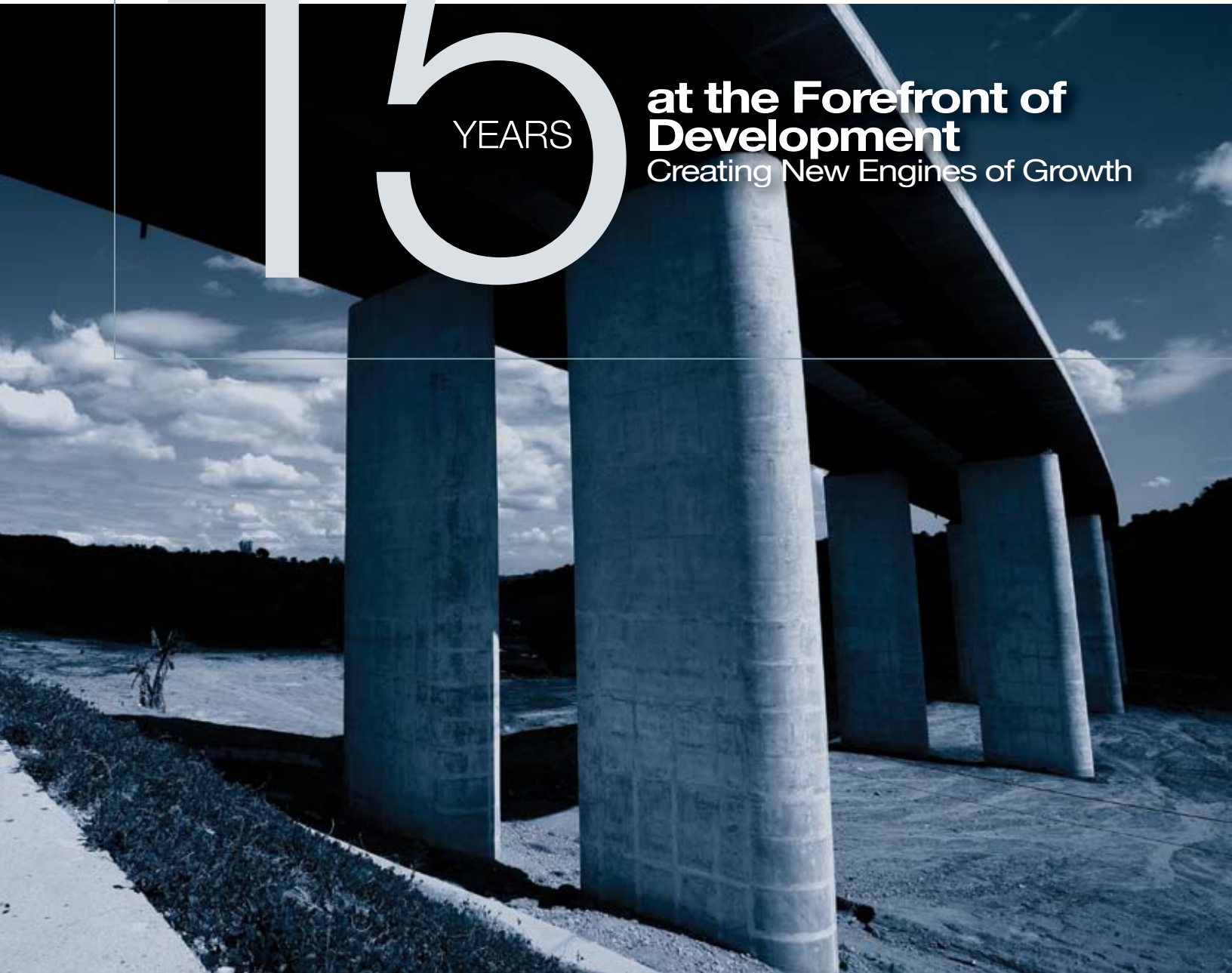


15
YEARS

**at the Forefront of
Development**
Creating New Engines of Growth



15 YEARS

Office of the President

BCDA

Bases Conversion and Development Authority

at the Forefront of Development

Creating New Engines of Growth

On its 15th year, the Bases Conversion and Development Authority (BCDA) continues to be at the forefront of development as it pursues its mandate of converting former military baselands into sustainable use for civilians. Primary on its agenda is the completion of the Subic-Clark-Tarlac Expressway (SCTEX) which will connect three major economic zones in Central Luzon—the Subic Bay Freeport Zone, the Clark Freeport Zone and the Central Techno Park in Tarlac. The opening of the expressway will generate much-needed employment to the people in the area, boosting the economy of the region and the country in general.

The theme of the BCDA 2007 Annual Report is “BCDA: 15 Years at the Forefront of Development/ Creating New Engines of Growth”. The cover displays the SCTEX – conveying the institution’s strength as seen through one of its most important accomplishments. The minimalist style and simplicity of the design conveys unity of thought and action as BCDA focuses on fulfilling its role in nation-building.

A flagship project of Her Excellency Gloria Macapagal-Arroyo, the world-class SCTEX also reflects BCDA’s forward-looking development initiatives in the former baselands that will create more investment opportunities, provide more employment for Filipinos and further ensure the country’s growth in the coming years.

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Message of Her Excellency Gloria Macapagal-Arroyo President Republic of the Philippines

Warmest greetings to the Bases Conversion and Development Authority (BCDA) on the release of your 2007 Annual Report which highlights the theme, “BCDA: 15 Years at the Forefront of Development.”

