - 2012 is included in this report to complement the discussions under each of the financial statements presented herein.\*

For the fourth straight year, the Commission on Audit (COA) has issued an unqualified opinion stating that BCDA's 2013 Financial Statements "present fairly, in all material respects, the financial position of the BCDA as at December 31, 2013, and its financial performance and its cash flows for the year ended in accordance with the state accounting principles generally accepted in the Philippines."

## STATEMENT OF FINANCIAL POSITION

December 31, 2013 and 2012

	2013	2012 (As restated)
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Cash and Cash Equivalent</b>	<b>P 7,333,685,337</b>	P 9,197,589,244
Short-term investments	2,133,498,553	10,627,055
Receivables	5,236,143,310	4,863,864,123
Inventories	1,125,172,383	1,284,299,781
Prepayments and other current assets	964,476,557	1,300,480,928
Total Current Assets	<b>16,792,976,140</b>	16,656,861,131
<b>Non-Current Assets</b>		
Investments in subsidiaries/affiliates	20,544,622,279	24,268,351,566
Joint venture investments	16,665,717,715	17,377,391,105
Property and equipment-net	69,583,864,819	70,020,296,531
Other investments and non-current assets	5,681,102,070	1,743,216,428
Total Non-Current Assets	<b>112,475,306,883</b>	113,409,255,630
<b>TOTAL ASSETS</b>	<b>P 129,268,283,023</b>	P 130,066,116,761
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Payables	P 310,287,497	P 303,433,447
Inter-agency payables	4,170,312,506	3,743,210,502
Intra-agency payables	2,550,815,133	3,196,854,233
Current portion of loans payable	808,027,159	878,131,363
Other payables	1,636,251,543	2,003,573,817
Total Current Liabilities	<b>9,475,693,838</b>	10,125,203,362
<b>Non-Current Liabilities</b>		
Loans Payable	21,816,733,282	25,602,393,480
Deferred Credits	6,959,335,041	6,494,882,760
Total Non-Current Liabilities	<b>28,776,068,323</b>	32,097,276,240
<b>TOTAL LIABILITIES</b>	<b>38,251,762,161</b>	42,222,479,602
<b>EQUITY</b>	<b>91,016,520,862</b>	87,843,637,159
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 129,268,283,023</b>	P 130,066,116,761

Php44.414:\$1 (as of December 31, 2013)

### CY 2013: Financial Position

Decrease in total assets by Php798 million was primarily attributable to the following:

- Turnover to the Department of Public Works and Highways (DPWH) of the Sampaguita East and West Ramps with a carrying value of Php271 million; and,
- Offsetting of advances for future stock subscription in Clark Development Corporation (CDC) against advances from CDC amounting to Php705 million.

The decrease in investment in subsidiaries by Php3.72 billion was due mainly to the reclassification to other non-current receivables of the deposit for future stock subscription in excess of subsidiaries' authorized capital stock. The reclassification was done since the

planned Securities and Exchange Commission (SEC) application for increase in capital stock has not yet materialized.

The decrease in total liabilities by Php4 billion is mainly attributed to the loan amortization of Php1.07 billion to the Japan International Cooperation Agency (JICA) and downward restatement by Php2.9 billion of total outstanding JICA loan due to appreciation of the Japanese Yen (JPY) from Php.4787:¥1 in 2012 to Php.4239:¥1 in 2013. Total equity grew to Php91.02 billion in 2013 from Php87.84 billion in 2012, attributable to the net income of Php3.9 billion which includes the unrealized foreign exchange gain of Php2.9 billion as aforementioned and partly offset by the Php629 million additional dividends remitted to the National Government.

## STATEMENT OF INCOME

For the Years Ended December 31, 2013 and 2012

	2013	2012 (As restated)
<b>REVENUES</b>		
Share from the income of joint venture operations	<b>P 1,370,107,425</b>	P 1,408,419,156
Lease Income	<b>647,457,796</b>	412,971,402
SCTEX toll collection	<b>930,185,430</b>	864,338,453
Income from subsidiaries/affiliates	<b>876,946,123</b>	452,959,653
Other business income	<b>30,343,669</b>	15,203,072
<b>TOTAL REVENUES</b>	<b>3,855,040,443</b>	3,153,891,736
<b>CASH EXPENSES</b>		
Personal Services	<b>246,797,538</b>	233,610,252
Maintenance and Other Operating Expenses (MOOE)	<b>2,649,908,522</b>	2,035,349,900
<b>TOTAL CASH OPERATING EXPENSES</b>	<b>2,896,706,060</b>	2,268,960,152
<b>INCOME BEFORE OTHER INCOME (EXPENSES) &amp; NON-CASH ITEMS</b>	<b>958,334,383</b>	884,931,584
<b>INCOME (EXPENSES) &amp; NON-CASH ITEMS</b>		
Depreciation and amortization	<b>(349,992,234)</b>	(313,087,546)
Bad Debts	<b>(28,867,538)</b>	(105,145,835)
Unrealized gain (loss) on foreign exchange*	<b>2,925,107,891</b>	4,698,437,388
Others**	<b>436,293,018</b>	(6,078,469)
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>3,940,875,520</b>	5,159,057,122
<b>INCOME TAX</b>	<b>(48,908,151)</b>	(46,435,719)
<b>NET INCOME (LOSS)</b>	<b>P 3,891,967,369</b>	P 5,112,621,403

\* The unrealized gain on foreign exchange represents the difference in the closing rates of the Japanese Yen vs. Phil. Peso from Php.4787:¥1 in 2012 last year to Php.4239:¥1 in 2013 for the JICA loan used for the SCTEX Project. Any gain or loss on translation does not involve actual cash transaction although the same is recognized in the Statement of Income in compliance with the International Accounting Standard No. 21.

\*\*Others include financial expenses, interest income and realized gain on foreign exchange.

### CY 2013: Results of Operations

In 2013, total revenues generated by BCDA amounted to Php3.9 billion, an increase of 22 percent compared to the previous year's revenues of Php3.2 billion. Share from joint venture operations (Serendra, McKinley Hill, Newport City, Jusmag, and North Bonifacio) fell to Php1.37 billion from Php1.41 billion in 2012. The decline was attributable to the decrease in variable income from McKinley Hill and Serendra projects which are nearing project close. Lease income increased to Php647 million in 2013 from Php413 million in 2012 due to settlement of contract dispute with Manila International Aviation Authority resulting in collection of Php170 million and the increase in variable income of Php52 million from Market! Market. Subic-Clark-Tarlac Expressway (SCTEX) toll collections increased by 8 percent from Php864 million in 2012 to Php930 million in 2013 brought about by the increase in traffic volume from 9.144 million vehicles in 2012 to 10.163 million in 2013. Moreover, increase in income from subsidiaries/affiliates was attributable to additional dividends.

