

ONE TEAM  
IN SYNERGY.  
ONE VISION  
OF SUCCESS.



**BCDA**  
Bases Conversion and  
Development Authority

MARKETING INVESTMENT BRIEF

# ONE TEAM IN SYNERGY. ONE VISION OF SUCCESS.

COURAGE IN THE BLUE WATERS RUNS THROUGH THE VEINS OF THE FILIPINO, HISTORICALLY KNOWN AS PROFICIENT SEAFARERS. TRANSLATED TO MODERN SPORTS, FILIPINO DRAGON BOAT ATHLETES LIVE BY THE SAME QUALITY OF DARING MARKED BY 5 IMPORTANT S'S: STRENGTH, SYNERGY, SKILL, STRATEGY AND SPEED. DESPITE LACKLUSTER TRAINING FACILITIES AND SCARCE FUNDING, OUR HOMEGROWN PADDLERS ARE KNOWN TO MARCH IN WITH THE HEART OF A CHAMPION. IN FACT, A NUMBER OF PHILIPPINE DRAGON BOAT TEAMS HAVE BESTED TOP CONTENDERS IN MAJOR INTERNATIONAL COMPETITIONS, BRINGING HOME THE GOLD MANY TIMES OVER.



THE JOURNEY OF THE BCDA GROUP IS MUCH LIKE OUR COVER STORY. IN 1992, THE TEAM WAS CREATED BY LAW TO CONVERT CALAMITY-STRIKEN MILITARY BASELANDS INTO LEADING CENTERS OF ECONOMIC GROWTH. WITH STRENGTH, SYNERGY, SKILL, STRATEGY AND SPEED, THEY RACED THROUGH TIME TO FULFILL THIS PURPOSE. THE BCDA GROUP HAS NOT ONLY FULFILLED THIS MANDATE, BUT ALSO CONTINUES TO ENGAGE IN OTHER SOCIOECONOMIC DEVELOPMENT PROJECTS TOWARD ITS ONE VISION OF SUCCESS.

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## MESSAGE FROM THE PRESIDENT OF THE PHILIPPINES

### A straight path to progress

The Philippines is now a bright spot for investment opportunities. Testimony to this is the growing number of investors and entrepreneurs tapping our natural, technological and manpower resources. In fact, encouragement to fellow businessmen to locate their businesses in the Philippines is one of the reasons why the country has been registering remarkable economic performance.

Business also values the Philippines as a good investment site, taking note of the significant strides in our reform program to eliminate corruption, abuse of power and inefficiency in our bureaucracy. This is our *daang matuwid* (straight path) philosophy that advocates achievements based on merit rather than on affinity with the powers that be, thus creating a level playing field for all.

Consequently, we have been reaping the fruits of our efforts. We have risen from the economic sickbed. Our economic growth in the past year has surpassed most of our ASEAN neighbors. Our GDP rates have been increasing. Inflation rates are decreasing and we are continuously creating more jobs for our people.

One of the best investment portfolios in the country belongs to the Bases Conversion and Development Authority (BCDA), a government-owned and -controlled corporation that epitomizes our *daang matuwid* philosophy of governance. A leader in innovation and effective public-private sector partnership in the development of integrated communities and economic growth centers, every project of the BCDA is characterized by transparency, efficiency, and social responsibility. Its public-private partnerships attempt to align with the Philippine Investments Promotion Plan (PIPP) 2010-2014, a medium-term marketing development plan that aims to synchronize strategies in promoting investments across eight target sectors. The PIPP sets to position the Philippines as a core investment destination in Asia.

In the last two decades, the BCDA has been busy transforming the Philippine landscape, particularly in Luzon where unproductive and abandoned military bases had been converted into highly productive, mixed-use communities and business hubs. They have carved

world-class, modern cities out of former military bases Fort Bonifacio and Villamor Air Base, transforming them into the famous Bonifacio Global City and Newport City.

The BCDA-administered freeports and special economic zones – Clark Freeport Zone in Pampanga, John Hay Special Economic Zone in Baguio City, and Poro Point Freeport Zone in La Union – are among the country's prime investment locations, helping sustain our socio-economic progress and tourism and expanding opportunities for our people.

I hope this comprehensive brief will serve as an invitation to prospective partners to explore and experience the multitude of possibilities that the BCDA portfolios offer. As you create value for your investments, so will you be helping build our nation.

BENIGNO S. AQUINO III



## A game changer and catalyst

The Bases Conversion and Development Authority came into being at a time when the Philippines was in the crux of varied crises — from the challenge of being a young democracy to a struggling economy to a fusillade of natural calamities. Amidst all these, the BCDA stepped up to the plate, armed with a mandate to convert disaster-beaten lands into burgeoning centers of socioeconomic growth. It was a tough order, but one that the BCDA took for the country. Despite global and man-made crises, it shone through to prove its durability and resilience as an organization.

From successfully fulfilling its mandate as a state-owned enterprise independent of government funds, the BCDA has indeed taken quantum leaps not only in terms of its portfolio, but especially in its contribution to driving the growth of the country. It has successfully gone from simply developing properties previously assigned for military use to become a recognized game changer and catalyst, value multiplier and market creator all rolled into one powerful, yet conscientious nation builder.

Through strong public-private partnerships, the BCDA unlocks the optimum value of lands gone idle, all former military camps in Northern and Central Luzon. Freeports and economic zones mushroomed like wells of hope, properties which were not just symbols of brighter tomorrows reborn, but undeniably world-class

developments that opened doors to fresh business activity, profitable investments, and thriving community life. Later on, Metro Manila military baselands also rose as structures of progress, creating a new trend in modern integrated property development. To date, the total assets of the BCDA are valued at P130.258 billion\*. Disposition proceeds worth P56.657 billion\* were generated from the development of around 41,500 hectares of converted military bases.

With the Philippines currently experiencing unprecedented economic optimism, international investors are keen to follow the country's performance, although this is not without high expectations. The BCDA responds to these expectations by implementing innovative and strategic projects, such as its flagship infrastructure undertaking, the Subic-Clark-Tarlac Expressway (SCTEX), a pioneering tollway that links three towns in Northern and Central Luzon. Also in the pipeline are projects like the enormous, technologically advanced and ecologically sensitive Clark Green City in Central Luzon and Poro Point development in San Fernando, La Union.

The evolution of the Philippines and the evolution of the BCDA run parallel and complementary to one another. Put together, it is an affirmation of the corresponding improvement in the general well-being of the country

TOTAL ASSETS  
**US\$ 3.6B**  
(P130.258B\*)

TOTAL PROCEEDS FROM  
DEVELOPMENT OF MILITARY  
BASELANDS  
**US\$ 1.3B**  
(P56.657B\*)

TOTAL SIZE OF  
CURRENT LAND ASSET  
**41,500 ha**

and that it is steering its way toward a future of aspirations-come-true for its people, as well as for the people of the world.

Reading through the BCDA Marketing Investment Brief will give you an overview of a story that we do not claim to be ours alone. It is a story of victory that we share with our partners, investors, beneficiary organizations, and nearly 100 million Filipinos whose lives continue to change as the BCDA helps reshape the nation. It is a period of great transformation for the country, and we invite you take part in our abiding quest to fulfill our vision of success.

\*2013 US Dollar-Peso Exchange Rate: 1 USD=42.45 PHP  
Source: bsp.gov.ph/statistics



THE YEAR BEFORE FORMER PRESIDENT CORAZON AQUINO SIGNED THE BASES CONVERSION DEVELOPMENT ACT OF 1992, SHE MENTIONS IN HER STATE OF THE NATION ADDRESS THE EVENTS THAT SUBSEQUENTLY LED TO THE CREATION OF THE BCDA.

*"...The eruption of Mount Pinatubo is the biggest in this century. Abroad, its effect is so far-reaching as to lower the temperature of the earth. At home, it is so devastating it knocked off 80,000 productive hectares from our agriculture, and destroyed the commerce of at least three provinces. Hundreds of thousands were driven from their homes and livelihoods, and thrown on the kindness of relatives and countrymen, and on the solicitude of the state. It was an event so powerful it wiped out the largest military base in the Pacific...."*

*Before Pinatubo, there was the typhoon that cut a wide swathe of destruction across the southern regions. And before that was the Killer Quake that cut off the northern parts of the country, destroying billions of pesos in infrastructure, causing the loss of billions more in foregone economic activities. It leveled the City of Pines and buried children in the rubble of yet another city.*

*...I am not asking that all my programs be blindly followed by my successor. God knows, we have made mistakes. But surely, our objective is right – the improvement of our people's lives. And the new way is much better than those before. To give the people greater power over their lives is the essence of democracy that we must strive to bring out completely."*

Excerpts from The State of the Nation  
Message to Congress of  
**Her Excellency Corazon C. Aquino**  
President of the Philippines  
(July 22, 1991)

## COMPANY OVERVIEW

# MOVING THE NATION, BUILDING LIVES

*"The BCDA Group is a prime mover of national development. We transform former military bases and properties into premier centers of economic growth in partnership with the private sector with integrity, excellence, and efficiency in the stewardship of government resources. We create sustainable urban communities to uplift the lives of Filipinos."*

The Bases Conversion Development Authority is a state-owned enterprise vested with corporate powers to develop premier centers of economic growth. In partnership with the private sector, it creates esteemed models of Philippine modernization, replete with world-class establishments, amenities and infrastructure. The BCDA Group is composed of BCDA Management and Holdings, Inc., Clark Development Corporation, Poro Point Management Corporation, and John Hay Management Corporation. Working in synergy, the BCDA serves as a "potent catalyst for national development" that operates with integrity, excellence and efficiency.

## GOVERNANCE FRAMEWORK

The BCDA was established on March 13, 1992 through Republic Act (RA) 7227, signed into law by former President Corazon Aquino. The mandate was to transform the US military bases and other military camps into a nuclei of progress. The charter was amended through RA 7917 in 1995 and further amended through RA 9400 in 2007.

### Mandates of the Bases Conversion and Development Authority (BCDA) under Republic Act 7227

- Accelerate the conversion of former U.S. military bases in Clark and Subic and their extensions into alternative productive uses;
- Raise funds through the sale of Metro Manila camps (e.g. Fort Bonifacio) to finance the conversion of former US military bases; and,
- Enhance the benefits of conversion to promote the socio-economic development of Central Luzon, in particular, and the country, in general.



## FROM CRISES TO OPPORTUNITY

Perhaps the most apposite metaphor for the BCDA story is that of the phoenix rising from the ashes. While its history is far from being a legend, its having turned crises into opportunities is indeed a legendary achievement.

It was in March 1947 when the Military Bases Agreement (MBA) was inked between the United States and the Philippines, officially allowing the establishment of Clark Air Base in Pampanga and Subic Naval Base in Zambales. Prior to the termination of the MBA, however, a massive earthquake struck the country in 1990, followed by the vicious eruption of Mt. Pinatubo in 1991 which occurs once every 600 years. Ejecting 10 billion tons of magma, the US military bases that lay close to the furious volcano were vacated even before the agreement expiry of September 1992.

The cataclysmic aftermath left not only Clark Air Base in total ruin, but also the lives of many Filipinos whose homes and means of income were buried under the

volcanic mudflow. Although the pull-out of the US military bases was a timely move for the Americans, the area's economy and life in general suffered greatly.

After RA 7227 was signed into law, the BCDA took on the herculean task of rehabilitating and transforming the devastated Clark Air Base and its vicinity into a brand new bastion of economic development. Now known as the Clark Freeport Zone, it has become and continues to act as a fulcrum of economic development in the Central Luzon region.

