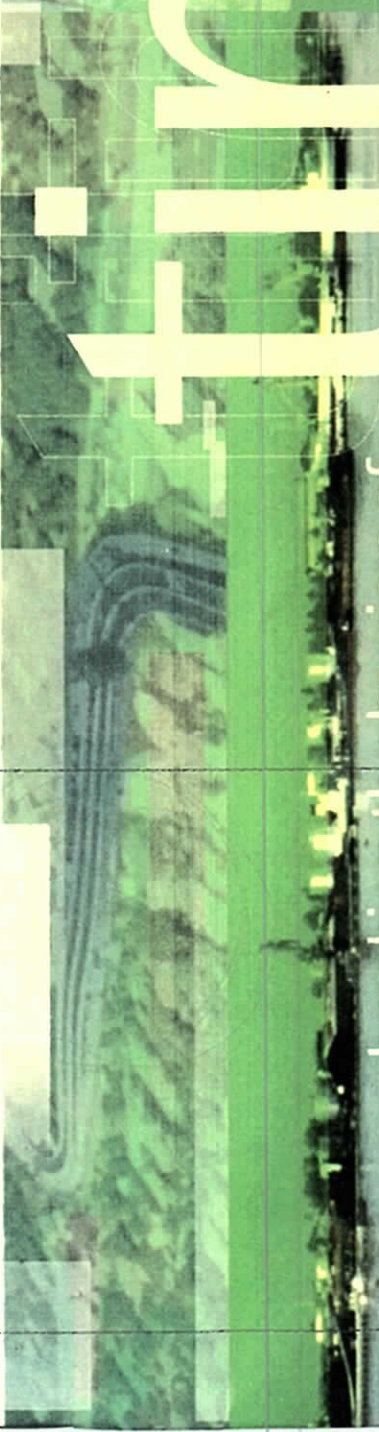
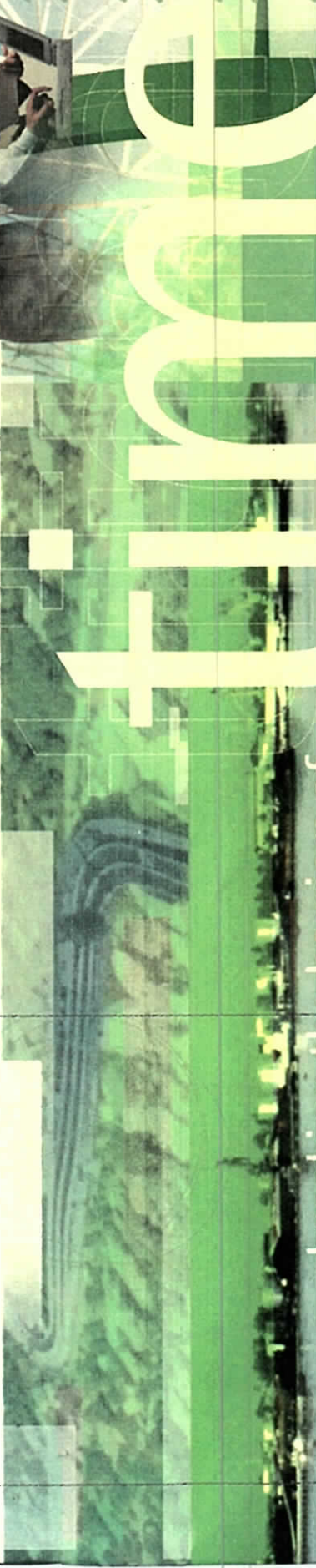


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Annual Report 1999
BASES CONVERSION DEVELOPMENT AUTHORITY



Bases Conversion Development Authority

Gozar St., Villamor Air Base, Pasay City, Philippines • PO Box 7342, DAP0 1301, Pasay City, Philippines

Tel Nos. (632) 551-3006 to 11 • Fax (632) 551-5122

www.bcbda.gov.ph

The President's Message

Chairman's Report

Executive Summary

Operational Highlights

Board of Directors

Financial Statements

Subsidiaries & Affiliates

Management Directory

We cannot hold back the rising tide of change. Economies around the world are embracing new ways of creating wealth. To stay competitive, we need to do away with old economic models that have lost their ability to support our goals, and shift to a sustainable development plan that will bring about measurable growth not just in the next few years but over the coming generations.

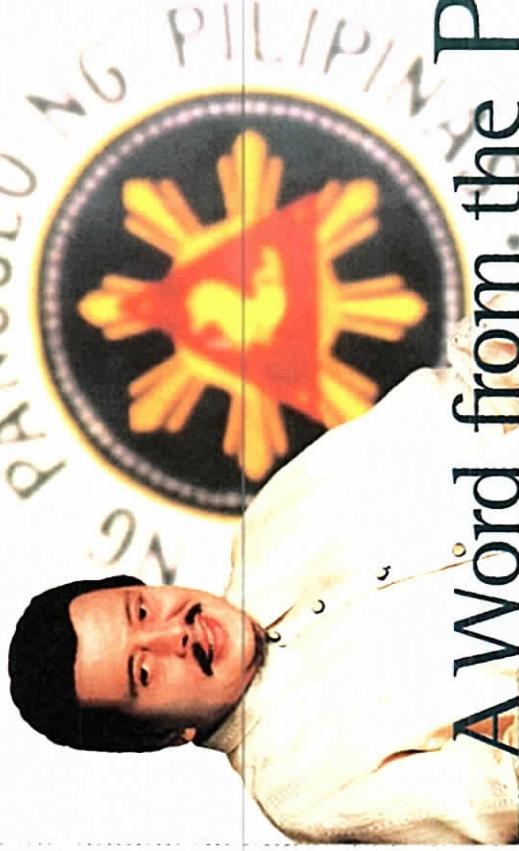
Our government is taking a fresh approach to the new challenges of the times. We launched in 1999 the Medium-Term Philippine Development Plan (MTPDP), the country's general framework of governance to reduce poverty and uplift the quality of life of all Filipinos. We call this new economic master plan **Angat Pinoy 2004**, in reference to its vision of substantiated development balanced with social equity.

From the time we took office, we have maintained that our programs stand mainly to raise the standard of living of the common tao. It is our conviction that, if we promote the interests of the rich, the impoverished will lag behind. On the other hand if we uplift the condition of the poor, everyone will be enriched.

Thus, waging a war against poverty is not just a program of government. Rather, it serves as the very foundation of governance.