Maintenance and Other Operating Expenses increased by 30 percent from Php2 billion in 2012 to Php2.6 billion in 2013, attributable to higher remittance to the Bureau of Treasury for BCDA's beneficiaries—led by the Armed Forces of the Philippines—in the amount of Php1.7 billion and increase in repair and maintenance works at SCTEX.

Other income and expenses consisted of interest income of Php179 million from bank deposits and money market placements and collection from DPWH of Php521 million for the North Luzon Expressway Right of Way (NLEX-ROW) loan, interest expense of Php230 million on JICA loan, Department of Finance (DOF) guarantee fees of Php236 million and realized foreign exchange gain of Php68 million. Further, the unrealized foreign exchange gain of Php2.9 billion was the effect of the translation of the JICA Japanese Yen-denominated loan relating to the SCTEX project to its Philippine Peso (Php) equivalent as of December 31, 2013.

After considering all other income and expenses, BCDA registered a Php3.9 billion net income from which BCDA declared and remitted a cash dividend of Php500 million to the National Government.

\*By virtue of the laws governing the sharing of asset disposition proceeds, BCDA follows a unique accounting and business model which is not easily discernible from the traditional financial statements presentation. Depending on the applicable law (RA No. 7227, as amended by RA No. 7917 or EO No. 309), BCDA distributes from 50 percent to 72 percent of the net proceeds from its asset disposition activities to the different beneficiaries stated in the applicable law, but primarily to the AFP for its modernization program. The remaining BCDA share is used to fund the conversion and viable development of the former military baselands undertaken by its subsidiaries or by BCDA itself, such as financing partly the construction and maintenance of the Subic-Clark-Tarlac-Expressway (SCTEX).

As a further complication, RA 7227 provides that BCDA records its share in the net disposition proceeds as additional paid-up capital from the National Government if the asset disposition activity is an outright sale. If the transaction is a lease, joint venture or transaction other than sale, proceeds are recorded as revenue in its Income Statement. In view of this, the Income Statement of BCDA reflects only the non-sale disposition activities of BCDA, while the sales transactions have to be analyzed from the changes in the Equity in the Balance Sheet and the Statement of Cash Flows.

**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2013 and 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of transferred properties	485,188,417	452,520,539
Proceeds from Joint Venture Projects	2,292,917,711	2,285,734,130
Proceeds from leases	731,771,995	450,344,943
Total proceeds from asset disposition	3,509,878,123	3,188,599,612
Proceeds from toll operations	1,042,192,505	968,140,414
Interest income from cash equivalents and short/long-term investment	138,432,784	275,003,636
Dividends received	517,770,795	690,201,355
Collection of receivables and miscellaneous receipts	618,647,627	50,590,737
Operating expenses	(1,116,750,746)	(1,274,622,263)
Remittance to Bureau of Treasury	(1,760,509,193)	(348,451,384)
<b>Net cash from operating activities</b>	<b>2,949,661,895</b>	<b>3,549,462,107</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment and payment of various infrastructure projects	(1,616,838)	(80,766,261)
Investment/Advances in subsidiaries and affiliates	(100,299,646)	(136,844,511)
Decrease/(increase) in short-term investments	(2,988,388,551)	185,302,235
<b>Net cash used in investing activities</b>	<b>(3,090,305,035)</b>	<b>(32,308,537)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Equity from National Government	-	15,287,410
Payment of financing charges	(1,629,635)	(1,954,651)
Partial payment of JICA loan	(1,072,245,406)	(1,302,588,930)
Partial settlement of notes payable	(20,658,985)	(22,872,448)
Dividends paid to the National Government	(629,012,168)	(180,000,000)
<b>Net cash used in financing activities</b>	<b>(1,723,546,194)</b>	<b>(1,492,128,618)</b>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	285,427	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,863,903,907)</b>	<b>2,025,024,952</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	9,197,589,244	7,172,564,292
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>7,333,685,337</b>	<b>9,197,589,244</b>

**CY 2013: Cash Flows**

**Operating-** Operating cash flows from BCDA's asset disposition program (ADP), i.e. sale, joint venture projects, and leases, generated cash of Php3.5 billion in 2013, from Php3.2 billion in 2012. Cash flows from joint venture projects of Php 2.3 billion included collection of Php 884 million from Ayala Land Inc. corresponding to the additional revenue share from Serendra Project for CY 2011 ( 8th selling period).

Proceeds from SCTEX toll operations increased by Php74 million which was attributable to the increase in traffic volume from 9.144 million vehicles in 2012 to 10.163 million in 2013. Cash operating expenses decreased by Php158 million while remittance to the Bureau of Treasury increased to Php1.8 billion.

**Investing-** Cash flows from investing activities consisted primarily of investment of Php100 million in BCDA's subsidiaries in the Special Economic Zones.

About Php2.1 billion was invested in short-term investments consisting of Php1.8 billion High Yield Savings Account (HYSA) and Php.3 billion Time Deposit (TD) with the government institutions Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LBP). This is not part of the cash and cash equivalents balance of Php7.3 billion at the end of the year.

**Financing-** This year's financing activities consisted of amortization payment for the JICA loan of Php1.07 billion, settlement of notes payable of Php21 million to Bonifacio Water Corporation (BWC) and the remittance of Php629 million dividend to the National Government for calendar years 2011 and 2012 pursuant to the Republic Act 7656 (Dividend Law). This year's JICA loan amortization was lower by about 8 percent from 2012 due to favorable Php:JPY forex rate. With improved financial position, BCDA declared and paid dividends of Php629 million in 2013, higher than last year's Php180 million.

**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY**

For the Years Ended December 31, 2013 and 2012

	2013	2012
<b>CAPITAL</b>		
Beginning Balance	P 75,335,348,753	P 74,792,537,630
Share in Disposition Proceeds	93,505,122	51,369,731
Other Equity Adjustments	(183,576,620)	491,441,392
<b>Ending Balance</b>	<b>75,245,277,255</b>	<b>75,335,348,753</b>
<b>RETAINED EARNINGS</b>		
Beginning Balance	12,508,288,406	7,575,667,003
Net Income (Loss)	3,891,967,369	5,112,621,403
Dividends	(629,012,168)	(180,000,000)
Ending Balance	15,771,243,607	12,508,288,406
<b>TOTAL</b>	<b>P 91,016,520,862</b>	<b>P 87,843,637,159</b>

In 2013, the equity increased by Php3.2 billion, from Php87.8 billion in 2012 to Php91 billion, attributable to the result of BCDA operations which posted a net income of Php3.9 billion. Other equity adjustments were made to derecognize the value of disposed properties.

# Asset Disposition Proceeds



**DISPOSITION PROCEEDS**

The total disposition proceeds from May 1993 to December 2013 now stand at Php60.416 billion, up from Php56.656 billion in 2012 due to the extensive collection of existing contracts and outstanding rec receivables from DPWH and MIAA. The total proceeds were generated from sale representing 59 percent of the total proceeds, followed by JVs at 30 percent, lease activities at nine percent and other receipts at two percent.