With the Clark Freeport Zone as a successful template, the BCDA later embarked on other integrated developments, including the John Hay Economic Zone, Poro Point Freeport and Special Economic Zone, and the Bataan Technology Park. These have become hosts to globally recognized locators in manufacturing, tourism, information technology, and business process outsourcing (BPO).

The BCDA also constructed infrastructure like major roads, tollways, airports and seaports. Among these are the Subic-Clark-Tarlac Expressway (SCTEX), Clark International Airport, and Poro Point Airport and Seaport which serve as viable links among people, businesses and communities.

In 1995, the BCDA made a game-changing innovation in the property development sector when it forayed into Public-Private Partnerships (PPP) to create the world-class Bonifacio Global City (BGC). What was once the Fort Bonifacio military camp has become today's premier business district in the country. BGC, together with other pockets of mixed-use developments in Metro Manila, such as McKinley Hill and Newport City, are models of the BCDA's vision to reinvent military facilities into thriving commercial hubs, sustainable residential communities, and leisure properties.

Infrastructure development is a key portfolio of the BCDA. The construction of the Subic-Clark-Tarlac Expressway (SCTEX) tollway corridor has greatly boosted the flow of trade from the South Luzon-Metro Manila/ North Luzon growth axis. Along with Clark International Airport and Poro Point Airport and Seaport, the BCDA plays a vital role in the national transport system and works toward connectivity among people, businesses, and communities.

As a corporate entity imbued with a public mandate, the BCDA aims to evolve and grow as an organization focused on continuous improvement as it pursues its major thrusts: people development, business processes, and stakeholder management. The BCDA is now in the process of securing its ISO registration as it heads toward becoming the best-in-class organizational development that adheres to international standards.

BGC: Then and Now



1947  
U.S. AND THE PHILIPPINES SIGN A MILITARY BASES AGREEMENT



1972  
MARCOS DECLARES MARTIAL LAW



1986  
EDSA "PEOPLE POWER" REVOLUTION



1987-1989  
SERIES OF COUP ATTEMPTS



1990  
NORTH AND CENTRAL LUZON EARTHQUAKE



1991  
MT. PINATUBO ERUPTION  
TERMINATION OF US-PHILIPPINES MILITARY BASES AGREEMENT



1992  
BIRTH OF BCDA.  
RA 7227 SIGNED INTO LAW BY PRESIDENT CORY AQUINO

## MAJOR ACCOMPLISHMENTS AT A GLANCE

Since its establishment in 1992, the success of the BCDA can be indexed into three major accomplishments: the Conversion Program, the Asset Disposition Program, and the Subic-Clark-Tarlac Expressway (SCTEX) Project.

### • CONVERSION PROGRAM

The Conversion Program highlights the BCDA's history of achievements as these represent its various military baseland development projects, the core of its mandate. Topping the roster is the Clark Freeport Zone in which the BCDA has made substantial committed investments, generated remarkable employment numbers, helped increase tourist patronage, as well as attracted top exporters and locators. Other equally successful conversion projects are the Poro Point Freeport Zone, John Hay Freeport Zone, and Bonifacio Global City.

### • ASSET DISPOSITION PROGRAM

With Php56.657 billion\* in disposition proceeds, the BCDA has remitted more than Php21 billion to the National Treasury to the account of the Armed Forces of the Philippines (AFP) for its modernization and replication of affected military facilities. The remaining disposition proceeds were distributed as shares of the BCDA and other beneficiary agencies, share of continuous municipalities, taxes, duties and fees, non-military replication projects, and other direct expenses resulting from disposition.

### • SUBIC-CLARK-TARLAC EXPRESSWAY (SCTEX)

Beyond the mandated conversion of former military camps, the BCDA took the extra mile to develop a 94-kilometer, 4-lane thoroughfare designed to transform Central Luzon into a world-class logistics hub in the Asia Pacific region. The Subic-Clark-Tarlac Expressway (SCTEX) links the Subic Bay Freeport, the Clark Freeport Zone, and the Central Techno Park in Tarlac in order to integrate economic activities in and around the area.

\*2013 US Dollar-Peso Exchange Rate: 1 USD=42.45 PHP Source: bsp.gov.ph/statistics

## IMPACT ON NATIONAL DEVELOPMENT

One of the most successful government agencies, the BCDA has contributed immensely in shaping the economic landscape of the Philippines. In terms of economic internal rate of return, it has produced a multiplier effect in billions of investments poured into the economy, making an enormous positive impact on at least one-third of the Filipino population. The BCDA remains steadfast in its commitment to create and sustain investments, stimulate economic growth, generate employment, and provide the much-needed housing for the country's soldiers and informal settlers.

### • ACTUAL INVESTMENTS

By year end 2012, total actual investments in the BCDA Special Economic Zones (SEZs) were at PhP 84.21 billion, 10.25% higher than actual investments in 2011 at PhP 76.38 billion.

#### Actual Investment Profile: As of 2012 vs. As of 2011 (in Php Billion)

Year	Clark Freeport Zone	Poro Point Freeport Zone	John Hay Freeport Zone	Bonifacio Global City	Total
2012	79.99 B*	1.47	2.74	8.00	84.21
2011	72.27 B	1.37	2.73	8.00	76.38
% Change	11%	7%	0.4%	0%	10.25%

Source: COC, PPMC, JHMC, BTPI \* Investment Estimate for 2012

#### Approved Investments: 12-Year Period (in Php Billion)

Year	Clark Freeport Zone	Poro Point Freeport Zone	John Hay Freeport Zone	Bataan Technology Park	Bonifacio Global City*	Developed Gross Floor Area	CFA (Construction Floor Area)
2001					9,345,000,000.00	267,000.00	19,960.22
2002					13,930,000,000.00	398,000.00	21,211.71
2003					14,385,000,000.00	411,000.00	21,935.58
2004	31,668,234,948.65				25,165,000,000.00	719,000.00	22,707.64
2005	38,292,681,879.97				25,690,000,000.00	734,000.00	24,080.21
2006	42,306,528,597.12				28,280,000,000.00	808,000.00	25,892.70
2007	51,123,851,094.00	338,760,000.00	1,870,000,000.00	600,000.00	36,820,000,000.00	1,052,000.00	27,399.68
2008	63,164,566,980.43	845,220,000.00	2,230,000,000.00	700,000.00	47,565,000,000.00	1,359,000.00	28,218.01
2009	63,021,970,480.57	950,000,000.00	2,230,000,000.00	700,000.00	61,985,000,000.00	1,711,000.00	30,772.09
2010	65,002,663,148.23	1,290,000,000.00	2,682,983,137.96	5,000,000.00	78,575,000,000.00	2,245,000.00	32,121.18
2011	72,269,203,230.88	1,368,994,813.74	2,729,565,008.64	8,000,000.00	117,804,479,100.00	3,365,842.00	33,390.00
2012	79,989,803,230.88	1,468,042,204.22	2,741,333,286.78	8,000,000.00	131,847,291,100.00	3,767,065.46	35,000.00
2013	83,105,735,959.10	1,690,000,000.00	2,744,833,286.78	8,000,000.00	144,844,226,450.00		

Investment in BGC estimated using BESEC Methodology: Developed CFA\* Construction floor Area at 35,000



The Venice Piazza, McKinley Hill, Fort Bonifacio

• **EMPLOYMENT**

The BCDA SEZs employed an estimated 75,582 people in 2012, an increase of 13% from 2011 at 67,137. Employment in the John Hay SEZ recorded the biggest percentage increase at 91%, attributable to the opening of Convergys, a business process outsourcing company, and additional retails shops in the Ayala Techno Hub.

**BCDA Special Economic Zone Employment Profile: As of 2012 vs. As of 2011**

Year	Clark Field Special Economic Zone	Poro Point Freeport Zone	John Hay Special Economic Zone	Bataan Technology Park	Total
2012	71,073	1,675	2,692	142	75,582
2011	64,055	1,542	1,410	130	67,137
% Change	11%	9%	91%	9%	13%

**BCDA Special Economic Zone Employment Profile: 12-Year Period**

Year	Clark Field Special Economic Zone	Poro Point Freeport Zone	John Hay Special Economic Zone	Bataan Technology Park
2000	21,964			
2001	22,046			
2002	26,307			
2003	28,307			
2004	33,504		1,060	
2005	36,883		1,320	
2006	47,481	872	1,229	
2007	52,010	1,440	1,436	98
2008	57,790	1,688	1,510	102
2009	58,023	1,224	1,984	125
2010	60,162	1,242	1,011	108
2011	64,055	1,542	1,410	130
2012	71,073	1,675	2,692	142

• **HOUSING FOR THE ARMED FORCES OF THE PHILIPPINES**

Aligned with the current Administration's thrust to provide decent housing for Filipino soldiers, the BCDA provided 192 housing units which were completed and formally turned over to the Philippine Army, the Philippine Navy, and the Philippine Air Force on October 18, 2012. Among these are the AFP housing facilities located in the Philippine Army Retention Area inside Fort Bonifacio. These are replications of those in JUSMAG, a 34.5-hectare area later developed into a mix-use property. Undertaken by Megaworld, private developer of the JUSMAG Area, the property is seen to generate yearly revenues of PhP 873.41 million in the next 23 years.

Other housing projects completed by the BCDA are the PA Officers' Quarters, Pamayanang Diego Silang, Centennial Village, and Lupang Katuparan (Dreamland). Grants or lot awards were also given by the BCDA to address the housing issue.

• **RELOCATION OF INFORMAL SETTLER FAMILIES (ISFs)**

In compliance with the UDHA law, the BCDA relocated some 300 informal settler families in the JUSMAG area to the NHA relocation site in Rodriguez, Rizal. Other ISFs were provided financial assistance, allowing them to return to their respective provinces. This clearing is part of the BCDA's obligation to Megaworld toward commencing development of the area. The peaceful and orderly relocation paved the way for the collection of PhP1.7 billion by the BCDA from Megaworld.

Every project of the BCDA is founded on creating value for the Philippine government and for Filipinos. Its portfolio is diverse, pushing forward vital infrastructure such as freeports and special economic zones, residential-commercial-leisure multiplexes, roads and tollways, airports, seaports, and public utilities. All these are born from strategic competitive advantages unique to the BCDA.

• **ONE BCDA**

The BCDA is bound by one mandate to heed the call for national development, backed by strong public-private partnerships that seal its efforts into united action. The Group also dons one face, guided by a clear set of organizational standards and internal processes. Each member complements and cultivates the strengths of the other, resulting to an integrated, coordinated, and well-planned effort.

• **TAX INCENTIVES AND NON-TAX INCENTIVES**

The BCDA offers investment opportunities that provide preferential tax rates, income tax holidays, as well as exemption from value-added taxes and all national and local taxes. These incentives vary depending on the property and territory where it is located.

• **MASTER PLANNED PROPERTIES**

Every project of the BCDA begins with a master plan mapped out to optimize and complement the resources in every property, as well as to provide innovative solutions to multi-dimensional needs and opportunities identified in and around the area. These include high quality public infrastructure and services,

supports for businesses, and convenient connectivity between enterprises and communities. Infused into its developments is the concept of sustainability.