When we made a commitment to empower the poor, we intend for them to enjoy the benefits of growth, not in trickles but in torrents. We can only achieve this by ensuring their direct and full participation in economic reforms.

With this thrust embodied in the MTPDP, we are confident that we will overcome the formidable task of reducing the poverty rate to 25-28 percent and of improving income distribution.



A Word from the President

The Bases Conversion Development Authority (BCDA) is one with the national government in pursuing the above mandate. Well into its seventh year of operation, it continues to implement its objective of reactivating the government's dormant assets through privatization.

Successful in its bid to generate more revenues for the country, it leverages fresh capitalization to achieve the next level of growth.

Even as the rest of Asia struggled to pull itself out of the economic crisis, the BCDA remained steadfast in its pursuit of new capital for the country. Instead of simply holding asset disposition in abeyance while other economies recover from the downturn, the Authority vigorously redirected its efforts toward the priming of holdings for privatization concurrently with job creation, housing and relocation.

Today, the BCDA stands on three cornerstones of achievement. These are the enhancement of revenue generation for the government, the development of special economic zones (SEZ) to

promote progress in the countryside, and social development for the benefit of the disenfranchised.

On the last component of BCDA's achievement, I laud the BCDA for embarking on housing and relocation projects, which not only give shelter for those affected by bases conversion but also assist them in setting up holistic, well-developed communities. This has contributed greatly to the government's efforts of empowering our people and uplifting their quality of life.

I appreciate the great efforts that BCDA, its subsidiaries and affiliates, have put forth to help realize the MTPDP. With the support of our strategic partners from the private sector, the local communities, and the local government, BCDA's development projects will help propel the country into becoming an economic powerhouse in Asia and the world.

Mabuhay!

Chairman's Report



In 1999, the Estrada administration bolstered its campaign for sustainable medium-term development synchronized with social reform – a redirection of government policies intended to stimulate economic progress, encourage global competitiveness, and promote social equity.

As the government agency established to convert the military bases into development centers through public-private partnership, we at the Bases Conversion Development Authority fast-tracked our own programs in support of this vision.

While we remained focused on achieving our primary objective of generating revenues through the disposition of properties, we also took cognizance of our fiscal responsibility to obtain optimal value for our assets. Given the highly volatile property market, which came as a result of the long standing Asian economic crisis, we made a decision to consider other modes of developing BCDA assets, including the lease and joint ventures of properties until market conditions have stabilized.

ROGELIO
CHAIRMAN SINGSON
& PRESIDENT Bases Conversion

As the Asian economy takes a firmer footing in the coming year, BCDA will reinforce its mandate of privatization for all real estate assets, including site developments at Fort Bonifacio as well as the planning and marketing of other camps and properties.

ahead to stay on the course of nation-building. His vision, along with our strategic alliances with other local government agencies and private business entities, have helped us ensure success in our endeavors.

Funds realized from the sale of these assets, aside from the requirements of military modernization, will be channeled into major infrastructure development projects that will greatly increase the accessibility of our SEZs and their viability to investors. Two of these projects have been primed for the initial stage of implementation: the Subic-Clark-Tarlac Toll Road, which will connect the two major SEZs and create an economic growth corridor that will align the long-term development potential of the seaport in Subic and the dryport operations in Clark, and the first phase of the Manila-Clark Rapid Railway System, which will directly link the Clark International Airport to the Fort Bonifacio Global City.

As we look back on the gains achieved in 1999, BCDA is determined to break new barriers in fulfilling our mandate of transforming former military camps and baselands into economic growth centers – equipped to face the challenges of the global market and to ultimately bring about national progress.



We focused on priming our assets for eventual privatization. We set about master planning former military camps and areas targeted for disposition, resolving title disputes and validating claims, and making provisions for the relocation of families displaced from these sites.

We forged partnerships with the private sector to build infrastructure and facilities that would support long-term operation. At the same time, we formulated more realistic master plans to assist our subsidiaries in marketing the Special Economic Zones (SEZs) in Clark, Subic, John Hay and Poro Point. Our ultimate goal is to develop these SEZs as anchor points for countryside development in Northern and Central Luzon.

The beacon of President Estrada's Medium-Term Philippine Development Plan allows all our efforts in the past year and in the years

Executive Summary



BCDA and its subsidiaries and affiliates have the following major accomplishments for 1999 in the conversion and development projects it is tasked to undertake:

FORT BONIFACIO GLOBAL CITY

BCDA began the creation of a Conceptual Development Plan for the **Bonifacio Information Technology Special Economic Zone**.

A joint venture financing agreement has been signed with CAMS Asia and Mansour International for the establishment of the **Government Center for Investments**.

Prestigious institutions such as the Manila Japanese School, the British School and the International School have already signed MOAs to locate in the **Institutional Area**.

CLARK SPECIAL ECONOMIC ZONE

The Clark Development Corporation (CDC) recorded \$505 million in exports of Clark-based firms.

CDC created an improved portfolio of investor-firms with the entry of 44 new investment projects that will infuse \$2.20 billion and employ 5,094 additional workers inside Clark.

CDC reviewed participation with various utility firms resulting in improvements in the delivery of basic power, water and telecommunications services.

CDC created a revised Conceptual Development Plan and Business Plan to prioritize key investment projects in Clark for the next five years.



MANILA-CLARK RAPID RAILWAY SYSTEM

Implementation of the first phase connecting Caloocan in Metro Manila to Calumpit in Bulacan, projected to amount to about \$1 billion, has already been approved by the National Economic Development Authority (NEDA-ICC).

BCDA is aggressively pursuing soft-term financing under the Special Yen Loan Package.

SUBIC BAY FREEPORT AND SPECIAL ECONOMIC ZONE

The number of locator firms totaled 84, employing over 14,000 workers.

Plans for the development of cargo and container port facilities in Subic have been started by the **Subic Bay Metropolitan Authority (SBMA)**.

SUBIC-CLARK-TARLAC TOLL ROAD

The project has been approved and shown to be viable by the NEDA-ICC.

Concessional funding is being secured under the Special Yen Loan Package.

PORO POINT FREEPORT AND SPECIAL ECONOMIC ZONE

BCDA has master planned Poro Point for conversion into an international container port and tourism/cruise destination.

The **John Hay-Poro Point Development Corporation (JPDC)** realized revenues from the San Fernando Seaport amounting to P 64.6 million, a 37% increase from revenues in 1998.