Over the years, the BCDA has evolved from its role in the disposal of assets in the former US military camps to an active development arm pursuing big-ticket projects like the Subic-Clark-Tarlac Expressway and the development of prime properties like Fort Bonifacio and Villamor Air Base through prudent project and fiscal management.

On top of this, the BCDA has also laid the foundations for more sustainable growth, provided development frameworks and consistent policy-making to attract more investments in its various subsidiaries, such as the Clark Freeport Zone, the John Hay Special Economic Zone and the Poro Point Freeport Zone. With legislative support, the BCDA also played a key role in restoring fiscal incentives and policy stability in the special economic zones under its management.

Indeed, productivity has become the hallmark of all BCDA undertakings, especially in the past year, enabling the agency to deliver on its mandate of providing much needed funds for the modernization of the Armed Forces and of becoming a significant contributor in nation-building consistent with the development goals of this administration. Truly, such extraordinary feat deserves notice and commendation.

Carry on, and I wish you more success! Mabuhay!


 GLORIA MACAPAGAL-ARROYO

Message of the Chairman

My Fellow Stakeholders,

Year 2007 for Bases Conversion and Development Authority (BCDA) showed major accomplishments and major developments undertaken at a breathtaking pace on many fronts.

The 93.7-kilometer Subic-Clark-Tarlac Expressway, the single biggest infrastructure undertaking to date for BCDA, was near completion by the end of 2007. The SCTEX is intended to be the backbone of the planned major logistics hub to be established along the corridor between Subic Bay, a major seaport, and Clark with a premier international airport.

The SCTEX has become the ultimate infrastructure tool of conversion for the BCDA and the embodiment of a promise by an administration determined to create an international service and logistics hub out of the lahar-devastated landscape of Central Luzon. Upon completion in early 2008, the SCTEX would certainly become a source of endless pride for our agency.

The task of development and conversion hardly ends with one single project. There are other major tasks at hand and the year 2007 saw BCDA fully engaged, from the SCTEX to the continuing development and disposition of assets of the former Metro Manila camps and the building of a mega city, the Global City at Fort Bonifacio which extends to the Newport City at the former Villamor Air Base, including the Ninoy Aquino International Airport Terminal III (NAIA III). Also, BCDA continues to rev up both foreign and local investors in the other special economic zones under its wings – John Hay Special Economic Zone, Poro Point Freeport Zone, Bataan Technology Park, and the Clark Freeport Zone.

I am proud to report that BCDA went beyond its conversion and development tasks in accomplishing an even more important mission in 2007—the creation of more financial opportunities for our people to achieve enduring socio-economic growth at a time when most of the world's major economies are reeling from uncertainty and fear. This contribution can never be measured in terms of the length of roads and railways built, but in the number of lives that were given a decent chance to improve their lot.

Through its Asset Disposition Program (ADP), BCDA has generated Php38.32 billion in disposition proceeds since 1994. Together with the Fort Bonifacio Development Corporation, Ayala Land, Inc. (ALI), and the Campos-led Greenfield Development Corporation, BCDA was able to showcase prime developments in the Bonifacio Global City, a growing master-planned residential, business and commercial community with world-class facilities. Among these are the 12-hectare Serendra, a residential development, and the 9.7-hectare mega-retail center, Market! Market!, which have put into place investments of Php7.5 billion and Php4.5 billion respectively by year-end 2007. Disposition efforts in the Global City are expected to yield another Php5 billion in 2008.

Another formidable joint venture partner, Megaworld Corporation, has enabled BCDA to build McKinley Hill, a 50-hectare first-class subdivision which offers prime residential lots and private villas—granting BCDA a 35% share in revenues for lots and a 21% share in revenues for condominiums. Another notable development is the 25-hectare Newport City, which will behold residential condominiums, the Marriott Hotel, and

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major leisure centers and shall complement NAIA III by offering the best in tourism and business. As of 2007, total revenues to BCDA generated from McKinley Hill and Newport City reached Php1.186 billion and Php179 million, respectively.

These and other future developments in the former military reservations showcase how public-private sector partnerships can drive the growth of world-class urban centers in the country. Among these anticipated developments are exciting milestone projects in Bonifacio Global City such as the unified Philippine Stock Exchange, the Philippines' first Mind Museum, and the Bus Rapid Transit System which will use dedicated lanes and state-of-the-art technologies linking the Makati CBD, Bonifacio Global City, and Newport City. All these bode well for BCDA as it pursues the modernization of the military while building a state-of-the-art megalopolis in this corner of Metro Manila.

The socio-economic growth indicators are clearly manifested in the number of employment created in the different economic zones outside Manila, particularly in Clark, which in 2007 registered a total of more than 52,000 workers employed, double the employment rate when the Clark Air Base was still under the U.S. military. This figure is expected to reach 92,843 workers in the next five years. Poro Point, on the other hand, has posted employment of 1,440 workers, with the biggest employer coming from Thunderbird Hotels and Resorts, Inc. Also showing a steady rise in employment generation is Camp John Hay, with its 1,436 workers, which is 16.94% higher than 2006.

In Metro Manila, the ALI-BCDA partnership was also able to create 12,500 jobs in Market! Market! and another 5,000 jobs in Serendra.