• **STRATEGIC ECONOMIC LOCATIONS**

BCDA properties are strategically located to foster the creation of increased economic value and opportunities for the continuous improvement of quality of life. They continue to be in high demand as the preferred business, commercial, residential, and investor address. In general, these properties are marked by the following features:

- Vast spaces
- Well-developed major road networks, including expressways
- Close proximity to airports and seaports
- Preferred location for BPOs and other corporate offices
- Ideal location for hotels, restaurants, logistics hubs, and tourism sites

• **EXCELLENT PROPERTY VALUATION**

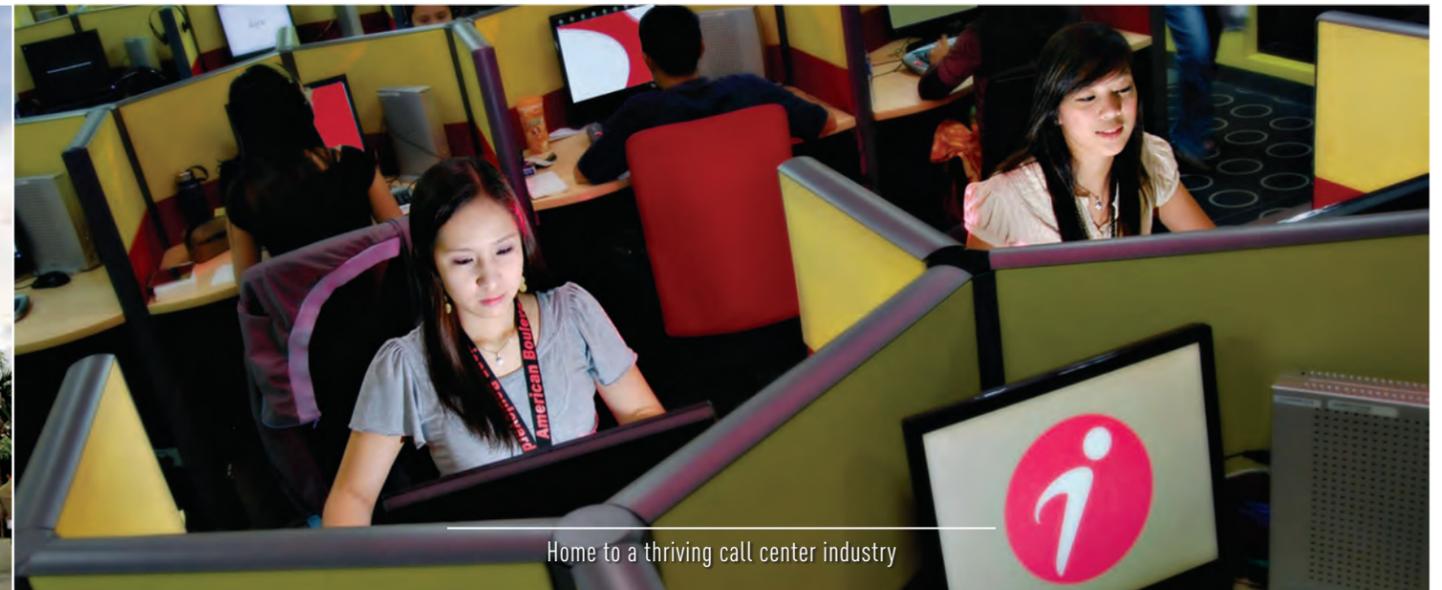
BCDA developments are marked by excellent property valuation and exponential growth, particularly in the areas surrounding the Bonifacio Global City, Clark Special Economic Zone, John Hay Special Economic Zone, and Poro Point Economic Special Zone. These areas which have become prime sites for business, commercial, and tourism activities continue to attract investments and create employment.



One of hundred-thousands trained to global standards



A new standard in housing for military personnel



Home to a thriving call center industry

# BEATING THE DRUMS OF PROGRESS

FILIPINO DRAGON BOAT RACING SQUADS HAVE GAINED PHENOMENAL WINS IN PRESTIGIOUS REGIONAL AND INTERNATIONAL COMPETITIONS. USING THE BEATING OF THE DRUMS AS THE HEARTBEAT OF THEIR TEAM, THEY SYNCHRONIZE EVERY MOVEMENT TO CONQUER THE FINISH LINE.

IN THE SAME WAY, THE BCDA GROUP PADDLES IN HARMONY WITH ITS PARTNERS, BOTH ITS SUBSIDIARIES AND ITS MAJOR INVESTORS. IT DRUMS FOR SUSTAINABLE PROGRESS IN THE COUNTRY WITH SKILL, DETERMINATION AND TEAMWORK.



## SUBSIDIARIES & PARTNERS

### ONE BCDA

The BCDA is a conglomeration of subsidiaries operating under one mandate as a government corporation dedicated to increasing socioeconomic opportunities for Filipinos. The Group's investment approach has always been anchored on partnership with the private sector toward successfully providing vital public infrastructure and services. Moreover, the Group seeks to create socio-economic growth opportunities for the communities where it operates and ultimately, for the entire nation.

#### JOHN HAY MANAGEMENT CORPORATION (JHMC)



John Camp John Hay, once a vacation and recreation sanctuary for American servicemen, was turned over to the Philippine Government in 1991. Two years later, John Hay Development Corporation (JHMC) was created by virtue of Executive Order 103 as the implementing arm of the BCDA in converting Camp John Hay into "an environmental, economic, and social development hub in the North and the country in general". As steward of the facility, JHMC is committed to transforming the Camp into a family-oriented tourism complex, human resource development center, and sustainable forest and ecological preserve. In 1994, the John Hay Special

Economic Zone (JHSEZ) was established pursuant to RA 7227 and Proclamation No. 420 which JHMC administers and develops. Covering an area of 625 hectares, JHSEZ was designated in 2002 as a Special Tourism Economic Zone and recreation complex and is also fast becoming a business center.

#### John Hay Special Economic Zone

Master planned as a business center and tourism and recreation complex with an 18-hole par 69 golf course

Area coverage

**625 HECTARES**

(247 hectares of which are leased to CJH-Devco)

BCDA implementing arm  
**JOHN HAY MANAGEMENT CORPORATION**



## CLARK DEVELOPMENT CORPORATION



Clark Development Corporation (CDC) is a government agency created in April 1993 by Executive Order 80 as the implementing arm of the BCDA to manage the then Clark Special Economic Zone (CSEZ). Now called the Clark Freeport Zone (CFZ), CDC is administrator of what has evolved into a fully integrated logistics, tourism, manufacturing, high-end IT enabled services, and agro-industrial development sprawled on the former Clark Air Base. Consisting of two contiguous areas in Pampanga and Tarlac, CFZ is composed of a 4,400-hectare main zone and a 23,600-hectare sub-zone. It is currently the hub of more than 900 local and foreign business projects that have chosen to be in Clark, including locators such as Texas Instruments, Yokohama, United Parcel Service, Rolls-Royce, Cyber City Teleservices, and Sumidenseo. Replete with modern telecommunications facilities, power and water supply, waste management, a vast road network, and other infrastructure, CFZ continues to gear-up into a balanced development that is ideal for

a diverse range of industries and commercial activities aligned with the Central Business District concept. CDC supervises the daily operation of the CFZ, taking an active role in the generation of business activity and employment opportunities within the zone, as well as “helping boost the economies of local communities in and around Clark”.

### Clark Freeport and Special Economic Zone

- Fully-integrated logistics, tourism, manufacturing, and agro-industrial development
- Main zone is divided into a 2,200 aviation complex and 2,200 for tourism, industrial, and residential complexes

#### Area coverage

MAIN ZONE	SUBZONE
4,400 HECTARES	23,600 HECTARES

No. of Employees 71,073	BCDA implementing arm CLARK DEVELOPMENT CORPORATION
Total Investment ₱80B	CLARK INTERNATIONAL AIRPORT CORPORATION



## PORO POINT MANAGEMENT CORPORATION (PPMC)



Originally established as John Hay Poro Point Development Corporation in 1993, Executive Order 132 issued on October 3, 2002 authorized the creation of Poro Point Management (PPMC).

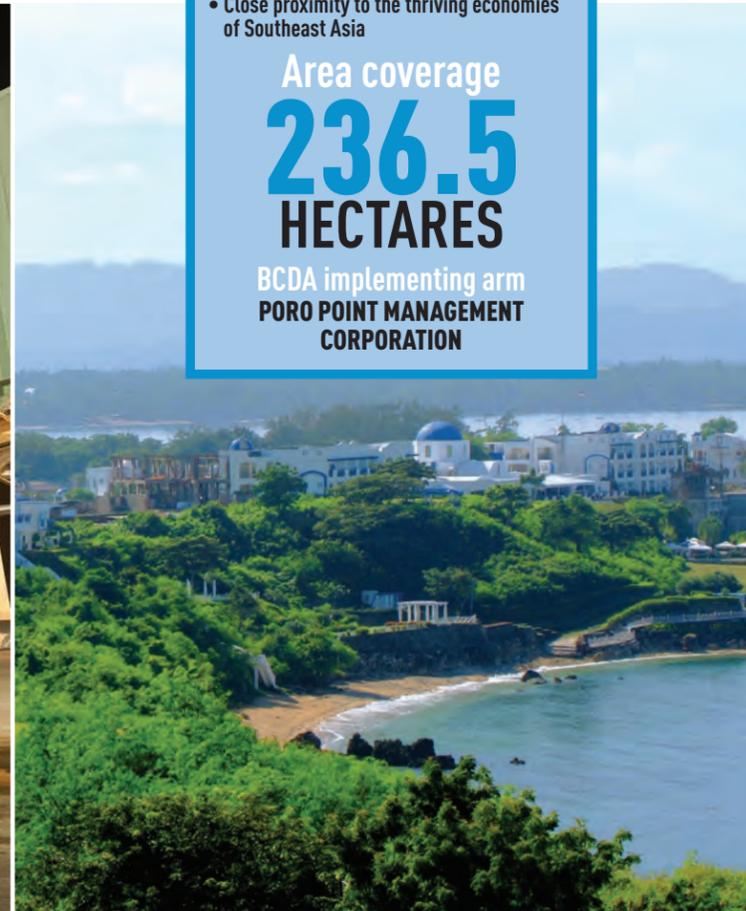
This subsidiary of the BCDA is mandated to “develop the PPFZ (Poro Point Freeport Zone) into a self-sustaining and environmentally sound industrial, commercial, financial, tourism, transshipment, and investment center”. The PPMC is the operating and implementing arm of the BCDA in the management of the PPFZ. Once home to the Wallace Air Station, the PPFZ covers 236.5 hectares which houses major investment areas that include an airport, seaport, IT/light industrial park, and tourism complex. Part of the master plan is to transform the airport into an airport-mall complex, at the same time complete its upgrade to accommodate direct international flight handling.

### Poropoint Freeport Zone

- Investment and tourism center in the North
- Close proximity to the thriving economies of Southeast Asia

Area coverage  
**236.5 HECTARES**

BCDA implementing arm  
PORO POINT MANAGEMENT CORPORATION



## BATAAN TECHNOLOGY PARK

The Bataan Technology Park is a 365-hectare property resting on what was once the site of the Philippine Refugee Processing Center. The Park acts as the main zone of the Morong Special Economic Zone (MSEZ) created under Proclamation 984 on March 26, 1997. Today, the Bataan Technology Park hosts Atmanda Ecopark (approximately 50 hectares), being managed by the BCDA Management and Holdings Inc. (BMHI). Atmanda Ecopark is a relaxing mountain resort which offers a panoramic view of the Bataan mountain range and the West Philippine Sea. It offers hotel accommodations, sports, picnic grounds, and other leisure facilities. With its museum, shrines and monuments, Atmanda is also a histo-cultural, educational and spiritual pilgrimage destination. The Bataan Technology Park also offers land uses for commercial, institutional, retirement haven, executive residential / corporate housing and for light industries.