JPDC successfully privatized the San Fernando Seaport—now a fully functional seaport being operated by Poro Point Industrial Corporation (PPIC), a joint venture company between Bulk Handlers, Inc., JPDC and BCDA.

After 16 years, regular passenger flights to the San Fernando Airport were resumed, serviced by Asian Spirit Airlines and Golden Passage Air.

JOHN HAY SPECIAL ECONOMIC ZONE

Camp John Hay Development Corporation (CJHDevCo) has completed the world-class 18-hole par 69 golf course and the clubhouse.

Technology

As technology has become a much-needed tool in business, BCDA is harnessing modern technology to better serve the demands for growth and advancement.

In line with the Administration's thrust to raise the productivity of Philippine industries, BCDA is also encouraging investments in science and technology to augment domestic resources as well as improve the country's technological stock.



to better serve our demands

harnessing
technology for
economic growth

gry



Fort Bonifacio Global City

Government Center for
Investments

Information Technology (IT) Park



Amidst the backdrop of an I.T. revolution, FBDC has taken the initiative to provide the country with a competitive edge: E-Square – a mixed-use community that will showcase local technological developments and Filipino expertise and skills in the field of Information Technology, with provisions for necessary education and training for aspiring I.T. professionals. Aimed at capturing highly technical, skills-oriented foreign and local industries, E-Square will include a 3-storey office center to house premier I.T. companies, a trade and exhibit center, hotel and residential components, and an incubator office for I.T.-related start-up companies such as call centers, web application developers, media labs, graphic design and animation studios.

Fort Bonifacio Global City

The Fort Bonifacio Global City in Taguig is the centerpiece of BCDA's efforts to privatize and develop former baselands. The Global City is envisioned as a world-class, globally competitive metropolis and self-sustaining community.

BCDA has already completed a long-term, value-enhancing master plan that is setting new standards – encompassing every detail of development from roads to building design standards, utilities, down to the lamp posts and planting strips.

At the forefront of the Global City's development is Fort Bonifacio Development Corporation (FBDC) – a joint venture between BCDA and the private

consortium, Bonifacio Land Corporation. FBDC is laying the foundation for an advanced and comprehensive network of on-site, below-ground infrastructure and utilities such as fiber optic cables for communication, provisions for potable and non-potable water, and liquid petroleum gas pipelines. Joint ventures have been forged with reputable utilities companies such as PLDT-Smart Communications for the telecommunications groundwork, Compagnie Generale des Eaux for water and sewerage facilities, and Shell Company for gas and energy requirements.



RICARDO PASCUA
PRESIDENT

FORT BONIFACIO

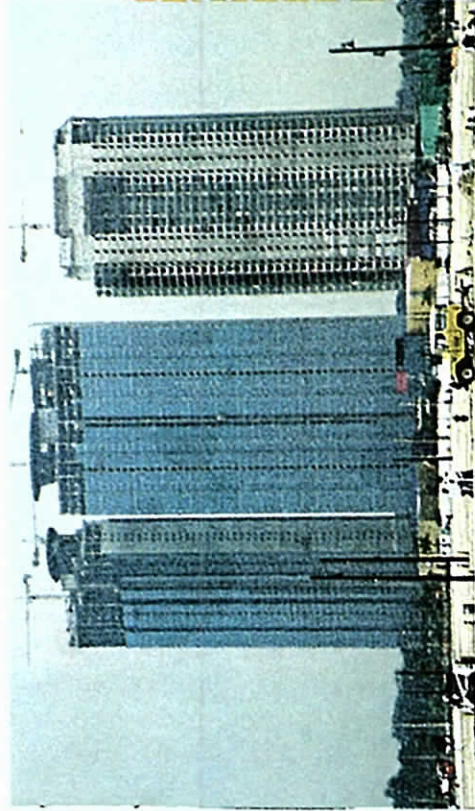


Government Center for Investments

Promoting global competitiveness means making it easier for potential investors to transact their business in the Philippines.

The Government Center for Investments, soon to rise at the Global City, will serve as a one-stop government center catering to the investor requirements of future locators. It will house key government agencies such as the Department of Trade and Industry, the Board of Investments, the Philippine Economic Zone Authority, the Securities and Exchange Commission, the Trade and Investments Development Corporation of the Philippines, the Department of Finance, the Bureau of Internal Revenue Regional Center, and the Bases Conversion Development Authority.

A joint venture financing agreement has been signed with CAMS Asia and Mansour International for the establishment of the Government Center for Investments. The \$250-million, 144,000 - sq.m. complex will be e-commerce enabled to facilitate transactions over the Internet. To complement office development, a businessmen's hotel will rise next to the Government Center for Investments.



IT Park

Taking advantage of the advanced I.T. infrastructure at the Global City, BCDA is master planning a 25-hectare Bonifacio I.T. Park that will provide investors with optimum reliability and redundancy in connectivity. Supported by the Global City's state-of-the-art infrastructure – from the most basic utilities to the most advanced communications systems - this area will be well-equipped to accommodate future demands for fiber optics and other user requirements such as smart cards, traffic systems, high-performance computing centers, and the like.

This special economic zone has been designed ideally for offices and showrooms of multimedia and

software development companies, particularly those with high computing requirements. A Conceptual Development Plan for the I.T. Park was started in 1999. BCDA shall pursue its development in partnership with the private sector as soon as all studies are completed this year.

Innovation

Throughout its existence, BCDA has constantly displayed a flair for innovation. An innate creative streak has served it well in introducing innovative ideas that have translated into successful ventures. Many of these pioneering projects have become models for development efforts in other countries. BCDA has made a modest tradition out of introducing new development concepts as it continues to pursue its mandate.

new development
concepts



ideas
development efforts
In other countries

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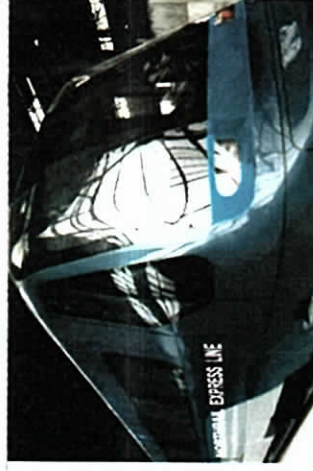
The Subic-Clark Alliance Project

Subic-Clark-Tarlac Toll Road

**Poro Point Freeport &
Special Economic Zone**

John Hay Special Economic Zone

The Northrail Project



The Subic-Clark Alliance Project

BCDA envisions the complementary development of two flagship Special Economic Zones in Central Luzon through the Subic-Clark Alliance Project. The project aims to create a synergy between Subic and Clark by building on the strengths of each zone's individual assets, thereby stimulating economic growth in both zones and the surrounding areas.

