

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Jun 6, 2019
2. SEC Identification Number
147212
3. BIR Tax Identification No.
000-323-228
4. Exact name of issuer as specified in its charter
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
3F ICTSI Admin Bldg., MICT South Access Road, Port of Manila
Postal Code
1012
8. Issuer's telephone number, including area code
(632) 245 4101
9. Former name or former address, if changed since last report
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock Outstanding	2,013,633,338

11. Indicate the item numbers reported herein
9

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International Container Terminal Services, Inc.

ICT

PSE Disclosure Form 4-13 - Clarification of News Reports
References: SRC Rule 17 (SEC Form 17-C) and
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Response to request for clarification and/or confirmation on the news article entitled "GSIS, ICTSI land row escalates" posted in Inquirer.net on June 5, 2019.

Source	Inquirer.net
Subject of News Report	"GSIS, ICTSI land row escalates"
Date of Publication	Jun 5, 2019

Clarification of News Report

Please see attached.

Other Relevant Information

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Filed on behalf by:

Name	Arthur Tabuena
Designation	Treasury Director and Head of Investor Relations



June 6, 2019

The Philippine Stock Exchange
Disclosure Department
6th Floor, Philippine Stock Exchange Tower
28th Street, corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: **Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

We write in reply to PSE's letter dated June 6, 2019 seeking clarification and/or confirmation on the news article entitled "GSIS, ICTSI land row escalates" posted in Inquirer.net on June 5, 2019. The article reported that:

"The country's biggest pension fund on Tuesday said it would sell two parcels of prime real estate in Manila's port area worth a combined P37.4 billion in an effort to mobilize its large portfolio of nonperforming assets.

There's only one problem: The larger of the two properties—covering an area of more than 67 hectares—is occupied by ports and gaming tycoon Enrique Razon Jr.'s International Container Terminal Services Inc. (ICTSI), which, in turn, pays rent to the Philippine Ports Authority (PPA) for the use of the land.

In a press briefing, however, Government Service Insurance System (GSIS) President and General Manager Jesus Clint Aranas said he was neither aware of or a party to the arrangement between ICTSI and the PPA, stressing only that the state pension system in whose name the property was titled did not benefit from it.

....

Officials of the GSIS—which manages P1.1 trillion in assets of an estimated 1.5 million members—said that ICTSI should be paying the pension fund at least P80 million in monthly rent for the land that the port operator had been occupying since the 1970s.

'That's almost P1 billion a year in rent payments,' said Aranas, who added that the GSIS was also ready to initiate legal proceedings to collect back rental from ICTSI.

Sought for comment on the issue, Razon told the Inquirer that the billing dispute was an 'internal government issue.'

Company officials explained to the Inquirer that control of the disputed property by the ports authority was covered years ago by a presidential decree and further affirmed by another court case.

....”

In response to the Exchange, we clarify as follows:

This is not a new issue. GSIS sued to eject ICTSI from the MICT in 2001 on the strength of its claim of title. GSIS lost that ejectment suit at the Metropolitan Trial Court, Regional Trial Court and the Court of Appeals.

Why? Because GSIS only has bare title to the port land. The right to use belongs to PPA. This is what happened:

1. In January 1975, Presidential Decree No. 634 granted Manila International Port Terminal Inc. (MIPTI) a franchise for the development and construction of the Manila International Port Terminal Complex (now MICT). Under LOI 293, President Marcos ordered GSIS to extend financial assistance to MIPTI for this port construction project. It was to justify the GSIS funding to MIPTI that Presidential Decree No. 802 was issued to grant GSIS title over land that MIPTI will reclaim. But GSIS gave a loan of only Php 2 Million to MIPTI (out of the Php 85 Million that MIPTI needed for the project).
2. Three months after PD 802, the Philippine Port Authority (PPA) was created. All public port facilities, land, buildings, movable and immovable properties, intangible assets, powers, rights, foreshore lease and other privileges over port districts were transferred to PPA. (PD 857, December 23, 1975).
3. On January 23, 1978, PD 1284 expressly repealed PD 802 (the source of GSIS title). The franchise of MIPTI (PD 634) was also amended and the responsibility to plan, design, construct and develop MICT was transferred to PPA. And the revenue collected at MICT was decreed to belong to PPA, after deducting the fees of MIPTI for management of MICT. It was PPA who then funded and completed the reclamation and construction of MICT using a PPA loan from the Asian Development Bank. So, the GSIS title over the port land became *functus officio* and GSIS should have surrendered that title for cancellation because it did not fund the project.
4. After the EDSA Revolution in 1986, the franchise of MIPTI was cancelled and PPA took over the management of MICT. The management of MICT was bid out and was won by ICTSI in 1987. The Contract for the Development, Operation, and Management of MICT was awarded to ICTSI by PPA in 1988. The validity of this award was affirmed by the Supreme Court in 1989 in Albano v. Reyes.
5. GSIS filed an ejectment case against ICTSI on September 19, 2001. GSIS' own evidence - the "Raw Development Plan" and Subdivision Plan - showed that more than half of the MICT was still underwater in 1976. The issuance of title (OCT No. 10722) to GSIS in 1976 over 78 hectares of land when more than half of the area was underwater was therefore void under the Supreme Court's PEA-AMARI doctrine.
6. While the ejectment case was pending, GSIS offered a part of the area for social housing to President Macapagal Arroyo who then issued Executive Order No. 108 declaring 10 hectares for social housing. (It is easy for GSIS to give something that it did not own.) GSIS alleged that EO 108 was a recognition of its title. But the MTC dismissed the ejectment case (as GSIS had no cause to eject ICTSI). This dismissal was affirmed by the RTC and by the Court of Appeals.

7. GSIS and PPA submitted their dispute (on who has a better right to the port land) before the Office of the Government Corporate Counsel (OGCC). The OGCC Arbitration Panel decided in favor of PPA and ordered GSIS to surrender its title for cancellation. The decision of the OGCC Arbitration Panel was reversed by the OGCC at that time on a narrow technicality - that titles cannot be subject of a collateral attack and PPA must file a direct attack against the title of GSIS in the court.
8. GSIS has, at most, only naked title. But the right to use the subject reclaimed port land belongs to PPA. This is similar to the Rizal Memorial Sports Complex. Title to RMSC land belongs to the City of Manila but the right to use the land belongs to the Philippine Sports Commission under the PSC Charter.

Whoever buys from GSIS will get only naked title (with no right to use the port land).

GSIS' claims that it did not know about the ICTSI and PPA contract and that they never responded to GSIS' request for a meeting, are all untrue.

The GSIS Chairman was part of the Committee of GFI heads who reviewed the MICT contract of ICTSI before President Corazon Aquino approved the execution of that Contract in 1988.

GSIS also regularly issued the performance bonds that PPA requires from ICTSI under the MICT Contract in the last 30 years.

When ICTSI received the letter from GSIS lawyer dated 12 February 2019 asking to sit down to discuss "the matter of the use and rental of the property", the ICTSI's lawyer replied in a letter dated 26 February 2019 that "It may not be productive if only ICTSI and GSIS will talk here, because PPA is an indispensable party. We therefore suggest that PPA be included in the proposed meeting." It was GSIS who, in a letter dated 28 February 2019, refused to meet if PPA is present.

PPA also sent a letter to GSIS dated 28 February 2019 explaining why "PPA, not GSIS, is the rightful and legal owner" of the property and reiterated PPA's "request for GSIS to surrender to PPA the TCTs covering the North Harbor property for cancellation thereof and the issuance of new ones in favor of PPA."

We trust that you find the foregoing clarification sufficient and in order.

Sincerely yours,



ARTHUR R. TABUENA

Director – Treasury and Investor Relations