**DISTRIBUTION OF DISPOSITION PROCEEDS**

As mandated by law, BCDA annually remits bulk of the proceeds from its disposition program to the National Treasury for distribution to its various beneficiary agencies.

After remittance to the National Treasury, the utilization and distribution of the remittances become the responsibility of the Department of Budget and Management, which releases the share of the beneficiary agencies pursuant to budget execution guidelines and approved fiscal program of the government.

The Armed Forces of the Philippines (AFP) is the main recipient of BCDA's Asset Disposition Program (ADP). As of end 2013, the AFP share from total disposition proceeds of Php60.416 billion stands at 39 percent or Php23.489 billion, mainly for the AFP Modernization Program and replication of military facilities affected by the conversion of former military bases and camps to civilian use.

BCDA share from the disposition proceeds of Php12.525 billion accounts for 21 percent of the total proceeds, other beneficiary agencies accounts for 12 percent or Php7.364 billion, while the share of contiguous municipalities is Php468 million or one percent.

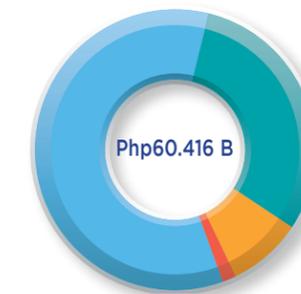
Disposition-related expenses which are deducted from the gross proceeds include Php7.75 billion for direct expenses, mainly for site development and infrastructure projects, relocation of informal occupants, survey, titling, appraisal, and administrative expenses, Php4.646 billion for taxes, duties and fees and Php619 million for the replication of non-military facilities.

A total of Php3.930 billion is still for distribution and expected to be remitted in 2014 subject to verification by the DND-AFP of the direct expenses.

BCDA remitted a total of Php2.207 billion to the National Government for the period January to December 2013. The amount represents the National Government's dividends share of Php500 million and the share of government beneficiary agencies from BCDA's asset disposition proceeds of Php1.707 billion.

**Disposition Proceeds**

For the period covered May 1993 - December 2013



- ▶ 59 percent Php35.904 B Sale
- ▶ 30 percent Php18.381 B Joint Venture
- ▶ 9 percent Php5.187 B Lease
- ▶ 2 percent Php0.944 B Other Receipts

**Disposition Proceeds**

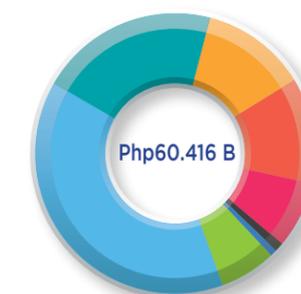
For the period covered January - December 2013



- ▶ 9 percent Php0.325 B Sale, 0.09
- ▶ 69 percent Php2.506 B Joint Venture, 0.70
- ▶ 17 percent Php0.598 B Lease, 0.17
- ▶ 5 percent Php0.176 B Other Receipts, 0.05

**Breakdown of Disposition Proceeds**

For the period covered May 1993 - December 2013



- ▶ 39 percent Php23.489 B AFP Share
- ▶ 21 percent Php12.525 B BCDA Share
- ▶ 12 percent Php7.364 B Share of Other Beneficiary Agencies
- ▶ 12 percent Php7.375 B Direct Expenses
- ▶ 8 percent Php4.646 B Taxes, Duties and Fees
- ▶ 1 percent php0.619 B Non-Military Replication Expenses
- ▶ 1 percent Php0.468 B Share of Contiguous Municipalities
- ▶ 6percent Php3.930 B For distribution

# Flow of Disposition Proceeds

BCDA adopts two different procedures in the determination and remittance of disposition proceeds, depending on whether the disposition is in the nature of sale transaction or non-sale transaction, e.g. joint ventures, leases. The determination of expenses related to non-sale transactions is jointly approved by the BCDA and the Department of National Defense (DND). On the other hand, expenses related to the sale transactions are determined and approved by the Inter-Agency Committee (IAC) created under Administrative Order No. 236 (1996) composed of representatives from DND, BCDA and the Department of Finance (DOF). Following shows the processes involved:

### Sale Transactions pursuant to Administrative Order No. 236

1. The BCDA undertakes the sale of properties in Metro Manila camps covered by the conversion program and receives the proceeds or payments from the buyers.
2. The IAC composed of the DND, DOF and BCDA then determines and approves the direct expenses to be deducted from the sales proceeds, and computes the shares of the beneficiary agencies to be remitted to the National Treasury.

3. After securing approval of the IAC, BCDA remits the net proceeds to the National Treasury.
4. The Bureau of Treasury receives the remittance and deposits the shares of beneficiary agencies in Special Accounts under the General Fund.
5. The beneficiary agencies submit the projects and programs for funding from the disposition proceeds to the Department of Budget and Management (DBM).
6. The DBM, in turn, programs the annual utilization of the sales proceeds in accordance with the approved government fiscal program, taking into consideration the submitted project and program of the beneficiary agencies.
7. The beneficiary agencies would then request the DBM for the issuance of a Notice of Cash Allocation (NCA).
8. The DBM issues the NCA for the shares of the beneficiary agencies based on budget execution guidelines.
9. The Bureau of Treasury releases the shares of the beneficiary agencies based on the NCA.

*Based on Administrative Order No. 236, January 8, 1996 (Prescribing Rules and Regulations on the Collection, Remittance and Utilization of Sales Proceeds under Republic Act No. 7227, as amended by Republic Act No. 7917)*