Primarily, the Subic-Clark Alliance aims to create a logistics corridor that will take advantage of the two zones' key infrastructure and support facilities. Vital to the success of this undertaking is the linkage of the dryport at the Clark International Airport and the seaport in Subic by a toll road connection that will create a dedicated transportation corridor between the two zones.

It creates an interdependence between the two zones that will ensure that the success of each, or that of any of their individual elements, will benefit the other.

With its masterplanned development and its unique investment incentives, the alliance project represents one of the most remarkable economic development opportunities in Asia today.

Subic-Clark-Tarlac Toll Road

An essential component of the Subic-Clark Alliance, the Subic-Clark-Tarlac Toll Road is being prioritized for immediate implementation. Costing P15.72 billion, the 92-kilometer toll road will cut down travel time between Subic and Clark from two hours to only 30 minutes. The project has been approved and shown to be viable



POREIRIO ZABLAN
PRESIDENT JOHN HAY PORO POINT
DEVELOPMENT CORPORATION



In 1999, JPDC realized revenues from the San Fernando Seaport amounting to P 64.6 million, a 37% increase from revenues of the previous year. By January 2000, the 50-meter pier extension is expected to be completed, priming the seaport and surrounding areas for expansion and full-scale development. Last year, JPDC successfully privatized San Fernando Seaport – now a fully functional seaport being operated by Poro Point Industrial Corporation (PPIC), a joint venture company between Bulk Handlers, Inc., JPDC and BCDA.

Another component of the Poro Point development area is the San Fernando Airport. After 16 years, regular passenger flights to San Fernando were resumed with Asian Spirit Airlines servicing the airport three times a week. Plans are now underway for the upgrade and expansion of the airport to accommodate more wide-bodied Boeing 737 passenger and cargo planes.



VICTOR FLORESCA
VICE PRESIDENT
PORO POINT

by the National Economic Development Authority (NEDA-ICC). Concessional funding has been tapped for this infrastructure project while the private sector is being encouraged to develop the business side of the SEZs.

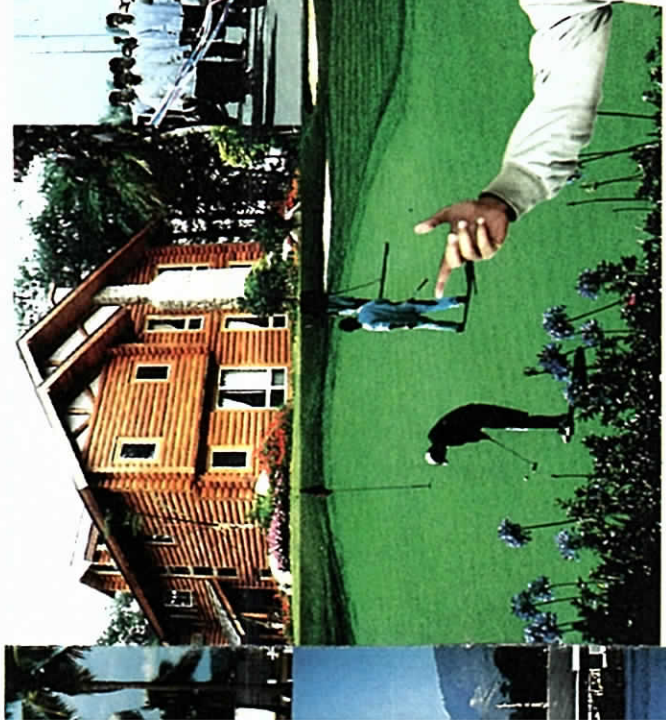
Poro Point Freeport and Special Economic Zone

With its adjoining seaport and airport facilities, Poro Point Freeport and Special Economic Zone in La Union is being positioned as the catalyst for development in the North Luzon Growth Quadrangle. The John Hay-Poro Point Development Corporation (JPDC), a wholly-owned subsidiary of BCDA, has master planned Poro Point for conversion into an international container port and tourism/cruise destination.



John Hay Special Economic Zone

Camp John Hay in Baguio, with its picturesque, pine-covered hills and cool mountain air, continues to be developed as an eco-tourism haven. Camp John Hay Development Corporation (CJHDevCo), the consortium charged with developing the mountain resort, has completed the world-class 18-hole par 69 course and clubhouse. Upgrading of the country homes and other structural works are in full swing at the 247-hectare family-oriented, environment-friendly tourism complex.



EDSA-Kalayaan-Bonifacio Flyover

Accessibility being a major consideration for locators, the EDSA-Kalayaan-Bonifacio Flyover now links the Bonifacio Global City in Taguig to the Makati Central Business District. With this 1.2-kilometer elevated road, vehicles from Gil Puyat Avenue in Makati can now proceed to Kalayaan Avenue and C-5 without passing through EDSA and vice versa, effectively clearing the way for over 4,000 vehicles during rush hour.

Other Developments in Fort Bonifacio

To provide value-added facilities to the Global City, some 30 hectares have been set aside for an Institutional Area that will host educational establishments from pre-school to graduate school, as well as a world-class medical complex.

Prestigious institutions such as the Manila Japanese School, the British School, and the International School have already signed MOAs to locate at the site. Together with the mixed-use commercial and high-rise residential developments in the area, these educational facilities are expected to enhance the value of the Global City as a holistic, self-sustained community of the future.

The Northrail Project

To spur the development of the Manila-Clark growth corridor, BCDA is spearheading the NorthRail Project. This ambitious rapid railway system aims to connect Clark Special Economic Zone in Pampanga with Metro Manila.

The first phase of this undertaking will be a rail line connecting Caloocan in Metro Manila to Calumpit in Bulacan. For funding assistance, BCDA is aggressively pursuing soft-term financing under the Special Yen Loan Package. Implementation of the first phase, projected to amount to about \$1 billion, has already been approved by the National Economic Development Authority.

NORTHRAIL

DAMASO
BANGAOET JR.
VICE PRESIDENT

Management

Sound management practices are the foundation of every organization. The BCDA has learned to adopt new principles and styles of corporate management in the context of public service, in order to make a difference in quality governance.