Above all these are the committed investments in BCDA-administered economic zones, which would undoubtedly translate to more employment, more export receipts, more revenues and more taxes to the national government that in turn would substantially contribute to propel the national economy forward.

Investments made and committed in Clark have already reached Php26.41 billion pesos, aside from the \$1.5 billion investment from Texas Instruments—more than half of which are already in place and with the balance to be completed in 2008.

On the other hand, investments amounting to Php1.3 billion was committed in Poro Point with actual investments generated through lease agreements at Php540 million.

In Camp John Hay, a Restructured Lease Agreement was successfully negotiated with the Camp John Hay Development Corporation (CJHDevCo), the Camp's main developer, where lease

payment obligations of CJHDevCo amounting to Php2.686 billion, including interest, were restructured to be paid over a 15-year period and coupled with lease rental payments for the current years. To ensure this, CJHDevCo entered into a Deed of Assignment with Ayala Land, Inc. (ALI), which shall directly remit to BCDA its lease rentals due CJHDevCo. ALI has committed Php3 billion in untied investments for the development of 12-hectares of Camp John Hay into a business/IT park and mixed-use commercial complex. Expected revenues from the ALI lease start at Php143 million annually and shall steadily increase over the years.

In the Bataan Technology Park, an important infrastructure was built to position the former Philippine Refugee Processing Center as a world-class leisure park. Club de Bay, a Korean firm, has committed an investment of US\$40 million for the development of a 200-hectare area into a world-class leisure and retirement facility.

Another bright area is tourism promotion, where our special economic zones attract both local and foreign visitors because of the major gateways and attractions that have been put in place, like the Diosdado Macapagal International Airport in Clark—deemed to be the premier airport of the country. Also, we have a redevelopment of the Mimosa Leisure Estate and Golf Course in Clark, the Nicklaus-designed 18-hole golf course in John Hay, and the San Fernando Airport with a major casino-hotel-golf course complex at Poro Point.

Clearly, 2007 is a significant milestone for the Bases Conversion and Development Authority. This was the year that enabled us to collectively focus on the tasks at hand and for us to have moved forward more decisively. It is the year marked by the passage of two vital legislations that restored fiscal and tax incentives to our locators in our special economic zones.

Indeed, it will be quite a feat to surpass the productivity and quality of BCDA's accomplishments in 2007, but we have proven time and again that in the face of daunting challenges, the men and women of the BCDA will always be at their very professional best.

More power to all of us!



ALOYSIUS R. SANTOS
Chairman



Message of the President and Chief Executive Officer

I am proud to report that the Bases Conversion and Development Authority (BCDA) made significant gains in 2007 that are truly noteworthy for they not only ensured the long-term viability of the special economic zones in the former US military bases that are under the Authority; they also proved that the BCDA has become a catalyst for national development, with a determination borne out of the challenges and long experience in overseeing the enormous task of transforming the former military facilities into productive civilian use.

Indeed, I shall always consider the year 2007 as the BCDA's coming of age. We have become more purposeful in our undertakings, big or small, and more conscious of our capabilities as an organization. We have learned, achieved and delivered, and have grown more confident and more focused as a result.

Easily the year's hallmark is the passage in March of the twin remedial laws that restored the tax and fiscal incentives for our locators and investors in the special economic zones in Clark, John Hay, Poro Point and Bataan, without which our conversion efforts would not have derived the greatest benefits for our development partners and stakeholders.

And, with our locators secure, we turned our energy and attention to our biggest flagship project to date, the Subic-Clark-Tarlac Expressway (SCTEX). With so much at stake, not only for the BCDA but for the entire country as well, pressure was mounting with every passing day to deliver this critical infrastructure on time. The final outcome, of course, is a delight and a source of pride for every one of us.

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The numbers in our financial books would bear out how the SCTEX became the central focus of our attention since 2004, and into 2007. The unfolding instability in the US economy by the second half of the year was sending jitters throughout the whole world, destabilizing currencies and exchange rates the world over and, as consequence, caused much financial uncertainties for our showcase toll road project. Despite all these, we soldiered on, aware of the dire consequences should we falter. The difficulties, however, merely strengthened our resolve and as a result the BCDA came out a much better and more determined organization.

Notwithstanding the concentration of resources for the SCTEX, the BCDA and its subsidiaries still contributed significantly to the national economy in 2007. Joint venture and sales proceeds from BCDA properties reached Php867.4 million during the year, while receipts from Fort Bonifacio Development Corporation (FBDC) dividends, receivables from Pacific Plaza Towers and the Department of Public Works and Highways (DPWH), Miscellaneous Income and Interest Income, among others, totaled Php793.58 million.

Bulk of BCDA's cash flow in 2007 came from the proceeds of its loan from the Japan Bank for International Cooperation (JBIC) for the SCTEX project totaling Php10.53 billion. The amount, however, falls short of the expenditure level for the SCTEX, which in 2007 reached Php12.16 billion. As a result, the BCDA overall registered a cash deficit of Php220.81 million, although it still ended the year with a positive Php2.64 billion cash balance through revenue-generation from other assets and prudent management of expenditures.

More significantly, BCDA generated Php790 million in revenues from its asset disposition program in 2007, enabling it to remit Php115 million for the Armed Forces of the Philippines (AFP) Modernization Program and another Php546 million for site development and relocation expenses for the Metro Manila camps. The 2007 infusion brought to Php16.43 billion its contribution for

the AFP Modernization Program and Military Replication activities, while site development and relocation expenses hit Php6.806 billion.