### Bataan Technology Park

- Eco-tourism and wellness destination
- 9 kilometers from Subic Freeport

Area coverage  
**365 HECTARES**



# PROGRESS THROUGH PRIVATE PARTNERSHIPS

Among the unique features of the BCDA as a government mandated organization is its independence from national funds and its enduring partnerships with the private sector. These alliances are founded on a Public-Private Partnership (PPP) program, the framework by which the Group and its investor partners are able to bring diverse projects to fruition.

*“The partnership between the government and the private sector has seen the Philippines move from being a third-world country to a developing country, and now classified as a newly-industrialized country. Through the government’s Public-Private Partnership program, we may even see the Philippines as a developed country in the coming years.”*

**Arnel Paciano Casanova**  
President & CEO, BCDA

Across all its projects, the BCDA has established strong partnerships with private companies as major investors and locators. Its private partners belong to a cross-section of industries, including real estate development, information technology, industrial supply, automotive, manufacturing, and more. Below are examples of these BCDA partners from the private sector.

## AYALA LAND, INC.

In 1995, the Bonifacio Land Development Corporation (BLDC) in partnership with the BCDA, embarked on a major urban development plan now known as the Bonifacio Global City. Eight years later, the Ayala Corporation through Ayala Land, Inc. (ALI) and Evergreen Holdings, Inc. of the Campos Group, acquired a controlling stake in BLDC from Metro Pacific.

ALI is a leading property development company in the Philippines, credited for developing Makati City into the country’s Central Business District. It boasts of an extensive, nationwide portfolio in residential, commercial and industrial space development, mall and hotel operations, construction, and property management services. Nearly 62% of its revenue is from selling residential and industrial land, and the leasing of shopping centers and office space. Construction, hotel and property management, and waterworks operations serve as income-generating supports.

## MEGAWORLD CORPORATION

Established in 1989, Megaworld Corporation proudly carries the distinction of the Philippines’ largest middle-income residential property developer. At the same time,



it is the leading BPO office developer and landlord in the country. On top of this, Megaworld conducts businesses in hotel, resort and leisure.

Megaworld communities are thoughtfully planned and well-developed, offering “The Good Life”. Its breakthrough project is the 8-hectare Eastwood City, a live-work-play integrated township. Housed here is a leisure complex and the country’s first-ever, fully operational information technology park called Eastwood Cyberpark classified as a special economic zone. Its biggest development in Metro Manila, however, is the 50-hectare McKinley Hill with the McKinley Hill CyberPark serving as the community’s very own PEZA-accredited ecozone.

## TEXAS INSTRUMENTS

Texas Instruments (TI) is an American company with global reach that designs and produces semiconductors. Its cutting-edge solutions, such as analog, digital signal processing and DLP® chip technologies, are distributed and sold globally. Incorporated in 1951, it introduced its first commercial silicon transistor in 1954. TI has been

headquartered in the Clark Freeport Zone for more than two decades, manufacturing advanced semiconductor components. TI Philippines counts among the most sophisticated assembly-test sites of TI worldwide. With sizeable investments, it has grown tremendously to become the country’s leading exporter with reported revenues in the year 2000 that totaled to US\$1.1 billion and a cumulative value of around US\$11.2 billion since 1980.

## YOKOHAMA RUBBER CO., LTD.

Yokohama Tire Philippines, Inc. (YTPI) is a subsidiary of the Japan-based Yokohama Rubber Co. Ltd. Its parent company has been building strengths in rubber polymer technology for nearly a century and remains a leader in the global tire industry. Located at the Clark Special Economic Zone, YTPI is the largest in the area and is committed to high standards of quality and safety, abiding by the world renowned “Yokohama Brand”. The Company produces an average of 600,000 tire units a month in a mix of 13- to 18-inch tire sizes. An estimated 95% of its production is exported throughout the world while the remaining is allotted to local sales. YTPI has recently announced its plans to invest US\$640 million by 2017 to further increase its tire production by 250 percent.

## CONVERGYS

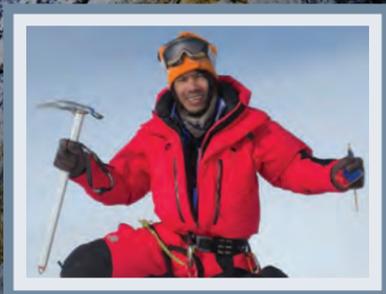
The Cincinnati, Ohio-based Convergys is a world leader in customer and information management. Within eight years of its entry in the Philippines, Convergys has established 18 centers with a total of 26,000 employees. Among its latest additions is an office located at the Ayala Land TechnoHub in Camp John Hay Special Economic Zone, Baguio City. Convergys occupies the BPO building at the TechnoHub which formally opened in October 2011.



# SCALING NEW PEAKS OF EXCELLENCE

IN 2006, FILIPINO MOUNTAINEER ROMI GARDUCE VICTORIOUSLY REACHED THE SUMMIT OF MT. EVEREST, THE WORLD'S TALLEST MOUNTAIN. HE WAS THE FIRST FILIPINO TO CLIMB THE WORLD'S HIGHEST MOUNTAINS IN SEVEN CONTINENTS.

WITH SIMILAR PASSION AND COMMITMENT, THE BCDA GROUP SCALES NEW PEAKS OF EXCELLENCE EVIDENCED IN ITS PORTFOLIO OF ACHIEVEMENTS THAT CONTINUES TO GROW IN DIVERSITY. SINCE ITS ESTABLISHMENT IN 1992, IT HAS BEEN CLIMBING FROM STRENGTH TO STRENGTH IN THE NAME OF NATION-BUILDING.



## PROJECTS

# PORTFOLIO OF ACHIEVEMENTS

Every project that the BCDA undertakes is driven by a vision that balances the interest of the business community and that of the government and country. This means that the BCDA is not only profit-driven, but also socially directed.

As a profit-driven organization, the BCDA serves both as value creator and market creator that aims to establish long-term appreciation and advantage. As a socially directed organization, it strives to expand the socio-economic horizon of the Filipino people, at the same time acting as stewards to ensure the sustainability of land and other resources for future generations. The BCDA also holds a property development mandate coupled with a national security obligation; a large percentage of its disposition proceeds contributed to the modernization of the AFP.

In fulfilling its multi-dimensional functions, the BCDA operates with financial strength and special powers granted by Congress, characterized by a high degree of integrity and trust as public servants and as a partner of the private sector in nation-building.



Burgos Circle, a quaint and relaxing loop of dining options



BGC establishments set against a vibrant skyline

## FREERTS & ECONOMIC ZONES

Cited as “a model of achievements in modernization” (Manila Times Online, March 15, 2012), the BCDA demonstrated its penchant for excellence in the four freerports and economic zones that it was mandated to develop -- Clark Freeport Zone in Pampanga, Poro Point Freeport Zone in La Union, John Hay Special Economic Zone in Baguio, and Bataan Technology Park in Morong, Bataan. These BCDA-governed freerports and economic zones are former military reservations that have been transformed into socio-economic and tourism growth centers. Today, they are considered as prime investment locations in the Philippines.

## RESIDENTIAL-COMMERCIAL-LEISURE MULTIPLEXES

Aside from generating revenues from the conversion of provincial baselands into freerports and economic zones, the BCDA was likewise given charge of former military camps in Metro Manila. Now known as Bonifacio Global City and Newport City, these centerpiece achievements are high-end sustainable urban communities which have become novel residential-commercial-leisure

multiplexes. Between 1993 and 2012, the BCDA Group raised Php56.657 billion from the disposition of military facilities within Metro Manila alone.

## INFRASTRUCTURE

Understanding the importance of linking people and organizations toward continuous business and economic activity within the properties it has developed in North and Central Luzon, the BCDA ventured into the construction and operation of roads, tollways, seaports and airports. Among its showcase projects is the Subic-Clark-Tarlac Expressway (SCTEX) which was completed in less than three years. The SCTEX represents the BCDA’s policy shift from “merely creating special economic zones to expanding their influence to the rest of the country”.

## PUBLIC UTILITIES

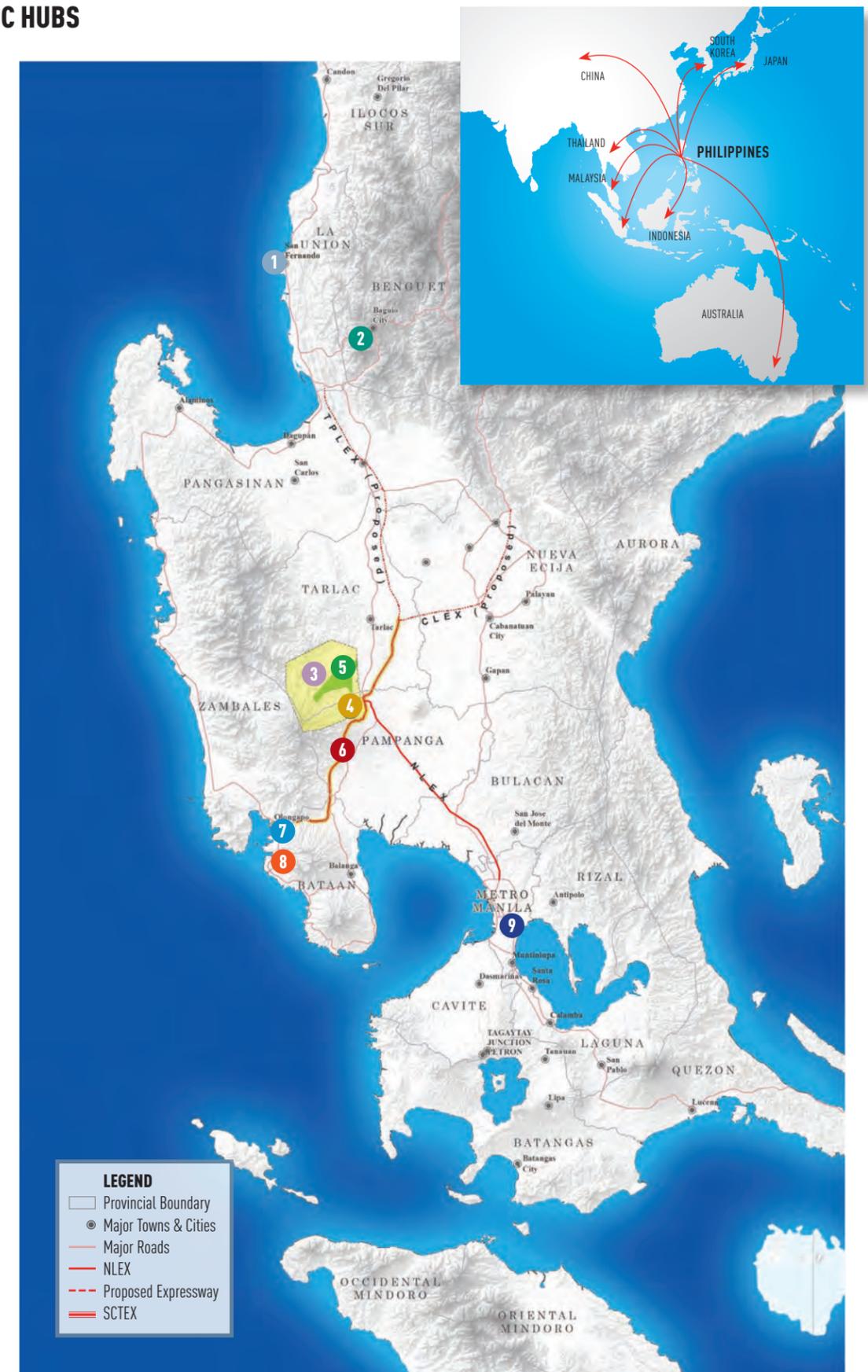
Finally, with Special Corporate Powers vested upon the BCDA through RA 7227, the Group also engages in the construction, ownership, leasing, operation, and maintenance of public utilities in its various projects.