The year 1999 saw BCDA undertake the industrial development of its Special Economic Zones with renewed vigor. Joint ventures were forged with private and public investors to implement various improvements and infrastructure projects. This move effectively transferred the burden of development and operations to the private sector while spurring advancement in these areas.



the foundation
of the organization,
development

ment



**Subic Bay Freeport &
Special Economic Zone**

Clark Special Economic Zone

Clark Aviation Complex

Villamor Air Base



Subic Bay Freeport and Special Economic Zone

Owned and managed by the Subic Bay Metropolitan Authority (SBMA), Subic Bay Freeport and Special Economic Zone is strategically located in the western seaboard of Luzon. Aside from seaport and airport facilities, the 14,614-hectare ecozone offers investors excellent power and telecommunications facilities, fuel storage facilities, industrial and office buildings, as well as commercial and recreational facilities. Subic Bay Industrial Park is home to a number of international firms operating modern manufacturing facilities. To date, the number of locator-firms totals 84, employing over 14,000 workers.

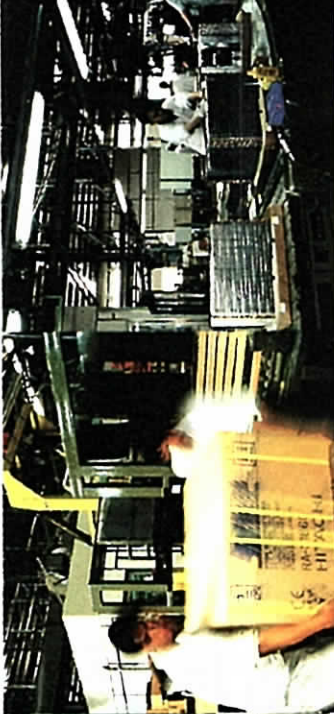
Located right at the back door of Subic, the Morong Special Economic Zone presents a wealth of opportunity as a complementary area of development. A major property slated for development in Morong, the Bataan Technology Park (BTP) was turned over to the SBMA in 1998.

Under the Estate Management Agreement between BCDA and SBMA, the BTP will be developed as an eco-tourism and agro-industrial estate, as well as a support services facility to Subic. An access road from Subic to the Bataan Park is already being completed to enhance the area's accessibility.

Clark Special Economic Zone

Managed by the Clark Development Corporation (CDC), the Clark Special Economic Zone (CSEZ) recorded \$505 million in exports of Clark-based firms in 1999. In addition, CDC has created an improved portfolio of investor-firms that included the entry of 44 new investment projects that will infuse \$2.20 billion and employ 5,094 additional workers inside Clark. The total number of actual workers inside the CSEZ as of December 1999 stands at 22,247.

The CSEZ Main Zone consists of a 1,900-hectare tourism, industrial and residential zone, complemented by



Last year, the SBMA formulated plans to develop cargo and container port facilities at Subic. This move is aimed at enhancing cargo movement and accessibility for locators in its industrial estates, investors in its central business district, and customers in its tourism and recreational areas.

a 2,500-hectare aviation complex equipped with advanced facilities. Plans are online to develop industrial estates at Clark to support the aviation complex. Some 28,000 hectares in the Sub-Zone are envisioned for development as agri-industrial areas, with supporting residential and industrial facilities.

Last year, CDC reviewed its participation with various utility firms in the zone, resulting in improvements in the delivery of basic power, water and telecommunications services. Plans for expansion of these utilities are expected to create a more competitive business environment for future investors.



FELICITOP LAYUMO
CHAIRMAN

CLARK SPECIAL ECONOMIC ZONE



Clark Aviation Complex

Presently categorized as an alternate international airport in Luzon, the Clark International Airport consists of a passenger terminal and airport that can accommodate wide-bodied aircraft. It has maintenance hangars, buildings, cargo depots and a fuel tank farm.

Last year, the Clark International Airport Corporation (CIAC) undertook facility improvements designed to enhance the viability of Clark as a world-class airport. Modern navigational aids and facilities were installed, a P95-million interim airport terminal was constructed, the existing runway was lengthened, and the corporate office building underwent a facelift. Other developments included the addition of airfield ground lighting, security perimeter fencing and master planning of the facility. Acquisition of an advanced radar system is envisioned for the year 2000.

A revised Conceptual Development Plan and Business Plan were also drawn up to prioritize key investment projects in Clark for the next five years. Thematic clusters of industries identified for immediate implementation include a dryport/logistics facility, a Cyber City complex, and a university and medical complex. With the presence of international companies providing communications gateways such as America

On Line (AOL), Clark is being transformed into a center for backroom operations of web-based help desks, call centers and e-commerce firms.



Villamor Air Base

BCDA is pump-priming the Villamor Air Base properties through master planning, negotiations for vacant possession and the relocation of military facilities. Additional developments will include an upgraded golf course and a 53-hectare residential village complete with community facilities for the airmen and their families.

Strengthening Organizational Capabilities

As its organizational plans and projects evolved, BCDA saw the need to shift its focus towards strengthening project management and implementation capabilities.

A study is now being completed for the formulation of a reorganization plan grounded on project-based management. Based on the results and recommendations of this study, BCDA will then identify the functions that need to be realigned to streamline overlapping functions and strengthen the organization.

To improve personnel capabilities that will complement this new organizational thrust, trainings and seminars have been conducted to equip the staff with necessary knowledge and skills in the fields of project management, urban planning, computer applications, community organizing, among others.

Plans are underway for a project implementation/scheduling system for monitoring progress on all BCDA projects, and a Geographic Information System for better property management. Finally, a website and display panel have been installed to provide prospective clients and locators quick and easy access to information about the organization.

RUFO COLAYCO
PRESIDENT
CLARK DEVELOPMENT
CORPORATION

Empowerment

The true spirit of governance encompasses social

responsibility and stewardship.