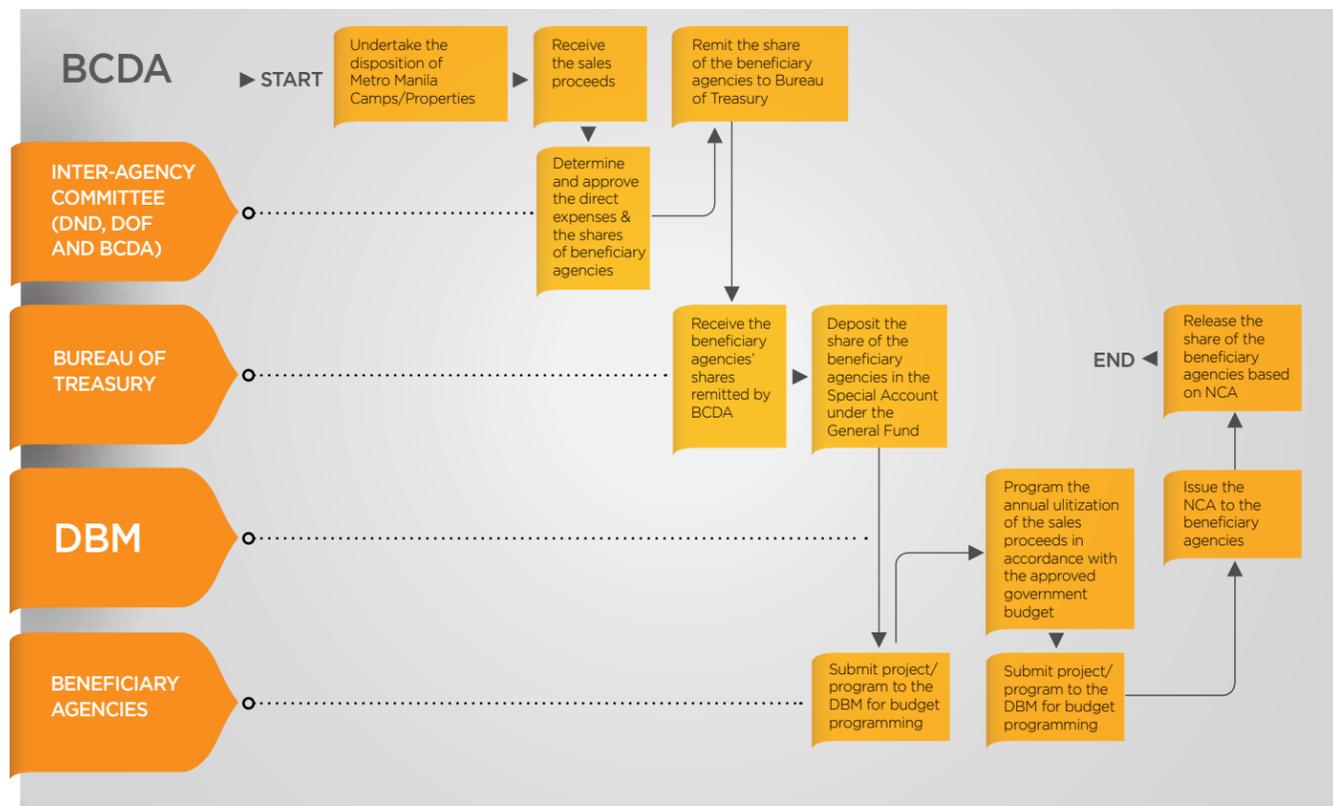
### Non-Sale Transactions pursuant to Executive Order No. 309 (e.g. Leases and Joint Ventures)

1. The BCDA enters into a joint venture or lease contract on properties in Metro Manila camps covered by the conversion program and receive the lease rentals or joint venture proceeds.
2. After deducting the 39 percent estimated expenses from the gross proceeds pursuant to DND/AFP-BCDA Joint Resolution No. 2004-01, BCDA remits the 50 percent of the net proceeds representing the share of the AFP to the National Treasury.
3. BCDA and the DND/AFP jointly determine the actual expenses related to the disposition and compares this with the retained 39 percent estimated expenses. In the event that the actual verified expenses related to the transaction exceed or fall short of the corresponding 39 percent retained expenses, the variance shall be treated as follows:
  - Excess of actual expenses over the 39 percent retained expenses will be charged against the succeeding proceeds from non-sale transactions irrespective of the area concerned;

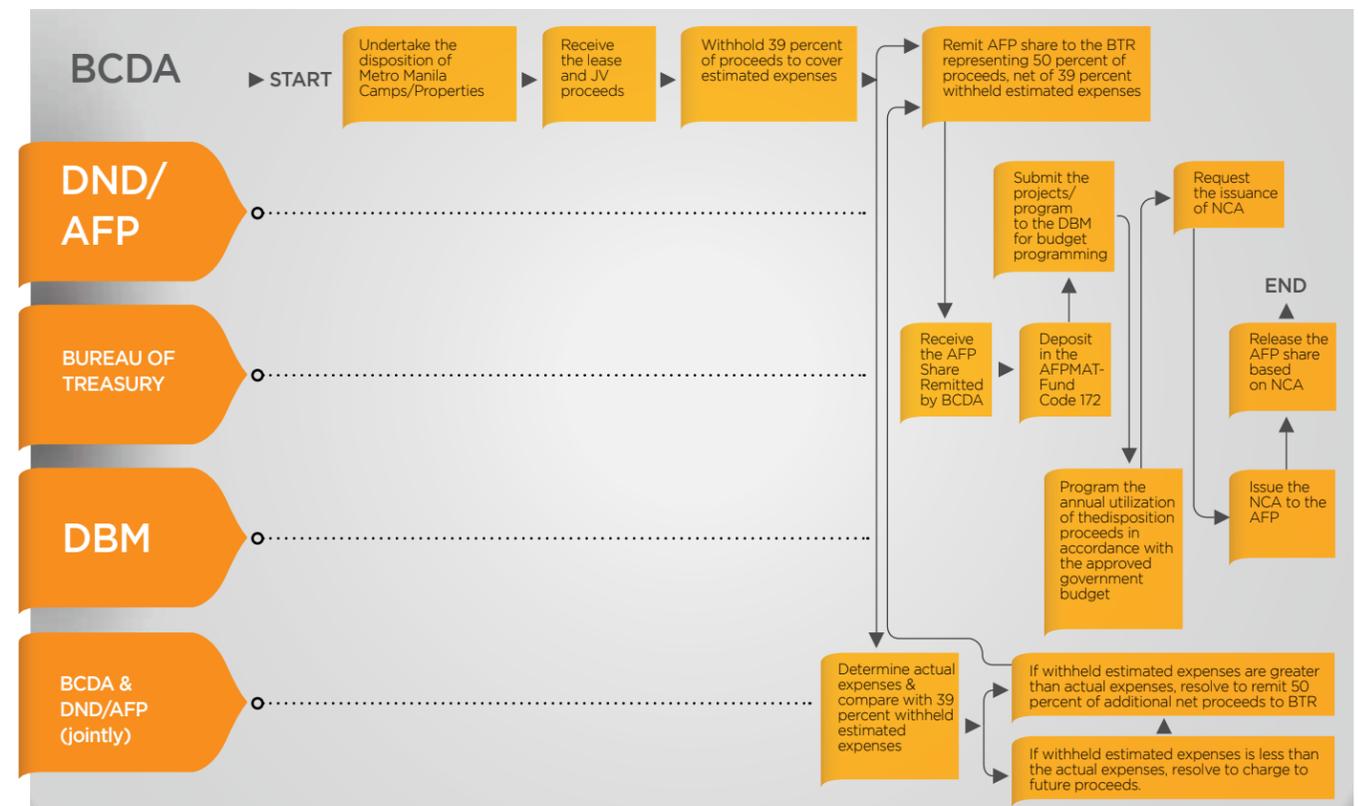
4. The Bureau of Treasury receives the remittance and deposits it to the AFP Modernization Act Trust Fund (AFPMAF-Fund) under Code 172.
5. The DND/AFP submits to the DBM the projects and programs to be funded by their share of the disposition proceeds.
6. The DBM programs the annual utilization of the disposition proceeds in accordance with the approved government fiscal program.
7. The DND/AFP requests the DBM for the issuance of NCA based on their submitted programs for funding from the disposition proceeds.
8. The DBM issues the NCA for the AFP share based on budget execution guidelines.
9. The Bureau of Treasury releases the shares of the AFP based on the NCA.