Development and conversion activities meanwhile continued on all fronts, with at least five major properties considered for disposition in Fort Bonifacio alone. Some of these properties were successfully leased out during the year, while the rest remained in the planning and negotiation stages for future agreements that would produce maximum yield and value for BCDA assets.

The SCTEX, as already mentioned, got ample focus during the year, as we awarded the interim contract for its Operations and Maintenance to a consortium led by the Lopez Group. Likewise, additional interchanges were approved, as well as pedestrian and vehicle overpasses in Tarlac province.

Our conversion program became more pronounced at the Poro Point Freeport Zone, where a golf course and a hotel project were started, and actual work for the Php565-million upgrading of the San Fernando Airport commenced in earnest. At Camp John Hay, the developer committed Php6 billion to develop a leisure estate and a revised lease agreement was initiated. At the Bataan Technology Park, a 200-hectare property inside the zone was leased for the development of yet another golf course and retirement homes, among others.

Clearly, we hit our stride in 2007. We have created momentum, and laid down more firm ground to continue building on. It is only a matter of time before the BCDA, more mature and more disciplined, charts newer paths in pursuit of its destiny as a bringer of responsible and forward-looking development initiatives.

Mabuhay!



GEN NARCISO L ABAYA (RET)
President and Chief Executive Officer

15 YEARS

Office of the President

BCDA

Bases Conversion and Development Authority

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For an agency entrusted with the gargantuan task of converting and developing former US military bases and military camps in Metro Manila into productive civilian use, the Bases Conversion and Development Authority has kept a relatively low profile. It has been a most productive and fruitful fifteen years since the BCDA was established, and many Filipinos simply do not realize just how far its conversion and development work has gone.

On its 15th anniversary, the BCDA looks back to the years of its pioneering and tireless endeavors with nostalgia and pride, having quietly yet effectively spearheaded the transformation of the former US baselands and the successful conversion of the Metro Manila military camps that effectively catapulted the agency in the forefront of the country's march towards economic development.

The numbers from BCDA's contribution to national progress are, to say the least, staggering. It has realized a total of Php38.32 billion from its asset disposition program in the past 15 years, or an average of more than Php2.5 billion per year, and more than Php16.4 billion of this has gone directly to the Armed Forces of the Philippines for its modernization program and replication of facilities.

More significant than the billions it remitted to the National Treasury, however, is the scope and quality of development that the BCDA has brought to fruition. Thousands upon thousands of Filipinos have found productive jobs and livelihood opportunities in Clark, John Hay and Poro Point, not to mention the world-class property developments that have distinguished the present Fort Bonifacio and Villamor Air Base. To think that these former military installations used to be non-productive assets for civilians, one can easily quantify BCDA's contribution to the national economy during the past 15 years in the simplest terms: job creation.

Another important, and perhaps more dynamic, BCDA contribution to nation-building is the creation of attractive investment destinations in Clark, John Hay and Poro Point that allowed the Philippines to position itself as a strategic player in the global economy by developing strategically-located special economic zones with virtually inexhaustible pools of skilled, English-speaking workers. These economic zones are expected to become even more competitive in the years to come with the advent of better infrastructure facilities and more attractive incentive schemes and overall investment environment that the BCDA is continuously working on to provide and sustain.

On top of creating livelihood opportunities for our fellow Filipinos and world-class destinations in the former military lands, the BCDA has, at the same time, become an active player in employment generation with its continuing development thrusts, foremost of which is the Subic-Clark-Tarlac Expressway. The agency's involvement in such development undertakings is a clear and unmistakable signal that BCDA has made the seamless transition from the task of baseland conversion to the more difficult and more complex role of development catalyst in the countryside.

This move into the development sphere will never, in any way, be a walk in the park. Yet judging by BCDA's track record in the past 15 years, neither will it be a blind foray into the unknown. The agency has diligently and carefully charted its moves every step of the way, and the next fifteen years should likely put the Bases Conversion and Development Authority farther and farther into the forefront of the country's socio-economic development. It should be a familiar role, by then.



15

YEARS

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MILESTONES

92



- President Corason Cojuangco-Aquino signs on March 13, 1992 Republic Act 7227 or the Bases Conversion and Development Act of 1992.

93



- Clark Development Corporation (CDC), through Executive Order No. 80 (E.O. 80), and John Hay Development Corporation, through E.O. 103, were created as BCDA subsidiaries to manage Clark Air Base and Camp John Hay—with an initial equity investment of Php25.5 million and P30 million respectively. E.O. 103 will be subsequently amended by E.O. 31 to include the development of Wallace Air Station in Poro Point, La Union.
- BCDA makes first sale of Fort Bonifacio land to Philippine National Oil Company (PNOC) and the Department of Energy (DOE) for Php307 million; JUSMAG property in Quezon City is sold for Php175 million.
- Wallace Air Station and its contiguous areas are created as the Poro Point Special Economic and Freeport Zone (PPSEFZ) by virtue of Presidential Proclamation No. 216.

94



- BCDA starts the Heritage Park Project, an exclusive memorial park in Fort Bonifacio and receives Php500 million as advance payment from the sale of Heritage Park Investment Certificates (HPICs); first tranche of this project generates a total of Php2.5 billion.
- Clark is designated as site of a premier international airport through E.O. 174; Clark International Airport Corporation is established as a subsidiary of the CDC to manage the Clark Aviation Complex, through E.O. 192; A portion of Camp John Hay is designated as the John Hay Special Economic Zone (JHSEZ), by virtue of Proclamation No. 420.

