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FIRST PACIFIC'S FORT BONI UNIT AGREES TO RETURN 64-HECTARES OF LAND TO PHILIPPINE GOVERNMENT

First Pacific announced today that Fort Bonifacio Development Corporation (FBDC), the developer of the landmark Fort Bonifacio project in Metro Manila, has agreed to return a 64-hectare plot within the 214-hectare project to the Government's Bases Conversion Development Authority (BCDA).

In exchange for relinquishing its claim to the land, Bonifacio Land Corporation (BLC) - the private consortium that owns 55 per cent of FBDC and is controlled by First Pacific's Philippine flagship Metro Pacific Corporation - will not have to pay the P8.8 billion that was owed to the Government from its February 1995 bid of Pesos 39.2 billion for the project. In addition, FBDC will receive four plots of property within the 57-hectare Big Delta development within the Global City, and other assets worth P1.1 billion.

BLC's balance sheet as of end June 1999 had outstanding obligations of P13.7 billion and total assets of P40.2 billion. Following the adjustments, BLC's debts would be reduced to just below P5 billion and total assets to P31 billion.

The agreement follows negotiations between FBDC and the BCDA, which commenced once it became evident that the 64-hectare plot, which had been designated for a golf course and other recreational purposes within the Fort Bonifacio site, would not be handed over to the developer. BCDA now proposes to use the 64 hectares for the development of an Information Technology Special Economic Zone that would generate employment and support the Philippine's drive to become globally competitive.

First Pacific's Executive Chairman Manuel Pangilinan said: "The agreement with the Government resolves a matter that has distracted attention from the project for many months now. I am very pleased with the outcome, which strengthens BLC's balance sheet and enables the Estrada Administration to proceed with its laudable plans to make better use of the land in line with the administration's pro-poor policy.

"We can now move forward to accelerate development at Fort Bonifacio. Following the enormous success of the Entertainment Center, the Philippine Stock Exchange's decision to relocate there and other recent events concerning development of the

project, Fort Boni is well on its way to achieving its goal of serving as the Philippine's new central business hub," he said.

The Fort Bonifacio project is 55 per cent owned by BLC and 45 per cent owned by the BCDA, a Government body responsible for converting former military bases to non-military commercial use. Carefully planned as the Philippine's first city of the 21st century, the project is being built over the next 20-25 years on a former military base located between Metro Manila's Makati business district and the city's international airport. The site will ultimately accommodate up to 300,000 residents and a million commuters and offer a wide range of cultural, entertainment, health and educational facilities.

EDITOR'S NOTE:

The P11.7 billion owed to BLC in exchange for the 64 hectare site was calculated using the following method:

The full value of the Fort Bonifacio project is P71.2 billion, as established by BLC's winning bid of P39.2 billion for its 55 per cent participation in the development in February 1995.

The 64 hectare plot represents 29.9 per cent of the 214-hectare project, equivalent in value to P21.3 billion. BLC's 55 per cent share of this sum equates to P11.7 billion.