While BCDA strives to serve its

clienteles and generate revenues

for the government, it also

transcends corporate

boundaries – with social

development projects that

demonstrate its resolve to

contribute to the betterment

of the quality of life of all

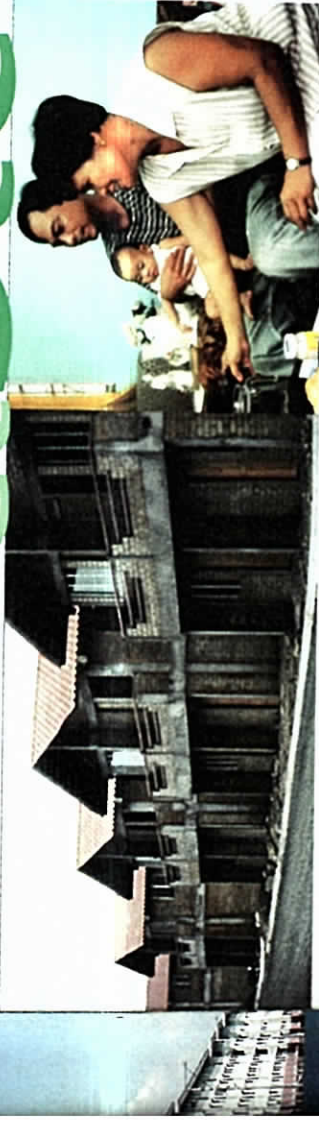
Filipinos.

boundaries



quality of life

Government Stewardship



Housing Programs
Task Force Hanapuhay
Community Development

Housing Programs

In extending humanitarian assistance to families affected by the government's privatization activities, BCDA has embarked on the largest urban-based socialized housing project to date. It has completed and is continuing to develop various locations for on-site, off-site and land-based relocation schemes.

Land-based relocation – a concept pioneered by BCDA – is exemplified by Lupang Katuparan, a 15.8-hectare site in Taguig that can accommodate 1,627 families. Here, beneficiaries are responsible for constructing their houses on homelots provided by BCDA. A total of 687 families have been relocated to the site.

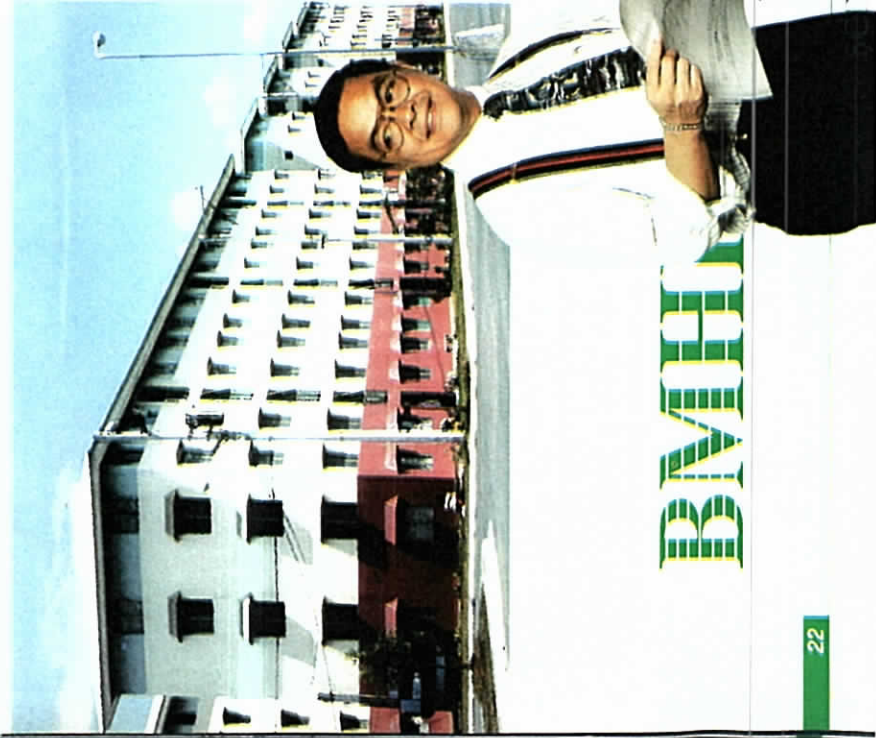


The success of Lupang Katuparan has encouraged BCDA to replicate similar housing programs in other sites and projects such as NorthRail, Bataan Technology Park and Villamor Air Base.

For its on-site relocation program, BCDA has completed 4,000 housing units in medium-rise condominiums at the Philippine Centennial Village and Pamayanang Diego Silang in Taguig. Residents include families displaced by the development of Fort Bonifacio. The BCDA also set aside housing units at its medium-rise buildings for the Philippine National Police – the provision being an additional component in its social development mandate.

Also completed for turnover in 1999 were 150 units in the 100-hectare Philippine Army Village at Camp O'Donnell in Capas, Tarlac. BCDA also set aside 100 off-site units at the San Francisco Village in Gen. Trias, Cavite for its beneficiaries from Fort Bonifacio and other camps.

To date, a total of 1,341 families have availed of BCDA's on-site relocation program; some 58 families have availed of off-site relocation, while 2,021 availed of cash compensation.



ISAAC PUNO III
PRESIDENT

DA MANAGEMENT & HOLDINGS

Task Force Hanapbuhay

BCDA, through its social development group Task Force Hanapbuhay (TFH), has implemented various pilot programs that provide relocated families with the impetus to improve their economic condition. These programs involve community organizing, manpower development, enterprise development and micro-lending schemes.

An Ecological Waste Management Facility has been put up at the Philippine Centennial Village. To be managed by the residents, this project aims to foster responsible



enterprise as well as environmental awareness within the community. Other livelihood projects, such as high-speed sewing and food processing activities, have also been introduced.

The Centennial Village Talipapa has been completed and is now in full operation. Seven livelihood and multi-purpose cooperatives have also been organized and registered to provide credit and capital assistance to qualified members of the community.

To ensure the long-term sustainability of these livelihood projects, community leaders in these sites

are being trained to implement activities that will enhance economic self-reliance and increase participation in productive endeavors for their communities.

Leadership and skills training activities are being held to prepare relocatees for self-employment and other



employment opportunities. Security training and technical short-term courses, like computer programming and basic accountancy, have also been introduced. A Hotel and Restaurant Services Training Program has been implemented for out-of-school youth. This program is expected to prepare them for eventual employment in the restaurants, hotels and other service establishments that will be put up within the Global City.

Community Development

BCDA is cognizant not only of the needs of communities directly affected by its development projects; it also ensures that peripheral communities reap the benefits of economic expansion.

Increased economic activity in the SEZs are expected to foster the growth of small-scale downstream industries outside of these zones. Projects such as the Subic-Clark Alliance and the Manila-Clark Rapid

Railways system will hasten rural development in provinces along the route. Improved roads and bridges make neighboring communities more accessible, thus speeding up economic development.