95



- "Deal of the Century" takes place when BCDA enters into a joint venture with the Metro Pacific Consortium (MPC) for the privatization of 150 hectares of Fort Bonifacio realizing Php30.4 billion. This creates the Fort Bonifacio Development Corporation (FBDC), the largest corporation registered with the Securities and Exchange Commission at the time.
- Completes and approves the masterplan of the 440-hectare Fort Bonifacio; finalizes the Master Development Plans for John Hay, Poro Point and Villamor Air Base (VAB)
- BCDA Holdings, Inc. (BHI) was incorporated on April 12, 1995 and subsequently renamed BCDA Management and Holdings, Inc. (BMHI).
- Begins the replication of the Villamor Air Base VIP Apron and taxiways through the Philippine National Construction Corporation
- Completes the Philippine Centennial Village for affected communities in Fort Bonifacio under BCDA's Housing and Relocation Program (HRP)

96



- BCDA privatizes Camp John Hay through a lease agreement with FI-Estate Consortium. An advance lease payment of Php250 million was paid and starting lease was Php425 million.
- Creation of the Bataan Technology Park, Inc. (BTPI), through Proclamation No. 984, with an initial budget of Php100 million, to manage the conversion of the former Philippine Refugee Processing Center into a technology park
- BCDA invests Php462 million for the installation of airport equipment and construction of interim passenger terminal at the Clark International Airport (now, the Diosdado Macapagal International Airport). The maiden flight from Clark to Hong Kong took place in June.
- Yokohama Tire Philippines, Inc. (YTPI), a locally based Japanese tire manufacturing firm, puts up shop in Clark. Yokohama has been consistently one of the top exporters of the zone.

97



- BCDA takes over the management of the San Fernando Seaport at Poro Point from the Philippine Ports Authority
- Commences the Php117-million Mabalacat-Clark Spur Road, which involves the construction of a four-lane expressway from the North Luzon Tollway to Clark, and the Php776-million Fort Bonifacio-Kalayaan/EDSA-Buendia Flyover, a joint undertaking with the FBDC and the Department of Public Works and Highways (DPWH), which provides a direct link between Makati and the Bonifacio Global City
- Begins negotiations with the United States Embassy for the turnover of the Voice of America facility in Camp John Hay
- BCDA signs MOA with FBDC and Smart Communications, creating the Bonifacio Communications Corporation that will undertake communications infrastructure in the Bonifacio Global City.

01



- BCDA receives Php648 million from the Development Bank of the Philippines from the sale of reserve tranche of HPICs and Php280 million advance from the 25-year lease in BGC for the Manila Japanese School.
- BCDA enters into a loan agreement with the Japan Bank for International Cooperation (JBIC) for the funding of the Subic-Clark-Tarlac Expressway (SCTEX). The loan accounted for 85% of the project cost of Php27.123 billion, with BCDA funding the local equity.
- BCDA completes the Php108-million backdoor access road connecting the Bataan Technology Park with the Subic Freeport Zone.
- BCDA, CDC and the Subic Bay Metropolitan Authority (SBMA) sign a MOA for the creation of the Subic-Clark Alliance for Development (SCAD) that calls for the alignment of long-term development goals of Subic and Clark economic zones.

02



- BCDA leases the Institutional Area in Bonifacio Global City to the British School Manila and International School Manila. Each property is expected to yield total lease revenues of Php500 million and Php927 million for 25 years, respectively.
- BCDA completes the Sampaguita East On and Off Ramps. These two road connections will provide access to and from Bonifacio Global City and C-5 Road.
- BCDA receives US\$3.3 million for the lease of the 15-hectare Voice of America (VOA) in the Poro Point Freeport and Special Economic Zone.
- JPDC is split into Poro Point Management Corporation (PPMC) and John Hay Management Corporation (JHMC) by virtue of E.O. 132.
- United Parcel Service (UPS) starts operation in Clark with an investment of US\$300 million.
- BCDA turns over 96.08 hectares of land and housing projects for socialized housing to the Housing and Urban Development Coordinating Council (HUDCC) by virtue of E.O. 70, as amended by E.O. 465.

03



- BCDA partners with Alliance Global Group, Inc. for the development of the 25-hectare Lawton Parkway, site of McKinley Hill Subdivision in Fort Bonifacio. Advance paid to BCDA for the joint venture was Php942 million.
- BCDA awards the 11.66-hectare Lot B to Ayala Land Inc. (ALI) which will subsequently be the site of residential development called Serendra. ALI paid an advance of Php700 million to BCDA for the joint venture.
- BCDA partners with Megaworld Corporation for the joint development of the 24.5-hectare Villamor Gateway Center into the Newport City. Megaworld undertakes to advance Php624 million replication expenses for affected Philippine Air Force (PAF) facilities.
- ALI and Greenfields Development Corporation buys out MPC as majority private partners of BCDA in the development of Bonifacio Global City.
- Launches the SCAD caravan in Bulacan, Pampanga, Tarlac, Aurora, Nueva Ecija, Bataan and Zambales. Central Luzon (CL) is earmarked as the site of a new economic growth corridor as outlined in the CL Development Plan and the 12-point economic agenda for Region III by the Regional Dev't Council
- E.O. 186 re-establishes the CIAC as a subsidiary of the BCDA.