*Based on Executive Order No. 309, November 3, 2000 (Prescribing Rules and Regulations for the Distribution of Proceeds of Leases, Joint Ventures, and Transactions other than Sale Involving Portions of Metro Manila Military Camps under Republic Act No. 7227, as amended by Republic Act No. 7917)*

## SALE TRANSACTIONS



## NON-SALE TRANSACTIONS



## Board of Directors



*Left to Right*  
Vice Admiral Ferdinand S. Golez (Ret) . Zorayda Amelia C. Alonzo . Elmar M. Gomez , Rolando P. Gosiengfiao .  
Ma. Aurora Geotina-Garcia . Atty. Arnel Paciano D. Casanova . Atty. Eduardo V. De Mesa . Atty. Serafin U. Salvador

### **ROLANDO P. GOSIENGFIAO**

*Chairman - Bases Conversion and Development Authority since March 2013*

*Chairman - Subic-Clark Alliance for Development*

*Chairman - Heritage Park Management Corporation*

Mr. Gosiengfiao is Chairman of the Philippines' Bases Conversion and Development Authority (BCDA), a government entity tasked with the redevelopment of the former military bases. He is also Chairman and President of Nexxhabitat Inc. (property development), and Blucheck Global Services Inc. (outsourced services). Until 2010 he was the Chief Executive Officer of GenRx Healthcare Limited, a group of specialty outpatient facilities and medical services in Hong Kong, China, Macau and the Philippines. The group is a subsidiary of publicly-listed property developer HKR International Limited where he also served in the main Executive Committee for almost 10 years. HKR International is best known for the development and management of the Discovery Bay township in Hong Kong.

Mr. Gosiengfiao has in his investment banking career completed several major transactions in hotels, shipping, and properties including five government privatization transactions. In the Philippines, he has completed over Php20 billion in transactions and has raised equity from major business groups in the United States, Singapore, Hong Kong, Saudi Arabia, Thailand, and Taiwan. He was founder and President of Eastgate Capital Partners, Inc., a private investment banking company which played a leading role in the privatization of Philippine Airlines. He also set up Blucheck Global Services, Inc., a company providing outsourcing services in accounting, payroll and HR. He was founder and President of Pathfinder Holdings Philippines, Inc., a Saudi-owned group which acquired and established hotels and resorts and built a printed circuit board plant in the Philippines, all funded through the debt-to-equity conversion program. Prior to this, he was for 6 years the Managing Director of Arab Asian International Limited, a merchant banking institution in Hong Kong. Mr. Gosiengfiao has spent most of his career in various countries, which include over 20 years in Hong Kong, 2 years in Thailand and 5 years in Europe in various positions with IHC Holland NV, IBM Belgium SA and Rank Xerox Switzerland AG.

He graduated *cum laude* with a bachelor's degree in Business Administration from the University of the Philippines in 1970. He earned in 1976 his MBA with high distinction at the Iran Centre for Management Studies, a school then sponsored by the Harvard Business School to provide a graduate business program for the Middle East. He also completed the first Wharton - YPO Presidents' Program at the Wharton Graduate School of Finance in 1992.

Mr. Gosiengfiao is also Chairman of Healthway Philippines Inc. He has been a director of Siemens Inc. (Philippines), Signium Ward Howell ZMG Inc., and Detpak Packaging Philippines, Inc. He is currently the Philippine Chapter Chairman of the World Presidents' Organization. He was a director of the international board of the Young Presidents' Organization (Dallas) in 1995-97 and was the chairman of its Philippine chapter in 1992-93. He was also a member of the Asian Advisory Board of the Young Entrepreneurs' Organization and of the National Board of Advisers of AIESEC Philippines, an international youth exchange program.

Mr. Gosiengfiao is a widower and has two children working in New York and Beijing. He lives in Hong Kong, Makati and Puerto Princesa. Born April 19, 1950.

### **ARNEL PACIANO D. CASANOVA, ESQ.**

*President & Chief Executive Officer - Bases Conversion and Development Authority since April 2011*

*Vice-Chairman - Bases Conversion and Development Authority*

*Vice-Chairman - BCDA Management & Holdings, Inc.*

*Vice-Chairman - Clark Development Corporation*

*Director - John Hay Management Corporation*

*Director - Fort Bonifacio Development Corporation*

*Board Adviser - Clark International Airport Corporation*

Mr. Casanova has worked extensively in government, private sector, and development work. He has a well-rounded and diverse expertise focusing on public-private partnerships (PPP), real property development, urban planning, public infrastructure and utilities, governance, social entrepreneurship, security, peace-negotiations and mediation, and international relations.

Prior to his appointment to BCDA by President Aquino, Atty. Casanova was the Executive Director for the Philippines of Asia Society, an international non-government organization promoting international relations between the US and Asia and among Asian countries themselves. He has interacted closely with US and Asian leaders both in the government, business, education, arts and culture in shaping policies and enhancing international relations. He attended the Asia Pacific Economic Council's Business Advisory Council (ABAC) and APEC CEO Summit in 2009 and participated in discussions to craft solutions and recommendations to address global challenges in the 2009 and 2010 Williamsburg Conferences held in Fukuoka, Japan and Laguna, Philippines dealing with the global financial crisis and the looming global food security crisis. As part of the Asia21 Young Leaders network, he likewise led the development of Filipino young leaders through the Asia21 Young Leaders initiative which aims to build a critical mass of next generation of world leaders who would help resolve regional and global challenges.

Formerly BCDA's General Counsel, Mr. Casanova successfully their legal team in public-private partnerships that have established vibrant economic districts such as the Bonifacio Global City in Fort Bonifacio, Newport City in the former Villamor Air Base and the world-class infrastructure, the Subic-Clark-Tarlac Expressway (SCTEX). Mr. Casanova is one of the few leading legal experts in privatization and conversion of former US military bases into civilian uses and has delivered and published papers on special economic zones internationally. He is currently building partnerships that will pave the way for the rise of the first and only smart, disaster-resilient, green metropolis in the Philippines—the Clark Green City.