The Subic-Clark-Tarlac Expressway (SCTEX)

## BCDA ECONOMIC HUBS

- 1 PORO POINT FREEPORT ZONE
- 2 JOHN HAY SPECIAL ECONOMIC ZONE
- 3 CLARK FREEPORT SPECIAL ECONOMIC ZONE
- 4 CLARK INTERNATIONAL AIRPORT
- 5 CLARK GREEN CITY
- 6 SUBIC-CLARK-TARLAC EXPRESSWAY (SCTEX)
- 7 SUBIC FREEPORT ZONE
- 8 BATAAN BUSINESS AND LEISURE PARK
- 9 BONIFACIO GLOBAL CITY & NEWPORT



**LEGEND**

- Provincial Boundary
- Major Towns & Cities
- Major Roads
- NLEX
- - - Proposed Expressway
- == SCTEX

# SCORING BIG WINS FOR MILLIONS OF LIVES



THE PHILIPPINE STREET KIDS MIRACLE TEAM WAS SENT TO THE STREET WORLD CHILD CUP IN 2010. WITH BARELY ENOUGH TO BUY SHOES, THE BAREFOOT-TRAINED PLAYERS BAGGED THE STREET CHILD WORLD SHIELD. FROM “LITTLE GUY” TO “BIG WINNER” IS WHAT THE BCDA ASPIRES FOR EVERY FILIPINO. THUS, IT STRIVES TO OPEN MORE LIFE IMPROVEMENT OPPORTUNITIES BY PROVIDING THE NATION WITH THE SOCIO-ECONOMIC SUPPORT ITS PEOPLE NEED. IN PARTICULAR, FINANCIAL SUPPORT IS CHANNLED THROUGH THE BENEFICIARIES OF THE BCDA WHO, IN TURN, UTILIZE THE FUNDS FOR THEIR RESPECTIVE NOBLE ADVOCACIES.



## FINANCIAL HIGHLIGHTS

# THE POWER OF NUMBERS

Numbers have the power to change lives. Between its year of establishment and the present, the BCDA has successfully pushed up the figures through the successful disposition and development of converted military bases. The BCDA maintains its role as a value creator for the government and market catalyst for business by virtue of excellent portfolio performance. Its projects are sustained by a sound financial position and backed by the country’s recent investment grade ranking given by three international credit rating agencies.

### REVENUES

The BCDA’s primary source of revenues is its asset disposition program. Mandated under RA 7227 as amended, the program involves the sale, lease or joint venture of land and former sites of military bases, with third parties, and the proceeds to be shared with named beneficiaries, mainly the Armed Forces of the Philippines for its modernization program and other government beneficiaries. The total share of AFP and/ or other beneficiaries is either 50% or 72.5% depending on the applicable law that governs the mode of the asset disposition.

Since 1993 until 2013, the BCDA has generated disposition proceeds that total to Php60.206 billion. For the years 2011 and 2012, it produced Php6.89 billion in revenues, declared a total of Php809 million cash dividends to the National Government, and remitted a total Php4.2 billion to the Bureau of Treasury representing beneficiary’s share from the asset disposition. Total revenues generated for 2013 amounts to Php3.3 billion, an increase of 3% from the previous year of Php3.2 billion.

#### Gross Revenue: CY 2010 to May 2013 (in Php billion)

Particulars	2010	2011	2012	2013 (Unaudited)
Share from the Income of Joint Venture Operations	774,092,870	1,922,821,513	1,407,669,085	1,050,620,881
Lease Income	395,016,510	410,266,574	476,151,354	559,894,500
Toll Fees	629,073,986	768,848,503	864,338,453	930,185,430
Dividend Income	614,265,563	563,525,486	452,959,653	876,946,123
Miscellaneous Income	22,069,221	9,258,933	15,203,072	29,354,777
<b>Total</b>	<b>2,434,518,150</b>	<b>3,674,721,009</b>	<b>3,216,321,617</b>	<b>3,447,001,711</b>

*“The Philippine economy will, by and large, sustain an annual economic growth at around 6 percent in the years to come supported by strong domestic demand”.*<sup>1</sup>

– Japan Credit Rating Agency

Remittances to BTr: CYs 2010 and 2012 (in Php billion)

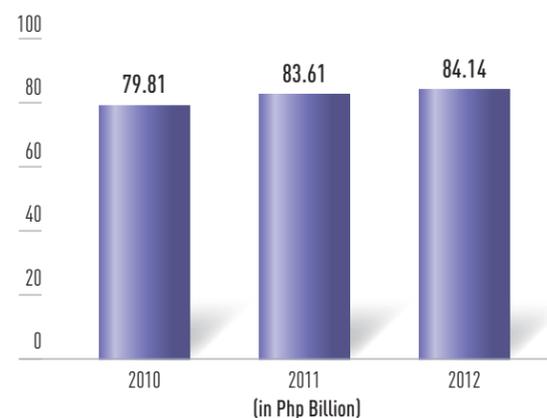
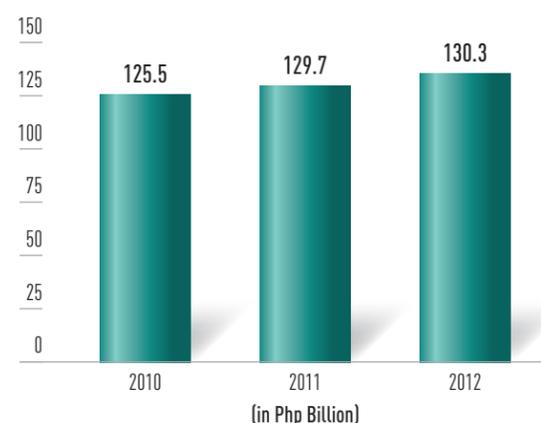
Years	Remittance to BTr
2010	2,075,963,426.55
2011	2,136,654,675.54
2012	2,108,960,610.23
<b>Total</b>	<b>6,321,578,712.32</b>

Dividends Declared: CYs 2010 and 2012 (in Php billion)

Years	Dividends Declared
2010	
2011	526,012,168.00
2012	283,000,000.00
<b>Total</b>	<b>809,012,168.00</b>

## TOTAL ASSETS

The assets of the BCDA have increased from P125.5 billion in 2010 to P130.3 billion in 2012. These assets consist of a diversified mix of cash, investment in short-term securities, investments in joint venture projects with land developers, infrastructure projects, real estate in the special economic zones, and inventory of land for future disposition. Under the AFP Modernization Law, the BCDA has developed 41,500 hectares of former military baselands.



## EQUITY

The BCDA is a 100% government-owned and -controlled corporation, under the Office of the President. Its equity consists of former Metro Manila military camps and US military bases contributed by the National Government. Such equity continues to increase with the appreciation of real estate assets and accumulation of earnings over the years. In 2012, the equity was at P84.14 billion which rose from P79.81 billion in 2010.

*“The rating on the nation’s long-term foreign currency-denominated debt was raised one level to BBB- from BB+. The outlook on the rating is stable. The Philippines’ sovereign external balance sheet is considered strong relative to A-range peers, let alone BB and BBB category medians”.*<sup>2</sup>

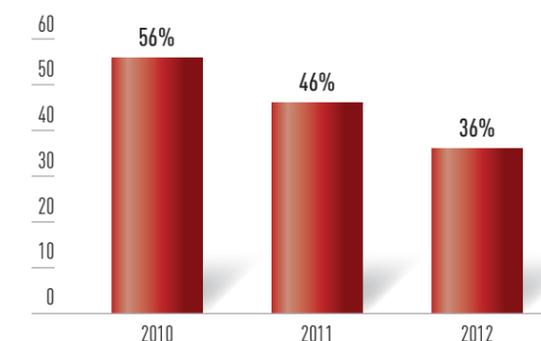
– Fitch Ratings

*“Despite natural disasters that devastated parts of the country in the fourth quarter of 2013, GDP grew by a solid 6.5% in that period, bringing full-year growth of 7.2%”.*<sup>3</sup>

– Asian Development Bank

## NET DEBT TO CAPITAL

The only long-term liability of the BCDA is the Php26 billion (¥59 billion) loan from the Japan International Coordination Agency (JICA) for the construction of the world-class 94-kilometer Subic-Clark-Tarlac Expressway. Its debt to equity ratios are 56%, 46%, and 36% for the years 2010, 2011, and 2012 respectively, reflecting a big leeway for the BCDA to finance its development projects through long-term credit facilities.



## BCDA Results of Operations

(in Millions)	For the year ended 31 December		
	2010	2011	2012
Revenues	2,435	3,675	3,012
Expenses			
Personal Services	(294)	(242)	(228)
MOOE <sup>1</sup>	(2,305)	(1,286)	(1,340)
Total Expenses	(2,599)	(1,528)	(1,568)
<b>Income from Operations</b>	<b>(164)</b>	<b>2,147</b>	<b>1,444</b>

<sup>1</sup> Excluding AFP's share from non-sale transactions

## BCDA Financial Position

(in Millions)	As of 31 December		
	2010	2011	2012
<b>ASSETS</b>			
Current Assets	11,288	12,703	16,528
Non-Current Assets	114,223	116,963	113,730
<b>Total Assets</b>	<b>125,511</b>	<b>129,666</b>	<b>130,258</b>
<b>LIABILITIES</b>			
Current Liabilities	8,160	8,143	9,072
Non-Current Liabilities	37,543	37,914	32,043
<b>TOTAL LIABILITIES</b>	<b>45,703</b>	<b>46,057</b>	<b>41,114</b>
<b>EQUITY</b>	<b>79,808</b>	<b>83,609</b>	<b>89,144</b>
<b>Total Liabilities &amp; Equity</b>	<b>125,511</b>	<b>129,666</b>	<b>130,258</b>

Note: 2012 data is unaudited

## Key Economic Indicators (NEDA, 2012)

	Latest Quarter	Preceding Quarter	Year to Date	Same Quarter Year Ago
<b>A. National Income (% g.r.) (NSCB)</b>				
GNI	7.1 (Q1'13)	6.4 (Q4'12)	7.1 (Q1'13)	5.7 (Q1'12)
GDP	7.8	7.1	7.8	6.5
Agriculture	3.3	4.9	3.3	1.1
Industry	10.9	8.9	10.9	5.3
Services	7.0	6.5	7.0	8.4
<b>B. Investment Indicators (% g.r.)</b>				
Total Approved Foreign Investment	86.7 (Q1 '13)	37.1 (Q4 '12)	86.7 (Q1 '13)	-16.3 (Q1 '12)
BOI Investment	-61.2	4122.6	-61.2	53.3
PEZA Investment	157.1	16.8	157.1	-27.7
SBMA Investment	-6.5	-98.9	-6.5	139.6
CDC Investment	-98.9	1048.4	-98.9	-13.4
<b>C. Core Inflation Rate (%) (NSO)/c</b>	2.9 (June '13)	3.0 (May '13)	3.4 (Jan - June '13)	3.7 (June '12)
<b>D. Gross International Reserves (\$ M)</b>	81,255 (end Jun '13)	81,967 (end May '13)	81,255 (end Jun '13)	76,130 (end Jun '12)
Months' Worth of Imports	11.8	11.9	11.8	11.5

NEDA 2012



Highly skilled workforce with world-class output

*“The Philippines is now the ASEAN’s undisputed economic leader. It has taken over the ASEAN’s growth leadership role from Indonesia. The Philippine economy would grow by 6.9 percent, faster than other ASEAN economies. Vis-a-vis earlier Fitch’s forecast of a 5 to 5.5 percent GDP growth in the coming years, S&P growth forecast is higher than that of China at 7.3 percent”.<sup>4</sup>*

– Standard & Poor’s

## POSITIVE ECONOMIC OUTLOOK

As an investment destination, the Philippines has done superbly in the previous years to elevate its standing from near bottom to three separate investment grade ratings, now awaiting its fourth. Some of the key rating drivers are a strong sovereign external balance sheet, improvements in fiscal management, and a resilient economy, expanding at 6.6% in 2012 despite a weak global economic backdrop.