04



- BTP signs up first commercial locator—Hokei Subic Corporation which leased 5,000 square meters of land for agro-aqua industrial use.
- BCDA sells prime properties—Bonifacio South Lots 4 & 5 to Century Properties, Inc. for Php200 million, Camp Bago Bantay to Bellevue Properties for Php646 million and SRDP to Megaworld Corporation for Php487 million all in the first quarter.
- BCDA turns over Php639 million to the Armed Forces of the Philippines (AFP) bringing to Php16 billion total remittance to the AFP for the financing of the AFP Modernization Program and replication of military facilities. This represents 44% of total generated revenues from the disposition of Metro Manila camps under its Asset Disposition Program.
- Opens in September Bonifacio Global City's first mega-retail center—Market! Market!
- BCDA awards Contracts for the Construction of SCTEX, consisting of Package 1 (Subic to Clark) and Package 2 (Clark to Tarlac) to the consortium of the Kajima-Obayashi-JFE Engineering-Mitsubishi Heavy Industries Co. Ltd (KJUM) and the Hazama-Taisei-Nippon Steel (HTN), respectively; SCTEX civil works cost of Php21 billion is approved by the National Economic Development Authority.
- BCDA breaks ground for the following projects: the Php2 billion Diosdado Macapagal International Airport (DMIA) Passenger Terminal Expansion Project in Clark; and the 12-hectare Serendra Project in Bonifacio Global City.

05



- Groundbreaking of the 93.77-kilometer SCTEX on April 4, 2005
- The Diosdado Macapagal International Airport (DMIA) showcases full-scale operations of low cost carriers such as Tiger Airways, Air Asia Berhad, Asiana Airlines that conduct regular flights to major destinations Singapore, Macau, Malaysia, Korea, Taipei, Hong Kong and China.
- BCDA signs MOA with the Department of National Defense and Armed Forces of the Philippines for replication of Philippine Air Force (PAF) facilities affected by the developments in Villamor Air Base.

98



- BCDA creates holistic communities to serve the needs of those displaced by its various development projects such as the 2,880-unit Diego Silang Village, the 1,140-unit Philippine Centennial Village, the 8.7-hectare Project Dreamland in Taguig, the 50-hectare Philippine Army Village in Capas, Tarlac and the replication of the 5-storey, 200-bed Philippine Army Hospital; BCDA also establishes Task Force Hanapbuhay to provide livelihood assistance to relocated families.
- In June 1998, the Php95-million interim passenger terminal of the Clark International Airport was completed. It can accommodate up to 350 passengers per hour.
- Creation of John Hay-Poro Point Development Corporation (JPDC), through E.O. 31, which amended E.O. 103, making JPDC the implementing arm of BCDA in the JHSEZ and the PPSEFZ

99



- BCDA signs agreement for the turnover to BCDA of the 31.83-hectare Voice of America Property in Camp John Hay.
- Turns over 63.3-hectare site at Villamor Air Base to the Manila International Airport Authority for the construction of the Ninoy Aquino International Airport (NAIA) Passenger Terminal 3
- Completes the detailed engineering design for the 82-hectare Institutional Area in Fort Bonifacio and the master development plan for the Villamor Air Base
- BCDA enters into a Pre-Incorporation Agreement with JPDC and Bulk Handlers, Inc. creating a joint venture—the Poro Point Industrial Corporation—which is tasked to develop and manage the Poro Point Freeport and Special Economic Zone; BCDA finances construction of the Php53.39 million Pennsylvania Avenue and the Php59.38 million Pier II extension in the Poro Point Freeport and Special Economic Zone
- Nanox Philippines, Inc. invests in Clark with a capital of Y350 million.

2000



- BCDA makes another landmark deal for the 25-year lease of a 9.8-hectare lot in the Bonifacio Global City to Ayala Land, Inc. (ALI) which will subsequently be the site of Market! Market! This generates a fixed lease of Php117 million a year and a variable lease payment of 10% of gross revenues from the mall that is expected to reach Php3.68 billion in 10 years. ALI paid an advance of Php700 million.

06



- BCDA turns over replicated military facilities in Villamor Air Base (VAB) worth Php59.72 million to the PAF.
- Installation of the first pair of giant steel beams for the Pasig-Potrero Bridge on June 30, and the first steel girder of the Sacobia-Bamban bridge, the longest bridge of the SCTEX on July 3.
- Groundbreaking of the Toll Operations Center Building (TOCB) in Mabalacat, Pampanga on June 9.
- BCDA recovers 35.5-hectare JUSMAG area in Fort Bonifacio following Supreme Court reversal of a Court of Appeals (CA) decision which earlier ruled in favor of the Southside Homeowners Association Inc.'s (SHAI's) claim as area owners. This prime property is located at the back of Forbes Park.
- JHMC signs a Registration Agreement with the Philippine Economic Zone Authority (PEZA), following the issuance of Proclamation No. 1191 which created and designated the JHSEZ as a Special Tourism Economic Zone in the City of Baguio.