Mr. Casanova served the Ramos presidency as part of the peace panel that successfully negotiated peace with and recovered weapons of former military rebels involved in a series of bloody coup attempts against the late President Aquino. For his work, he was awarded the Philippine Legion of Honor Medal, one of the youngest recipients of this prestigious award. Thereafter, he joined the peace panel in initiating talks with the Moro Islamic Liberation Front (MILF) where he helped craft the initial government strategy in the MILF peace negotiations and arranged ceasefires of combatants. A staunch advocate of military reforms, he testified on military corruption before the Feliciano Commission, a body created to investigate the "Oakwood Mutiny" in 2003. He won a case in Philippine Supreme Court which resulted in the recovery of government property valued at approximately USD200 million which was misappropriated by a group of retired and active generals of the military.

On his personal time and capacity, Mr. Casanova is an active participant in Philippine social transformation. He is one of the pioneers of Kaya Natin! (We Can!), a social movement for good governance and ethical leadership. He helps the Center for Agriculture and Rural Development and its mutually reinforcing institutions (CARD-MRI), in helping more than a million poor Filipinos through microfinance. As a faculty of Ateneo School of Government, he promotes social entrepreneurship in the Philippines and Asia and mentors other social enterprises involved in renewable energy, healthcare, poverty-alleviation, environment, education, housing and others. He is also a faculty in the UP College of Law.

He obtained his Masters degree in Public Administration from Harvard University's Kennedy School of Government as a World Bank scholar and Mason Fellow. He is a graduate of University of the Philippines, earning degrees in Law, English studies, and Urban Planning.

#### ZORAYDA AMELIA C. ALONZO

*Director - Bases Conversion and Development Authority since April 2011.*

*Director - BCDA Management and Holdings, Inc.  
Director - Fort Bonifacio Development Corporation*

Director Alonzo has over 30 years of financial management experience, with 24 years in top management positions. Her experience with both the private and public sectors spans credit analysis, investment banking, airline finance, real estate finance and mortgage market development.

She has served four Philippine Presidents in cabinet and sub-cabinet levels. President Corazon Aquino first appointed her CEO of the Home Development Mutual Fund (PagIBIG Fund) in 1988. President Fidel Ramos reappointed her to the same position in 1992 and for the first six-months served concurrently as the Chair of the Housing and Urban Development Coordinating Council (HUDCC). In 2001, President Gloria Arroyo appointed her Chair of the Small Business Guarantee and Finance Corporation (SBGFC) and ultimately was named the first Undersecretary of the Department of Trade and Industry for Small and Medium Enterprise Development.

In 1992, Ms Alonzo received The Outstanding Women in the Nation's Service (TOWNS) for her achievements in deepening the relevance of PagIBIG Fund to its stakeholders, the Filipino people.

Ms. Alonzo finished her BA Economics degree from the Philippine Women's University and her MA in Economics from the Universidad de Madrid in Spain and the University of the Philippines. In 1997, she attended courses in Global Social Security Crises and Core Course in Housing Finance in the Harvard Institute of International Development, Harvard University and the Wharton School of Finance, University of Pennsylvania, respectively.

#### ATTY. EDUARDO V. DE MESA

*Director - Bases Conversion and Development Authority since December 2012*

Eduardo V. De Mesa heads the Labor and Litigation Departments of the Carag, De Mesa and Zaballero Law Firm. He is a seasoned litigator and has extensive experience in commercial, civil, criminal and administrative litigation. His tax litigation experience includes successful representation of clients before the Court of Tax Appeals, Court of Appeals and/or the Supreme Court on matters involving tax assessments, claims for tax refunds and tax

exemptions. His labor law practice includes collective bargaining negotiations, settlement of strikes and other labor disputes, employee disciplinary actions, labor law advisory services and labor litigation. Mr. De Mesa also practices election and immigration law.

Mr. De Mesa received his Bachelor of Laws degree in 1985 from the University of the Philippines where he graduated in the top 10 of his class and was a member of the Order of the Purple Feather Honor Society. He obtained a degree in Bachelor of Science in Education from the University of Sto. Tomas in 1974. He passed the National Teachers Examination in 1977 and was admitted to the Philippine Bar in 1986.

Mr. De Mesa is presently a Commissioner on Bar Discipline of the Integrated Bar of the Philippines. He is also a member and an accredited arbitrator of the Philippine Dispute Resolution Center, Inc.

#### MA. AURORA GEOTINA-GARCIA

*Director - Bases Conversion and Development Authority since April 2011*

*Director - BCDA Management and Holdings, Inc.  
Director - Fort Bonifacio Development Corporation  
Director - Bonifacio Estate Services Corporation  
Director - Bonifacio Global City Estate Corporation*

Director Garcia is currently the President of Mageo Consulting Philippines, Inc., which provides business advisory and corporate finance services.

Director Garcia is currently the President of Mageo Consulting, Inc., which provides business advisory and corporate finance services. She has advised clients on capital market issues such as project development, and identification of potential funding sources.

She has also handled projects such as financial rehabilitation and studies, joint venture programs and assistance to foreign investors in establishing local companies, among others.

She was responsible for leading the efforts of SyCip, Gorres, Velayo & Co (SGV & Co.) in investment promotions, which involved assistance to locators in special economic zones such as Clark and Subic.

She started her professional career in SGV & Co. as part of the Management Services Division in 1974 and was subsequently promoted to Manager in 1981. Prior to her promotion, she was briefly assigned as a staff consultant in the SGV Group office in Malaysia. Later on, she joined SGV's Economic and Financial Consulting (EFC) Division and was promoted to Partner in 1990. As a Partner, she headed SGV & Co.'s Global Corporate Division, (now EY Transaction Advisory Services Inc.) from 1992 up to 2001 until her retirement from the partnership. She was a Senior Advisor to SGV & Co. from the time of her retirement until September 2006.

Ms. Garcia is Chairperson of Women's Business Council Philippines, Inc, a Fellow of the Institute of Corporate Directors, and a member of various professional societies which include the Management Association of the Philippines, the Philippine Institute of Certified Public Accountants, Society of Industrial, Residential Commercial Realty Organizations, and Women Corporate Directors-Philippine Chapter. Ms. Garcia obtained her BS degree in Business Administration and Accountancy and her Masters Degree in Business Administration from the University of the Philippines.

#### VICE ADMIRAL FERDINAND S. GOLEZ (RET)

*Director - Bases Conversion and Development Authority since April 2011*

*Director - BCDA Management and Holdings, Inc.  
Director - Fort Bonifacio Development Corporation*

Director Golez has a highly accomplished and well-decorated career in the naval profession. He has profound experience in the leadership and management of major commands of the Navy—the most recent of which was his almost two-year tour of duty at the helm of the Philippine Navy as its Flag Officer In Command—the highest and most coveted position in the Navy.

He rose to the top command as manager and leader of a 23,000-strong soldier and marine force. His expertise spans naval and maritime operations, intelligence and strategic planning, national security administration, resource allocation, and organizational development. Among his major achievements are his establishment and institution of the Philippine Navy Board of Advisers (a multi-governance sector coalition composed of experts and leaders in various sectors of society), and the conduct of Maritime Security Forums from 2008-2010 in different Naval Forces around the archipelago.