An example is the participation of BCDA in Baguio's Panagbenga Festival. The yearly festival features magnificent flower-decked floats and colorful street-dancers, as well as an arts and culture showcase. Organized and funded jointly by JPDC and BCDA through a foundation, Panagbenga has generated additional tourism revenues and opportunities for the City of Pines.



As part of JPDC's community relations efforts, a total of P10 million was released last year to fund several infrastructure projects in Baguio. These projects include the concreting and widening of roads, construction of barangay halls, as well as erosion control and drainage projects. An additional P40 million has been allotted for the second phase of improvement projects in Baguio.



BENJAMIN
ABELLA
DIRECTOR

JOSE
FERNANDO
CAMUS
DIRECTOR

FELIX
CARAOJR
DIRECTOR

ROBERTO
FLORES
DIRECTOR

ROGELIO
SINGSON
CHAIRMAN
& PRESIDENT

Directors



ASTFYA SANTIAGO
VICE CHAIRMAN



ROBERTO
MONTELLANO
DIRECTOR



CESAR JORGE
DIRECTOR



ISAAC PUNO III
DIRECTOR

Financial Statements

BALANCE SHEET

(In million pesos)

Balance Sheet Analysis

In 1999, total assets amounted to P75.276 billion or 19% less than last year's level of P93.117 billion. The salient features of the balance are as follows:

1. Receivables increased by P599 million due to the additional sale of condominium units from the Pacific Plaza Towers project.
2. Inventory declined by P291 million due to the sale of housing units to the informal occupants in Fort Bonifacio and the sale of condominium units in the Pacific Plaza Towers project.
3. Investments decreased by P7.763 billion due to the inability of the government to deliver the 64-hectare Fort Bonifacio property to Fort Bonifacio Development Corporation (FBDC) and the reconveyance of Blocks 18-1 to 18-4 as a settlement of the overpayment to Bonifacio Land Corporation (BLC).

BCDA also invested a total of P558 million in the basic infrastructure projects and recorded P1.502 billion equity in the net income of the subsidiaries and affiliates. The investments provided economic development and employment opportunities within the surrounding communities.

4. Property and equipment increased by P896 million due to the booking of properties in the Metro Manila Camps and the value of land transferred by Philippine Ports Authority (PPA). BCDA also recorded the net effect of the transfer value of the building structures and equipment to JPDC books of accounts representing additional investment of BCDA.

5. Other assets declined by P10.647 billion due to the inability of the government to deliver the 64-hectare Fort Bonifacio property to FBDC and the reduction in the BCDA's share in the Fort Bonifacio sales proceeds.

6. Accounts Payable rose by P668 million due to BCDA's share in the development cost of the Pacific Plaza Towers Project and outstanding obligations to the contractors in the site development and infrastructure projects.

7. Capital decreased by P10.818 billion due to the reduction in the value of the 45% equity in FBDC in view of the non-delivery of the 64-hectare Fort Bonifacio property and the decline in BCDA's share in the Fort Bonifacio sales proceeds.

| | 1995 | 1996 | 1997 | 1998 | 1999 |
|--|---------------|---------------|---------------|---------------|---------------|
| | | | | | Unaudited |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalent | 3,108 | 2,205 | 4,102 | 1,992 | 1,314 |
| Receivables | 21,751 | 18,482 | 241 | 928 | 1,527 |
| Inventories | 1,071 | 1,300 | 1,331 | 2,006 | 1,715 |
| Other Current Assets | | | | 167 | 210 |
| Total Current Assets | 25,930 | 21,987 | 5,674 | 5,093 | 4,766 |
| Investments | 32,906 | 35,072 | 36,241 | 36,598 | 28,835 |
| Property and Equipment | 4,879 | 4,959 | 39,839 | 40,722 | 41,618 |
| Other Assets | 2 | 3 | 11,153 | 10,704 | 57 |
| TOTAL ASSETS | 63,717 | 62,021 | 92,907 | 93,117 | 75,276 |
| LIABILITIES AND CAPITAL | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 1,238 | 1,377 | 483 | 214 | 882 |
| Trust Liabilities | 482 | 786 | 2,719 | 1,097 | 1,139 |
| Total Current Liabilities | 1,720 | 2,163 | 3,202 | 1,311 | 2,021 |
| Long-Term Liabilities | 19,600 | 15,487 | 8,815 | 8,815 | 498 |
| Other Liabilities | | | | 799 | |
| Total Liabilities | 21,320 | 17,650 | 12,017 | 10,925 | 2,519 |
| Capital | | | | | |
| Paid-Up Capital | 42,148 | 43,018 | 77,996 | 78,530 | 67,712 |
| Contingent Capital | 1 | 1 | 1 | 1 | 1 |
| Donated Capital | 1 | 1 | 1 | 1 | 1 |
| Retained Earnings | 247 | 1,351 | 2,892 | 3,660 | 5,043 |
| TOTAL LIABILITIES & CAPITAL | 63,717 | 62,021 | 92,907 | 93,117 | 75,276 |

STATEMENT OF INCOME & RETAINED EARNINGS

| (In million pesos) | 1995 | 1996 | 1997 | 1998 | 1999 |
|--|-------|-------|-------|-------|-----------|
| REVENUES | | | | | Unaudited |
| Interest Income | 358 | 391 | 444 | 472 | 163 |
| Joint Venture Income | | | | 61 | 225 |
| Seaport/Airport Income | 1 | 1 | 49 | 55 | 69 |
| Miscellaneous Income | | | 2 | 3 | 30 |
| TOTAL REVENUES | 359 | 392 | 495 | 591 | 487 |
| EXPENDITURES | | | | | |
| Personal Services | 14 | 23 | 46 | 66 | 73 |
| Maintenance & Other Operating Expenses | 1,044 | 250 | 339 | 429 | 484 |
| TOTAL EXPENDITURES | 1,058 | 273 | 385 | 495 | 557 |
| Net Income from Operations | (699) | 119 | 110 | 96 | (70) |
| Refund of Advances made for the Housing & Relocation Program | 930 | 947 | 1,387 | | |
| Equity in Net Income of Subsidiaries/Affiliates | | | 498 | 686 | 1,502 |
| Net Income Before Tax | 231 | 1,066 | 1,995 | 782 | 1,432 |
| Provision for Income Tax | | | | (2) | (7) |
| Net Income for the Year | 231 | 1,066 | 1,995 | 780 | 1,425 |
| Retained Earnings, | | | | | |
| Beginning of the Year | 19 | 247 | 938 | 2,892 | 3,659 |
| Prior Period Adjustment | (3) | 38 | (41) | 18 | 7 |
| Cash Dividends | | | | (31) | (48) |
| RETAINED EARNINGS, END | 247 | 1,351 | 2,892 | 3,659 | 5,043 |