Fitch Ratings gave the country its first investment grade rating in March 2013, and in May, followed by Standard & Poor’s (S&P) and the Japan Credit Rating (JCR) Agency, upping their credit scores for the Philippines. Moody’s Investors Service cited the country’s stellar economic growth and record budget surplus as drivers to a possible fourth investment grade.

Recent developments indicate that the Philippines now has the capacity to meet financial commitments and to provide a safer and viable place for investments. Such an uptrend is reflected, among others, in its robust gross domestic product (GDP) growth of 7.8 percent in the first quarter of 2013, challenging the Philippines to sustain its momentum. A report called *The World in 2050*, released by HSBC Global Research, projects that the Philippines “will have one of the fastest growing economies over the next four decades, with its GDP predicted to be the 16th largest in the world by 2050 at US\$1.688 trillion. It would be the largest economy in Southeast Asia, outranking Indonesia at US\$1.502 trillion, Malaysia at US\$1.16 trillion, and Thailand at US\$856 billion.”

Philippine Socioeconomic Planning Secretary, Arsenio M. Balisacan, expressed confidence that “with the 2012 GDP growth rate of 6.6%, we are on track to achieving our target of 6-7% this year [2013] and 6.5-7.5% next year [2014]. Investment to GDP ratio in 2012 was 20.4%. A significant portion of this is public investments which increased by more than 32%. The Philippines is not only heading in the right direction, but is also moving more rapidly than its neighboring countries. In fact, a published article points out that the Philippines is the only country to achieve positive performance on all economic structural facets compared to a set of peer economies”.

Complementing the favorable Philippine economic outlook is the first-ever Philippine Investment Promotion Plan (PIPP) which was earlier drafted by the Philippine Board of Investments (BOI) and other state agencies. A medium-term marketing development plan covering the years 2010 to 2014, the PIPP lists eight priority sectors: agro-industry, BPO/IT services, electronics/semiconductors, energy/electricity, logistics hub, mining, shipbuilding, and tourism.

Across these priority sectors, the Philippine economy leans heavily toward agriculture and services, the latter seen to be highly responsive to the emergence of a fresh, young labor force matched with more employment, and subsequently wealthier sub-populations. A market to watch closely is business process outsourcing (BPO) which enjoys ongoing success due to a business-friendly government, improved transparency, and decline in bureaucracy.

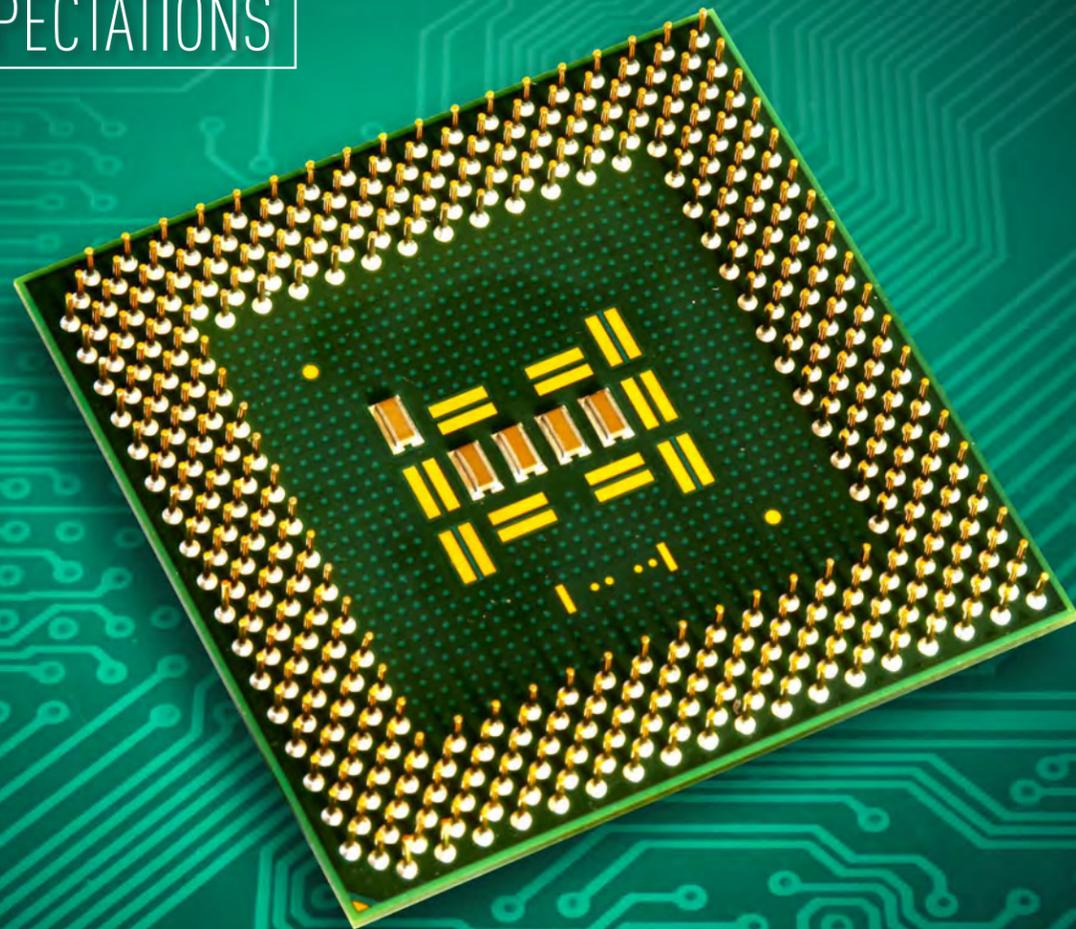
<sup>1</sup> Michelle V. Remo, “PH gets rating upgrade from Japan agency”. Philippine Daily Inquirer, May 7, 2013. <http://business.inquirer.net/120613/ph-gets-rating-upgrade-from-japan-agency>

<sup>2</sup> Karl Lester M. Yap, “Philippines Wins First Investment Grade as Aquino Spurs Growth,” Bloomberg, March 27, 2013. <http://www.bloomberg.com/news/2013-03-27/philippines-wins-first-investment-grade-as-aquino-spurs-growth.html>

<sup>3</sup> “Fighting Poverty in Asia”, Asian Development Bank, <http://www.adb.org/countries/philippines/economy>, (April 22, 2014).

<sup>4</sup> Maricel E. Burgonio, “Philippines has displaced Indonesia as Asean economic leader -- S&P”, InterAksyon.com, August 5, 2013. <http://www.interaksyon.com/business/68009/philippines-has-displaced-indonesia-as-asean-economic-leader---sp>

# BEYOND EXPECTATIONS



WINSTON DAMARILLO IS A SERIAL ENTREPRENEUR AND VENTURE CAPITALIST. CURRENTLY, HE IS MANAGING DIRECTOR OF AMIHAN GLOBAL STRATEGIES AND CHAIRMAN OF AWARD-WINNING SOFTWARE DEVELOPMENT COMPANY EXIST. HE IS ALSO CO FOUNDER OF DIGITAL INFRASTRUCTURE INNOVATORS MORPHLABS AND ACALEPH, WHICH HE HEADS AS CEO. INDEED, HIS ENTREPRENEURIAL SPIRIT IS UNSTOPPABLE AS HE CONTINUES TO CONQUER THE WORLD OF TECHNOLOGY.



OPERATING WITH THE SAME PENCHANT FOR EVER-EXPANDING BUSINESS LEADERSHIP, THE BCDA GROUP GOES BEYOND EXPECTATIONS AS A PROFIT-DRIVEN, VALUE MULTIPLIER AND MARKET CREATOR COMPLEMENTED BY A DISTINCT STEWARDSHIP ROLE, A DEEPLY ROOTED COMMITMENT TO SOCIO-ECONOMIC DEVELOPMENT, AND A STRONG SENSE OF DUTY TO STRENGTHEN NATIONAL SECURITY.

## INVESTING WITH THE BCDA

# A MULTIFACETED BUSINESS EXPERIENCE

Partnering with the BCDA is a multifaceted experience, owing to the rare mix of opportunities it offers. For one, there is a fulfilling social dimension embedded in the business equation where BCDA partners can grow their profits, at the same time leave a lasting legacy by taking part in the building and strengthening of a nation. In addition, doing business with the BCDA comes with the advantage of working with an organization capable of moving things faster, more efficiently, and at higher level of soundness. Although it is a government-mandated property developer, the BCDA is unique because it operates with fiscal independence, allowing for managed political intervention marked by integrity and trust.

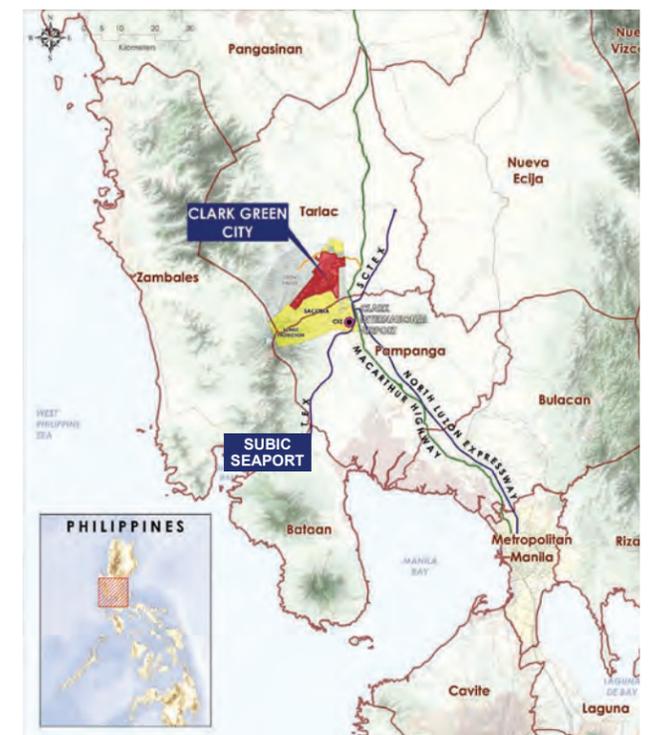
## NEW DEVELOPMENT FRONTIERS

While investment opportunities abound within developed BCDA properties, the Group is also out to blaze more trails through its projects in the pipeline. Its line-up of blueprints covers a range of innovative development projects, such as socio-economic growth centers that support quality life, sustainable business, trade and investment, leisure, and ecological tourism. Among the biggest projects of the BCDA soon to break ground is Metro Clark in Tarlac and Pampanga.