After his naval career, he joined the Energy Development Corporation as Senior Manager for its Security Department since August 2010.

#### ELMAR M. GOMEZ

*Director - Bases Conversion and Development Authority since April 2011*

*Director - BCDA Management and Holdings, Inc.  
Director - Fort Bonifacio Development Corporation*

Mr. Gomez is currently the President and CEO of Mobile Arts, Inc., a mobile value-added service provider to mobile telecom operators. Prior to this he was its Chief Operating Officer.

He worked as Country Representative for the Philippines of Netlife Singapore Private Limited, a German software company which provides Internet payment solutions to financial institutions. Mr. Gomez then was responsible for starting its operations and developing the business in the country. Earlier on, he worked as Country Manager of Verifone Singapore in the Philippines, where he was tasked to start the local office, develop and increase the business in the country. Verifone is the manufacturer of credit and debit card point of sale materials. Previously, he worked as Marketing Manager of Nokia Telecommunications (Philippines), Inc.

Mr. Gomez attained his Masters Degree in Business Management from the Asian Institute of Management. Earlier, he obtained his Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. In college, he co-founded the Ateneo Computer Society in 1978. Furthermore, Mr. Gomez received his Diploma in Industrial Technology with Specialization in Electronics and Electrical Technology from the De La Salle University.

He is currently a member of the board of Trustees of the Archbishop Gabriel M. Reyes Memorial Foundation, Inc. and a member of the Internet and Mobile Marketing Association of the Philippines.

#### ATTY. SERAFIN U. SALVADOR, JR.

*Director - Bases Conversion and Development Authority since December 2012*

Serafin U. Salvador, Jr., or "Jun", is Managing Partner of Salvador and Associates (S&A) Attorneys-At-Law, which is a member of the Taxand International Organization—a global network of law firms in 50 countries. He was with SGV & Co. for 30 years (until 2001), where he was Head of the Tax Division and also Tax Principal. SGV & Co. was previously affiliated with Arthur Andersen, and is now affiliated with Ernst & Young.

Atty. Salvador is a professor of taxation in both the Ateneo and UP colleges of law. He is a graduate of UP Law Class 1968 and attended the Graduate Tax Program, 1970-1971 at the Graduate School of Law, New York University. He completed his MBA at the Ateneo de Manila University and attended the TOP Management Program, Asian Institute of Management, and the Managing Multinational Enterprises at the INSEAD in Fontainebleau, France.

He is a Past President of the Tax Management Association of the Philippines and has been a contributor to various foreign publications, including the CCH Journal of Asia-Pacific Taxation. He was appointed by the United Nations as a member of the Committee of Experts on International Cooperation in Tax Matters in accordance with Resolution 2004/69 adopted by the UN Economic and Social Council on November 11, 2004. The term of office is four years, which began on July 1, 2005 and ended on June 30, 2009.

# Management



Aileen Anunciacion R. Zosa  
Executive Vice President

Atty. Arnel Paciano D. Casanova  
President and CEO

## OFFICE OF THE CHAIRMAN

**Rolando P. Gosiengfiao**  
Chairman  
Tel. No.: (632) 816-0935  
Fax No.: (632) 816-0936

**Corporate Board Secretariat**  
**Atty. Elvira V. Estanislao**  
Corporate Secretary  
Tel. No.: (632) 575-1704  
Fax No.: (632) 816-0917

## Internal Audit Services Office

**Ma. Lina P. Ocampo**  
Department Manager  
Tel. No.: (632) 575-1740  
Tel./Fax No.: (632) 816-0938

## OFFICE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

**Arnel Paciano D. Casanova, Esq.**  
President & Chief Executive Officer  
Tel. No.: (632) 816-0915/575-1703  
Fax No.: (632) 816-0917

**Atty. Peter Paul Andrew T. Flores**  
Head Executive Assistant  
Tel./Fax No.: (632) 575-1703  
Fax No.: (632) 816-0917

## Information and Communications Technology Department

**Virgil M. Alvarez**  
Department Manager  
Tel./Fax No.: (632) 575-1744  
(632) 816-0978

## Legal Services Department

**Atty. Regina Salve R. Lapuz**  
General Counsel  
Tel. No.: (632) 575-1722  
Fax No.: (632) 816-1093

## Planning Services Department

**Eduardo G. Policarpio, Jr.**  
Project Manager  
Tel./Fax No.: (632) 816-0987

## Public Affairs Department

**Leilani P. Barlongay-Macasaet**  
Department Manager  
Tel./Fax No.: (632) 575-1732

## OFFICE OF THE EXECUTIVE VICE PRESIDENT

**Aileen Anunciacion R. Zosa**  
Executive Vice President  
Tel. No.: (632) 575-1707  
Fax No.: (632) 816-0963

## SCTEX Services Department

**Engr. Joshua M. Bingcang**  
Project Manager  
Tel. No.: (632) 575-1747  
Tel./Fax No.: (632) 816-1089

## Subsidiaries, Affiliates, & Projects Monitoring Department

**Atty. Regina Salve R. Lapuz**  
Project Manager  
Tel./Fax No.: (632) 816-1083

## BUSINESS DEVELOPMENT AND OPERATIONS GROUP

**Engr. Joshua M. Bingcang**  
Officer-In-Charge, Office of the Vice President for Business Development  
Tel. No.: (632) 575-1752/ (632) 816-1015  
Fax No.: (632) 816-1016

## Business Development Department

**Arrey A. Perez**  
Head  
Tel. No.: (632) 575-1757  
Fax No.: (632) 816-1043

## Land & Assets Development Department

**Engr. Richard Brian M. Cepe**  
Officer-In-Charge  
Tel. No.: (632) 575-1755  
Fax No.: (632) 816-1343

## Project Management Department

**Engr. Tomas Y. Macrohon**  
Project Manager  
Tel. No.: (632) 575-1760  
Fax No.: (632) 816-1086

## FINANCE GROUP

**Atty. Nena D. Radoc**  
Vice President & Chief Finance Officer  
Tel. No.: (632) 575-1764/816-1052  
Fax No.: (632) 816-1063