07



- On March 20, 2007, Republic Act 9399 and 9400 were signed into law, according locators in Camp John Hay, Clark Special Economic Zone, Poro Point Freeport Zone and Bataan Technology Park with tax amnesty and restoring tax- and duty-free incentives.
- SCTEX reaches 95-percent completion and announces construction of three additional interchanges—Clark South Interchange, the Porac Interchange and the Floridablanca Interchange
- BCDA inks Php4-billion Syndicated Term Loan Facility with creditors Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), Metropolitan Bank and Trust Company (MBTC) and First Metro Investment Corporation (FMIC). The loan will finance BCDA's equity counterpart of the SCTEX.
- BCDA inks lease contract with Systems Technology Institute for the development of the 2,632-square meter Campus Gateway in the Bonifacio Global City; Korean firm Club de Bay commits an investment of US\$40 million for the lease of 200 hectares of the BTP; US-based semiconductor Texas Instruments breaks ground in the Clark Freeport Zone for its US\$1 billion dollar expansion project.

- BCDA awards the interim SCTEX Operations & Maintenance (O & M) Contract to the joint venture group composed of First Philippine Holdings Corporation (FPHC), Egis Road Operation, and Tollways Management Corporation (TMC) on December 20.
- DMIA welcomes its one millionth passenger arrival from Asiana Airlines, the first carrier to locate in Clark in December 2003.
- ALI's latest development venture in BGC, the 36-hectare Bonifacio High Street, opens in March. The place features a kilometer-long boulevard of greenery lined with novel retail, office centers and beautiful sculptures.

- BCDA, FBDC, ALI-Campos Group and the City of Taguig map out a new master development plan that will position Bonifacio Global City as one of Metro Manila's most promising development as the "home of passionate minds."
- ALI launches in October the dining and retail hub of Serendra.



Building Paths Towards New Centers of Growth

By the end of 2007, BCDA'S flagship project, the Subic-Clark-Tarlac Expressway (SCTEX), was more than 90% complete and well-positioned for commercial opening within the first quarter of the following year.

With the anticipated opening, BCDA awarded an interim Operations and Maintenance (O & M) contract for the 93.77-kilometer toll road to the consortium of First Philippine Holdings Corporation, EGIS Road Operation, and Tollways Management Corporation. The contract is for

six months beginning 16 March 2008. Selection of the regular 10-year O & M service provider is also slated in 2008 when the toll road begins commercial operations.

Under the six-month contract, the O & M service provider is in charge of toll road collection, traffic safety and security management, toll road maintenance, including greenery and landscaping, management services, and all necessary support services for the expressway.

Subic-Clark-Tarlac Expressway (SCTEX)

FEATURES

- 11 Interchanges
- 4 Major bridges
- 29 Minor bridges
- 10 Overpasses
- 44 Underpasses
- 303 Drainage culverts
- Toll Plazas
- Traffic Control Systems
- Assistance Centers



- SCTEX
- NLEX
- MacArthur Highway
- Tarlac-La Paz-Sta.Rosa Road
- Roman Highway
- Concepcion-Magalang Road
- Olongapo-Gapan Road
- Panday Pira Road

- Operational by 2009
- Fully Operational
- Bridge

Pasig-Potrero Bridge, one of the four major bridges of the SCTEX



Sacobia-Bamban Main bridge, longest bridge at 1.16 km.



Gumain Bridge highest bridge at 150 ft



Tipo Interchange



Dinalupihan Interchange

Expanding the Road Network

BCDA sought to enhance the functionality of the SCTEX in response to requests by both national and local government units and various stakeholders for direct access to the expressway.

Three interchanges—the Floridablanca Interchange in Floridablanca, Porac Interchange in Dolores, and the Clark South Interchange in Mabalacat—and two overpasses

are scheduled for construction by the first quarter of 2008. These additional components cost Php1.1 billion, funded through a supplemental loan of Php6.5 billion from the Japan Bank for International Cooperation (JBIC), the source of the original yen loan for the SCTEX.

To address the concerns of project-affected barangays in the Clark-Tarlac segment, BCDA entered into a Memorandum of Agreement with the Municipality of Concepcion in

Tarlac for the construction of eight overpasses and service roads. These structures will serve as farm crossings since the SCTEX sliced through productive farmlands in some areas of the town. The overpasses and service roads are scheduled for completion by the 2nd quarter of 2008, with BCDA earmarking Php19.86 million for them.

Speedy, Comfortable Travel

The SCTEX is set to become the country's longest world-class toll road. More importantly, its completion would signal the realization of the Arroyo administration's vision for a Subic-Clark corridor to establish an international services and logistics hub in Central Luzon and accelerate economic development of the region and nearby provinces.

With the SCTEX, travel time is reduced to only 40 minutes from Clark to Subic, and 25 minutes from Clark to Tarlac. Savings are expected from the reduction of travel time, fuel, vehicle maintenance costs as well as the overall cost of doing business with the new toll road.

The SCTEX is a four-lane divided expressway traversing the provinces of Zambales, Bataan, Pampanga and Tarlac. Its main objective is to provide a direct link between the Subic Freeport Zone in Zambales and the Clark Freeport Zone in Pampanga, all the way to the emerging Central Techno Park in Tarlac.

The Subic-Clark corridor is part of the government's 10-point priority agenda for development. With the SCTEX as a national flagship project, the BCDA has furthered the development of the two former US military bases and their surrounding areas by providing a direct and convenient road connection

between Subic and Clark. Additionally, stakeholders expect the SCTEX to contribute significantly to tourism development and promotion by opening and providing easy access to the many tourist and leisure destinations along the path of the new expressway.