Metro Clark is projected to become the most bullish growth center in Central Luzon and the strongest development magnet in the country. Its infrastructure and facility supports include the Clark Special Economic Zone, Clark International Airport, Subic-Clark-Tarlac Expressway (SCTEX), North Luzon Expressway (NLEX), and MacArthur Highway. The area is also marked by the economic muscle of its urban core and urban fringes.

Also underway are various types of infrastructure primarily designed to facilitate better movement of

people, products, and services to and from the world. After the successful completion of the SCTEX, the BCDA is determined to continue creating access ways and linkages between different points of the country through the construction of cutting edge transport like a rail system that runs all the way to Metro Manila, as well as the enhancement of existing ports found within BCDA-governed developments in Central Luzon.



## CLARK GREEN CITY: A NEW METROPOLIS IN CENTRAL LUZON

Within the Clark Special Economic Zone will rise the most recent initiative of the BCDA, a New Metropolis in Central Luzon known as the Clark Green City. Set to sprawl across 9,000 hectares, it is envisioned to become an international landmark city that boasts of both ecologically friendly and technologically smart features. It offers a high quality of life for people, attractive services for business, and a new experience in resource and environmental sustainability. Poised to revitalize the region, the Clark Green City in Central Luzon is complemented by an existing seaport, airport and major tollways.

Living up to its name, the project is conceived from a “green concept”, heavily characterized with resource efficiency and environmental sensitivity, with equal attention given to human well-being and economic advancement. The Clark Green City will be divided into six districts which can be defined by their main functions:

- Government District
- Central Business District
- Academic District
- Agri-Forestry and Development District
- Wellness and Eco-tourism Zone
- Aeropolis District

The Clark Green City in Central Luzon promises sustainability characterized by the commitment to a sound environmental ethic. Not only are its infrastructure and utilities designed to reduce waste, pollution and disaster risks, but also planned with green buffers for agricultural purposes, forest reserves and production areas. The project will limit building footprints to only 30%, while maintaining 70% of open space. These open spaces represent a major feature of the Clark Green City.

Aside from a healthier and cleaner environment, the Clark Green City in Central Luzon is seen to provide technology advancement, greater economic movement, improved education and inclusive growth that integrate the indigenous people of Central Luzon, and more dynamic tourism. It is expected to create 17,600 jobs, bring over 3.3 million people to its doorstep, and generate an estimated US\$2.2 billion in foreign exchange over 25 years.

## BONIFACIO SOUTH POINTE

This 33.1 hectare property along Lawton Avenue is located within the Bonifacio Global City, today’s most modern urban hub in the country. Bonifacio South Pointe is primarily envisioned as a medium- and high-density residential community supported by a mixed-use development, as well as commercial, recreational and civic/institutional structures. The projected gross floor area is 1,355,774 square meters.

## OTHER BASELANDS IN METRO MANILA

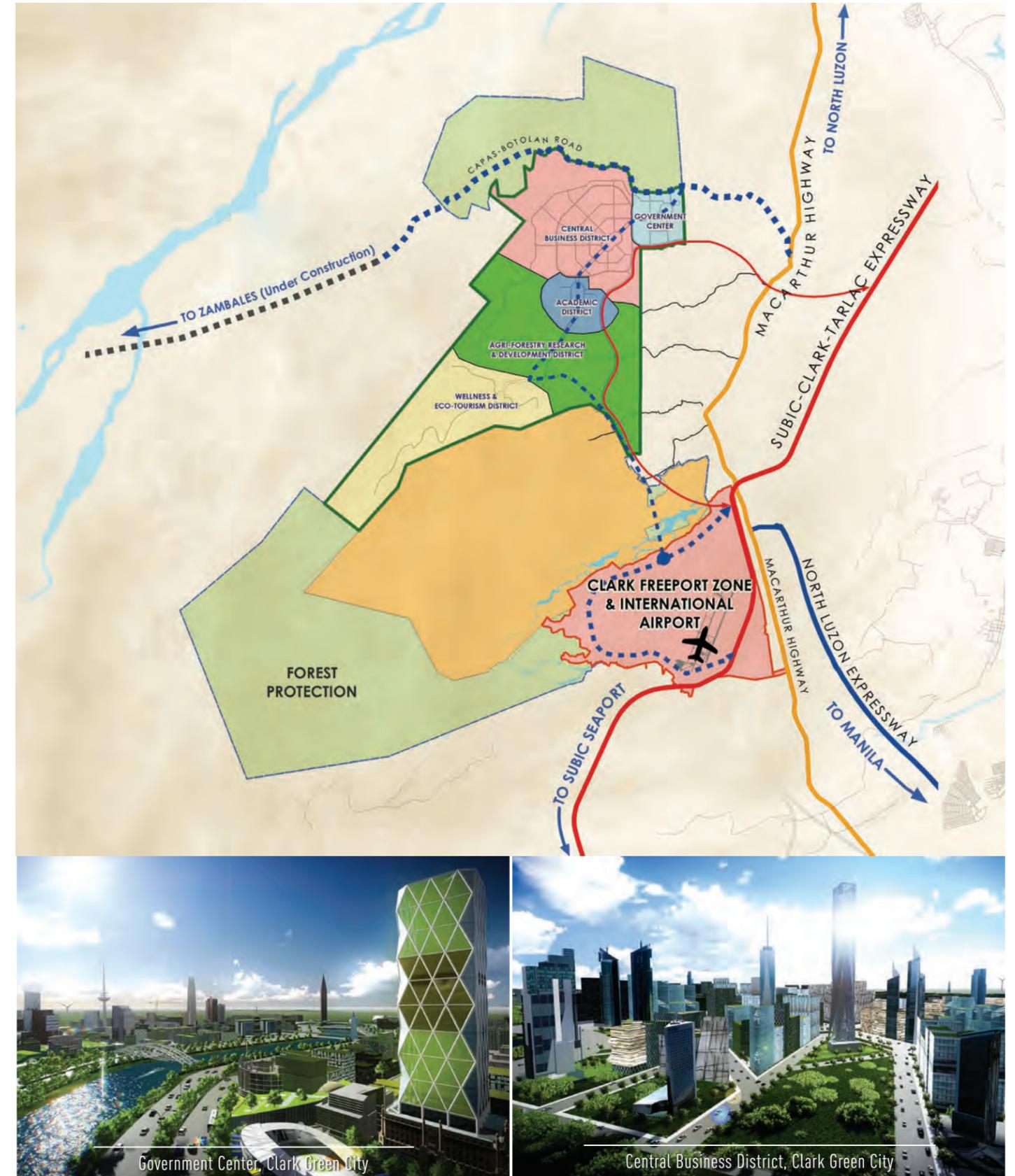
Aside from the continuous development of the Bonifacio Global City in Metro Manila and Clark Special Economic Zone, both former military baselands, plans are also underway for the disposition of other BCDA assets. These include the 5-hectare Camps Melchor and Atienza, the 1.2-hectare Philippine Navy Headquarters in Fort Abad, and Camp Claudio.

## IN THE PIPELINE

In October 2011, the BCDA Group renewed its commitment in a manifesto, affirming its vital, strategic and collective role as a prime mover of national development. In addition to Clark Green City in Central Luzon and Bonifacio South Pointe, the team will:

- Further develop its landmark infrastructure projects like Clark International Airport, San Fernando Seaport and Airport, and the Subic-Clark-Tarlac Expressway (SCTEX);
- Complete the passenger terminals in Clark International Airport, as well as the entire aviation complex to accommodate 5 to 7 million passengers and commence the construction of the Gateway Terminal;
- Promote the tourism estates in Clark, Camp John Hay, Poro Point Freeport Zones, and Bataan Technology Park as major and premier tourist destinations;
- Develop the Global Gateways Logistic Center in Clark as the Central Business District of Central Luzon;
- Market and develop the San Fernando Airport to serve as a feeder airport for Clark and undertake container port development at the San Fernando Seaport;
- Develop the Clark Freeport Zone as the fulcrum of the Central Luzon development, while the Clark Special Economic Zone, John Hay Special Economic Zone, Poro Point Freeport Zone, and the Bataan Technology Park as banner components of the Philippine tourism infrastructure.

## CLARK GREEN CITY DISTRICT PLAN



Government Center, Clark Green City

Central Business District, Clark Green City

## HARMONIZED BUSINESS PROCESS

In an effort to “harmonize, simplify and unify all processes and procedures... within all economic zones under the Bases Group”, a unified, streamlined, cost-effective, automated and interlinked business registration, trade facilitation, and information process and system is being developed and set for operation in 2014. The objective of this initiative is to effect speedy and standard processes in doing business not only with the BCDA, but with all 13 Investment Promotions Agencies (IPAs) of the Philippines as well. The goal is to facilitate the entry of foreign direct investments.

The harmonized business process will be implemented as an eZ-Biz System, a 12-step process whereby all IPAs will share common processing times, requirements, forms, evaluation procedures, fees, output documents, and website. Through automation technology, the BCDA will be interlinked with eZ-Biz the System using a portal that allows for referral, information exchange, and document tracking and monitoring of activities/steps in business registration.

## MODES OF PARTNERSHIP

In creating new hubs of commerce, tourism, and industry, the BCDA typically conducts a selection process of potential partners from the private sector. While this is generally done through competitive public bidding, the BCDA may consider engaging in direct negotiations as long as all legal requirements for such are complied with and that the government is assured of deriving the optimum value for the property.

The BCDA may offer the property for sale to the investor, grant leasehold rights, or enter into a joint venture or joint development arrangement. The mode to be adopted depends on the nature and location of the specific property, the magnitude of the development envisioned in the approved master plan, the restrictions set by the appropriate regulatory bodies on the development of the property, and such other factors affecting the implementation of the project.

In considering the sale, lease or joint venture options, a potential investor is not limited to selecting only one mode of disposition, but may choose a combination thereof, provided that the proper requirements are met.

### SALE

#### Sale Proposals

May be either for a cash sale or an installment sale

#### Cash Sale

A one-time payment for the purchase price of the property

#### Installment sale

Payment term shall not be more than three (3) years. The BCDA requires that an Upfront Cash (down payment) of the proposed purchase price be remitted to the BCDA upon signing the Contract to Sell (CTS). All payments due on the balance shall be secured by an acceptable form of guarantee (such as cashier’s or manager’s check, bank guaranty, or bank letter of credit) issued by a universal bank or surety bond issued by the Government Service Insurance System (GSIS).