Income Statement Analysis

- For the calendar year 1999, BCDA's total revenues amounted to P487 million or 17% lower than last year's revenues of P591 million. The significant decline of revenue growth stems from the decrease in the volume of investible funds as well as the Treasury Bills rate. Meanwhile, joint venture income posted an increase of 73% from P61 million in 1998 to P225 million registered in 1999.
- Total expenditures for the twelve-month period amounted to P557 million or 11% more than last year's level of P495 million. This was attributable to the increase in taxes, duties and fees paid for the titling of properties, cash compensation paid to the informal occupants in Fort Bonifacio and the cost of securing the area from illegal encroachment.
- Cumulative losses from operations amounted to P70 million or 173% less than last year's net income of P96 million. This was brought about by a 17% decrease in revenues as compared to the 11% increase in expenditures.
- BCDA recorded net income of P1.425 billion or 45% higher as compared to last year's income of P780 million. This can be explained by BCDA's share in the net income from its subsidiaries and affiliates, which was registered at P1.502 billion.

Subsidiaries & Affiliates



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Sergio T. Naguiat Jr. (as of Jan. 2000)
President

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CLARK INTERNATIONAL AIRPORT CORPORATION

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JOHN HAY-PORO POINT DEVELOPMENT CORPORATION

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President

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Vice President, Poro Point

Damaso E. Bangoet, Jr.
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NORTHRAIL

NORTH LUZON RAILWAYS CORPORATION

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Philippine Centennial Village
Manuel L. Almada
Estate Manager

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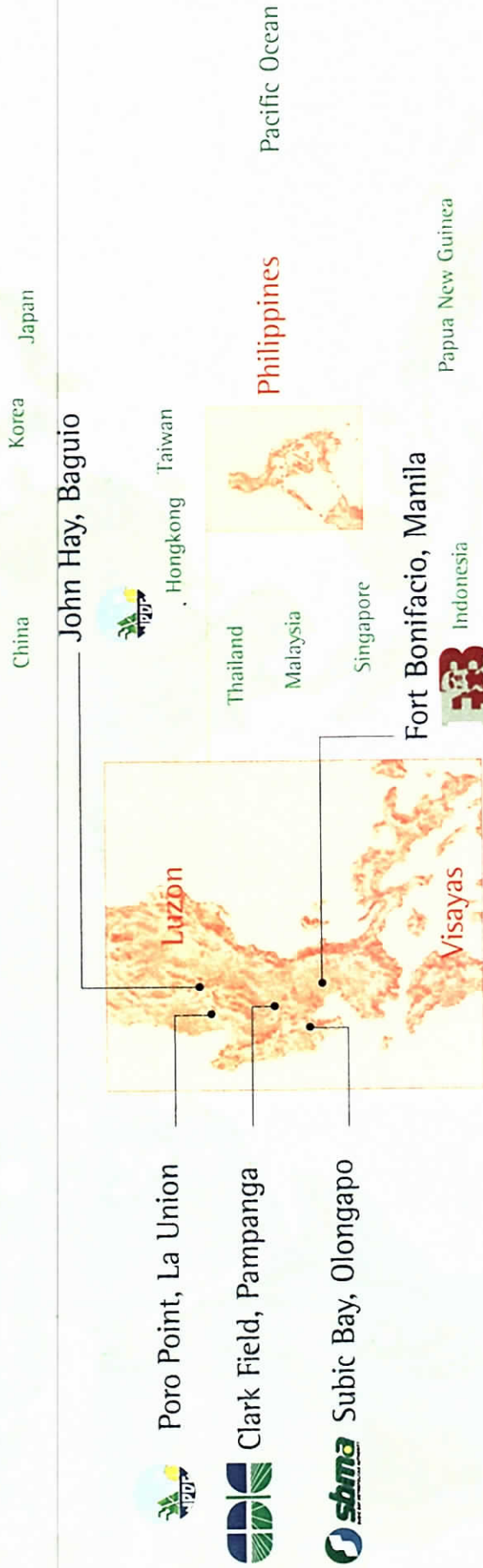
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Corazon V. Espano
Resident Auditor
Tel. No. (632)510-0412

Investors' Haven



Investors setting up their business in the special economic and freeport zones of SUBIC, CLARK, JOHN HAY, PORO POINT or MORONG enjoy government-guaranteed incentives such as:

- 5% levy on Gross Income Earned (GIE) in lieu of all national and local taxes and duties
- tax and duty-free importation of capital goods, machinery, raw materials, supplies and finished goods
- management of the zone as a separate customs territory, ensuring free flow of articles within the zone
- unlimited purchase and consumption of tax and duty-free consumer goods within the zone
- liberalized banking rules/no foreign exchange controls
- businesses within the zones may be 100% foreign-owned
- security and infrastructure of a special economic and freeport zone.

The SUBIC SPECIAL ECONOMIC AND FREEPORT ZONE, with excellent seaport facilities, is ideal for light to medium and high-tech industries.

The CLARK SPECIAL ECONOMIC ZONE, future site of a world-class international civil aviation complex, is best suited for the establishment of industrial, commercial, tourism and trade centers.

The JOHN HAY SPECIAL ECONOMIC ZONE and PORO POINT SPECIAL ECONOMIC AND FREEPORT ZONE provide the ultimate in tourism facilities as they combine the exotic pleasure of John Hay's mountain haven and Poro Point's waterfront resort with an industrial and tourism complex along the finest coastlines of Northern Philippines.

The MORONG SPECIAL ECONOMIC ZONE is being developed into an agro-industrial zone to complement Subic.

VISION

The best managed government enterprise
creating and maintaining
globally competitive and sustainable growth centers
with the participation of affected communities
and private sector.

MISSION

To effect sustainable development
through globally competitive and environment-friendly facilities
in the Clark and Subic reservations and their extensions,
and Morong in Bataan,
that enhances the productivity and ingenuity of the Filipino,
in partnership with the private sector
and in consultation with affected communities.