## Budget Department

**Hedda Lourdes Y. Rulona**  
Department Manager  
Tel. No.: (632) 575-1755  
Fax No.: (632) 816-1067

## Financial Management Services Department

**Clemencia P. Vicente**  
Officer-In-Charge  
Tel. No.: (632) 575-1766  
Fax No.: (632) 818-4683

## Treasury & Investments Department

**Norma S. Pabustan**  
Department Manager  
Tel. No.: (632) 575-1769  
Fax No.: (632) 816-1076

## CORPORATE SERVICES GROUP

**Eleanor L. Atienza**  
Vice President  
Tel. No.: (632) 575-1777  
Fax No.: (632) 816-1004

## General Services Department

**Engr. Eduardo R. Rosqueta**  
Officer-In-Charge  
Tel. No.: (632) 575-1786  
Fax No.: (632) 816-0996

## Organization Development & Management Department

**Patrick Roehl C. Francisco**  
Department Manager  
Tel. No.: (632) 575-1794  
Tel./Fax No.: (632) 816-1029

## Procurement & Property Management Department

**Nancy V. Paje**  
Department Manager  
Tel. No.: 575-1783  
Fax No.: (632) 816-1030

## COMMISSION ON AUDIT

**Lourdes D. Benitez**  
State Auditor V / Supervising Auditor  
Tel. No.: (632) 816-1344  
Fax No.: (632) 816-1345



Eleanor L. Atienza  
Vice President for  
Corporate Services

Atty. Nena D. Radoc  
Vice President for  
Finance

Atty. Regina Salve R. Lapuz  
General Counsel

# Directory of the Bases Group



## BCDA MANAGEMENT & HOLDINGS, INC.

BMHI Corporate Center  
Pamayanang Diego Silang, C-5 road,  
Ususan, Taguig City, 1632, Philippines  
Tel.: (63) (02) 869-4319 | (63) (02) 519-9959  
E-mail: bmhi@bmhi.com.ph  
Website: <http://www.bmhi.com.ph>  
ELMAR M. GOMEZ  
President and CEO



## CLARK DEVELOPMENT CORPORATION

Bldg. 2122, E. Quirino St.  
Clark Freeport Zone, Pampanga, Philippines  
Tel: (63) (45) 599-9000 | 599-2092  
E-mail: [info@clark.com.ph](mailto:info@clark.com.ph)  
Website: <http://www.clark.com.ph>  
ATTY. ARTHUR P. TUGADE  
President and CEO



## CLARK INTERNATIONAL AIRPORT CORPORATION

Corporate Office Building, Civil Aviation Complex  
Clark Freeport Zone, 2023, Pampanga, Philippines  
Tel: (63) (45) 599-2888 to 97 | Fax: (63) (45) 599-2044  
E-mail: [publicaffairs@clarkairport.com](mailto:publicaffairs@clarkairport.com)  
Website: <http://www.clarkairport.com>  
ATTY. FELIPE ANTONIO B. REMOLLO  
Vice Chairman  
MR. VICTOR JOSE I. LUCIANO  
President & CEO



## JOHN HAY MANAGEMENT CORPORATION

John Hay Special Economic Zone  
Camp John Hay, Loakan Road, Baguio City  
2600, Philippines  
Tel.: (63) (74) 444-5823  
E-mail: [mgmt@jhmc.com.ph](mailto:mgmt@jhmc.com.ph)  
Website: <http://www.jhmc.com.ph>  
MR. SILVESTRE C. AFABLE, JR.  
Chairman  
DR. JAMIE ELOISE M. AGBAYANI  
President and CEO



## NORTH LUZON RAILWAYS CORPORATION

3rd Floor Engineering Building, MWSS Compound  
Katipunan Road, Balara, Quezon City  
Tel.: (63) (02) 709-1150-54  
Fax: (63) (02) 709-1150 local 7107  
Email: [public\\_affairs@northrail.com.ph](mailto:public_affairs@northrail.com.ph)  
Website: <http://www.northrail.com.ph>  
ENGR. JOSE MARTIN O. ALILING  
Chairman  
MR. CONRADO K. TOLENTINO  
President and CEO



## PORO POINT MANAGEMENT CORPORATION

Administrative Office  
Gov. Joaquin L. Ortega Avenue, Poro Point  
City of San Fernando 2500  
La Union, Philippines  
Tel. No.: (63) (072) 242-4016  
Fax No.: (63) (072) 242-0683  
Email: [poropointfreeportzone@gmail.com](mailto:poropointfreeportzone@gmail.com)  
Website: <http://www.poropointfreeport.org>

## San Fernando Airport Office

Mayor Lorenzo Dacanay Avenue, Canaaoay  
City of San Fernando 2500  
La Union, Philippines  
Tel. No.: (63) (072) 607-5649  
Fax No.: (63) (072) 607-5648  
MR. IVES Q. NISCE  
Chairman  
MR. FLORANTE S. GERDAN  
President and CEO

# Affiliates

## Bonifacio Art Foundation, Inc.

The Mind Museum  
JY Campos Park, 3rd Avenue  
Bonifacio Global City, Taguig City, Philippines  
Tel.: (632) 909-6463 | Fax: (632) 909-6461  
Website: <http://www.themindmuseum.org>  
Email: [inquiry@themindmuseum.org](mailto:inquiry@themindmuseum.org)

## Bonifacio Communications Corporation

c/o Philippine Long Distance Company  
Ramon Cojuangco Bldg., Makati Ave., Makati City  
Tel.: 171 or 1-800-1888-9090 | Fax: (632) 844 66 54

## Bonifacio Estate Services Corporation

2/F, Bonifacio Technology Center  
31st St. corner 2nd Ave.  
Bonifacio Global City, Taguig City, Philippines  
Tel.: (632) 816-2372 | Fax: (632) 818-1603  
Website: [www.bonifacioestate.com](http://www.bonifacioestate.com)  
Email: [inquiry@themindmuseum.org](mailto:inquiry@themindmuseum.org)

## Bonifacio Water Corporation

38th Drive, University District  
Bonifacio Global City, Taguig City, Philippines  
Tel.: (632) 818-3601

## Fort Bonifacio Development Corporation

2/F, Bonifacio Technology Center  
31st St. corner 2nd Ave.  
Bonifacio Global City, Taguig City, Philippines  
Tel.: (632) 818-3601  
Website: <http://www.bgc.com.ph>  
Email: [inquiry@themindmuseum.org](mailto:inquiry@themindmuseum.org)

## Subic Bay Metropolitan Authority

Administration Building  
Bldg. 229, Waterfront Road  
Subic Bay Freeport Zone, Philippines  
Tel.: (63) (47) 252-4000 | 252-4004  
Website: [www.mysubicbay.com.ph](http://www.mysubicbay.com.ph)  
Tel.: 171 or 1-800-1888-9090 | Fax: (632) 844 66 54

Republic of the Philippines  
Office of the President



**BCDA CORPORATE CENTER**

2/F, Bonifacio Technology Center  
31st Street, corner 2nd Avenue  
Bonifacio Global City, Taguig City, Philippines  
Tel. No. : (632) 575-1700  
Fax No. : (632) 816-0996  
E-mail : [bcda@bcda.gov.ph](mailto:bcda@bcda.gov.ph)  
Website : [www.bcda.gov.ph](http://www.bcda.gov.ph)