### LEASE

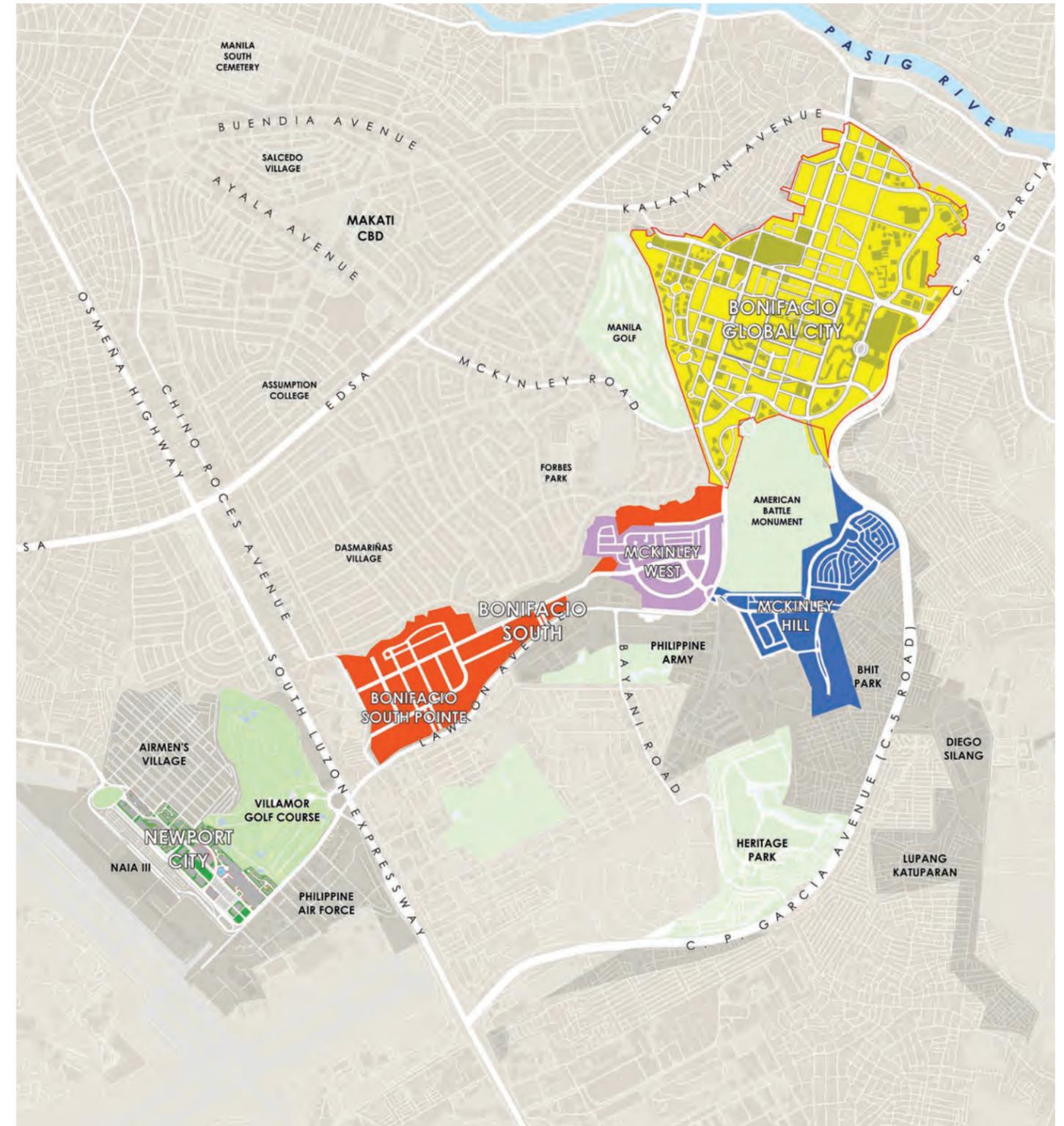
#### Term

The initial lease period shall be twenty-five (25) years renewable for another twenty five years (25) years, subject to agreement of the parties. At the end of the 25-year lease term, all fixed improvements introduced by the Lessee to the property shall pertain to the BCDA.

#### Lease payments

The BCDA requires an annual fixed lease, subject to escalation, and a variable share in annual revenues of the Lessee.

## CONCEPTUAL MASTER DEVELOPMENT PLAN BONIFACIO GLOBAL CITY AND NEWPORT



## Upfront cash

Upfront cash ranging from ten percent (10%) to thirty percent (30%) of the value of the property shall be remitted to the BCDA upon signing of the lease contract. This shall be treated as advances, creditable against the fixed lease payments.

## Renewal of the lease

The lease payments for the renewal period shall be set in accordance with the following procedure:

- At least six (6) months prior to the end of the 25th year of the lease, the parties shall have the property, including all fixed improvements developed therein, appraised by three (3) independent appraisers mutually acceptable to the parties for the purpose of determining the current fair market value of the property on the 25th year.
- The fixed lease for the twenty-sixth (26th) year shall either be:
  - Three percent (3%) of the appraised value of the leased property on the 25th year, subject to the agreed upon escalation rate; or
  - The fixed lease on the 25th year, subject to the agreed upon escalation rate, whichever is higher.

## FOR FOREIGN INVESTORS OPTING TO LEASE

As stipulated in RA 7652 entitled “Investors’ Lease Act”, foreign investors may engage in the long-term lease of private lands up to 75 years. Lease agreements may be entered into with Filipino landowners for a period of 50 years, renewable once for another 25 years. The renewal of lease after 50 years is at the option of the foreign investor with the condition that the foreign investor has shown that it has made social and economic contributions to the country.

This flexible and dynamic policy enables foreign investors to establish industrial estates, factories, assembly or processing plants, agro-industrial enterprises, land development for industrial or commercial use, tourism, and similar priority productive endeavors upon the mutual agreement of both parties. In the case of tourism projects, however, the lease of private lands by foreign

investors is limited to projects with an investment of not less than five million US dollars (US\$5M), seventy percent (70%) of which must be infused in the project within three years from the signing of the lease contract.

Upon registration with the Securities and Exchange Commission, foreign investors are required to make an equity investment in the Philippines through the actual remittance of foreign exchange or transfer of assets, whether in the form of capital goods, patents, formulas, or other technological rights or processes.

## JOINT VENTURE

In a joint venture, the BCDA’s contribution shall be the property, while the proponent’s contribution shall be the cost of development. The joint venture may be either an incorporated joint venture or a contractual joint venture. Should the joint venture result in a joint venture corporation, the BCDA shall be the minority shareholder of the joint venture corporation.

### The BCDA’s share in a contractual/unincorporated joint venture

The BCDA’s share in the joint venture shall at least be equal to the minimum value of the property. The BCDA’s share in the joint venture may be in the form of percentage share from the net revenues derived from the operation of the joint venture, or in the form of allocated units, the net proceeds from the sale or lease of which shall be remitted to the BCDA.

### The BCDA’s share in the joint venture corporation

The BCDA’s share in the joint venture corporation shall be proportionate to its equity in the joint venture which is the value of the land.



## INCENTIVES & PROCEDURES

Favorable fiscal and non-fiscal incentives, as well as simplified processes in project proposal approval count as major advantages offered by the BCDA to its investors. In general, incentives include preferential tax rates, income tax holidays, and exemption from value-added taxes and national and local taxes.

## FISCAL AND NON-FISCAL INCENTIVES

- Tax and duty-free importation of raw materials and capital equipment
- Free movement of finished goods within the customs territory
- Unlimited purchase and consumption of tax and duty-free consumer goods within the Freeport and Special Economic Zone
- No local and national taxes; in lieu of taxes, preferential income tax treatment on gross income earned within the economic zone which is five percent (5%) of the gross income earned
- Zero Value-Added Tax (VAT) rating on local purchases
- Exemptions from real property tax (except at John Hay Special Economic Zone)
- Special visas for investors
- Research and Development (R&D) is allowable as deduction for manufacturing, trading and service enterprises under RR 16-99

## DOCUMENTARY REQUIREMENTS FOR PROJECT PROPOSALS

- Letter of Intent
- Notarized Application for Registration Required Attachments
  1. Company brochures, if any
  2. Conceptual development plan and location map
  3. SEC registration papers for existing companies
  4. Resumé of stockholders and photocopies of passports of key officers
  5. Board resolution of authorized representatives
  6. Proof of financial capacity/asset (any or both)
    - Bank certificate or credit line
    - Latest audited financial statement
  7. In case of sub-lease, Sub-lessor’s letter-endorsement

## CONDITIONS FOR REGISTRATION

- The enterprise should be a business entity organized or located locally, or in any foreign country.
- If affiliated with an existing enterprise in the Philippines outside of the Freeport and Special Economic Zone, the enterprise must establish a separate organization to conduct business exclusively within the Freeport and Special Economic Zone which shall be a separate taxable entity.

## ISSUANCE OF CERTIFICATE OF REGISTRATION

- By its mandate, the Freeport and Special Economic Zone Authority issues the Certificate of Registration to all qualified Freeport and Special Economic Zone enterprises.
- The Freeport and Special Economic Zone Authority issues said certificate within twenty (20) days for sub-lease applications (and within 38 days for direct lease applications) after receipt of the notarized application and all required supporting documents.
- The certificate issued is valid for three (3) years and for as long as the enterprise is qualified to continue its business operations within the Freeport and Special Economic Zone under the terms and conditions for which the original certificate was issued.

# WHY INVEST IN THE PHILIPPINES?

<b>Archipelago of 7,107 Islands:</b>	105.7 million – 12th most populous in the world (July 2013 estimate)
<b>Capital:</b>	Metro Manila – 12 million (2013 estimate)
<b>Languages:</b>	Filipino & English – 4th largest English speaking country and 1st in global business English proficiency
<b>Currency:</b>	Philippine Peso – \$1.00/Php 42.45 (2013 Average)
<b>Literacy Rate:</b>	97.5% (as of December 2013)
<b>Labor Force Participation Rate:</b>	63.8% (as of January 2014)
<b>Overseas Workforce:</b>	9.5 million to 12.5 million (2012 Estimate)
<b>Overseas Remittances:</b>	USD 22.8 billion, 4th largest recipient of remittances in the world (2012)
<b>Gross Domestic Product (GDP):</b>	7.2% (2013), 6.8% (2012)
<b>Inflation:</b>	3.9% (as of March 2014)
<b>Exports:</b>	USD 53.98 billion (2013)
<b>Imports:</b>	USD 61.83 billion (2013)
<b>Top External Trade in Goods:</b>	USD 114.22 billion (2012)
<b>Top Trading Partners:</b>	Japan 14.3%, USA 14.3%, China 11.2%, Singapore 8.1%, European Union 9.3% (2012)

# BOARD OF DIRECTORS



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ARNEL PACIANO D. CASANOVA

ROLANDO P. GOSIENGFIAO

ZORAYDA AMELIA C. ALONZO

FERDINAND S. GOLEZ

SERAFIN U. SALVADOR, JR.

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- Vice Chairman, Fort Bonifacio Development Corporation
- Chairman, Subic Clark Alliance for Development

**ARNEL PACIANO D. CASANOVA, ESQ.**VICE CHAIRMAN / PRESIDENT &  
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- Director, Fort Bonifacio Development Corporation
- Vice Chairman, Clark Development Corporation
- Director, John Hay Management Corporation
- Vice Chairman, Bonifacio Estate Services Corporation
- Vice Chairman, Bonifacio Water Corporation
- Vice Chairman, Bonifacio Global City Estates Authority

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- Director, Bonifacio Estate Services Corporation
- Director, Bonifacio Gas Corporation
- Director, Bonifacio Global City Estates Authority

**EDUARDO V. DE MESA**

DIRECTOR

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- Director, Northrail
- Director, Bonifacio Water Corporation
- Director, Bonifacio Global City Estates Authority

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- Director, Bonifacio Estate Services Corporation
- Director, Bonifacio Global City Estates Authority

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- Director, Bonifacio Water Corporation
- Director, Bonifacio Communications Corporation

**ELMAR M. GOMEZ**

DIRECTOR

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- Director and 2014 Board Adviser, Fort Bonifacio Development Corporation
- Director, Bonifacio Communications Corporation

**SERAFIN U. SALVADOR, JR.**

DIRECTOR

- Director, Fort Bonifacio Development Corporation
- Director, Northrail
- Director, Bonifacio Communications Corporation



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