Roadway to Clark and Dinalupihan



Jalung Area



Caulaman Bridge



Roadway to Porac, Pampanga



Enhancing Competitiveness in the Super Regions

A notable development in BCDA's conversion program in 2007 is the passage in March of the two major remedial legislations that restored fiscal and tax incentives to locators in the various special economic zones under the agency's administration.

Republic Act No. 9399 declared a one-time amnesty on certain tax and duty liabilities of businesses operating within special economic zones. R.A. 9400 explicitly declared the Clark and the Poro Point Zones as freeports and also clearly granted tax incentives to special economic zones created under R.A. 7227, and amended R.A. 7227, the original law that created the Bases Conversion and Development Authority in 1992. Passage of the two laws was urgently required after the Supreme Court

ruled that the original BCDA Act of 1992 did not explicitly provide for incentives and tax privileges for Clark, John Hay, Poro Point and Morong Special Economic Zones that were otherwise granted to Subic under R.A. 7227, resulting in much uncertainty to locators and investors in the four special economic zones.

Signed by President Arroyo in Clark on March 20, 2007, the twin laws restored confidence among the investors and locators, and enabled BCDA and its subsidiaries to pursue their tasks of providing more opportunities to enhance competitiveness in the super regions that President Arroyo outlined in her State of the Nation Address.



Manels Leather Asia, Inc.



Kita Corporation



Luen Thai

The Clark Special Economic Zone has been an employment haven for millions of Filipinos. Shown with the top exporters of the zone—Yokohama and Amertron—are other zone locators.

Clark Freeport Zone

The passage of the law restoring fiscal and tax incentives to locators and investors in the special economic zones, the declaration of Clark into a Freeport Zone, and the subsequent presidential pronouncement naming the Diosdado Macapagal International Airport as the country's international gateway to the world have made 2007 a breakthrough year for the Clark Freeport Zone.

To address the growing lack of available lands for lease, especially for big locators, the Clark Development Corporation (CDC) entered into a Joint Management Agreement (JMA) with tribal communities belonging to the Bamnan Aeta Tribal Association. This gave CDC the authority to manage some 10,684 hectares of Aeta land for 75 years. After 75 years, all developments in the Aeta ancestral lands revert to the tribal communities.

Employment

The Clark Freeport Zone continued its strong and positive employment creation trend for the seventh straight year with 52,010 jobs registered by the end of 2007, which is 9.54% higher than the number of jobs created in 2006.

The increase in Clark's 2007 figures is attributed to major locators like L&T International Group Philippines and Amertron, Inc. which raised their workforce by 341 and 173, respectively. In the Business Processing Outsourcing (BPO) sector, Sutherland Global Services, Phils. hired an additional 1,853 agents while Intellirisk Philippines Inc. increased its manpower with 725 new personnel.

Exports and Imports

Total exports from Clark in 2007 amounted to \$884.46 million, 24% less compared to its \$1.16 billion export value in 2006. The decline which is attributable to foreign exchange dynamics than loss in competitiveness affected even top exporters like Nanox Philippines,

even as it remained as the top exporting firm for the year. Export volume remains unaffected even in the midst of the financial market uncertainties in the world's major economies that started in the middle of the year.

Although Clark-based companies' importation is 10.75% higher than the 2006 level, their \$832.16 million import receipts is still significantly lower than their total exports above, preserving Clark's performance as a positive net exporter.

Investment Contracts Signed

Perhaps the most significant barometer of the continuing importance of Clark as an investment destination is the fact that in 2007, a total of 118 investment contracts were processed, signed and approved, out of which 67 were new leases, sub-leases and expansions, while the rest are renewals. These contracts represent committed investments amounting to Php7.65 billion in the first year of operations. The investment contracts also reflect the growing trend in the types of businesses that sustain and grow Clark as an investment haven, with IT business ventures committing Php4.73 billion in investment, and tourism-related ventures with Php1.26 billion worth of investment commitments.

Revenues Generated, Taxes Remitted

Clark Development Corporation generated revenues of Php801.3 million from its 2007 operations. Out of the amount, Php439.71 million represents Rent Income, Php333.77

million represents Other Business Income, while Php15.72 million came in the form of Service Income and Php12.13 million was generated from Permits and Licenses.

Clark also remitted Php1.66 billion in taxes to the National Government with Php1.03 billion collected by the Bureau of Internal Revenue and Php628.75 million collected by the Bureau of Customs – Port of Clark.

Airport Operations, Tourist Arrivals

The Diosdado Macapagal International Airport recorded a uniform 1,975 arriving and departing international flights in 2007, with 241,954 arriving passengers and 248,015 passengers departing. Domestic flights, meanwhile, totaled 613 arrivals and 610 departures for the year.

Meanwhile, a total of 614,542 tourists were registered visiting Clark broken down as follows: 149,372 during the 1st quarter, 143,582 in the 2nd quarter, 145,453 in the 3rd quarter, and peaking at 176,135 in the fourth quarter coinciding with the Christmas holiday season.

The DMIA is now being prepared to become the country's premier gateway. It houses one of the biggest aviation complexes in Asia, with its two 3.2-kilometer parallel runways, and is equipped with a Terminal Radar Approach Control, Complete Airfield Lighting System and Meteorological Equipment, among others.





Camp John Hay is a world-class eco-tourism destination with its lush forest reserve that has been preserved and maintained through the years.

John Hay Reservation Area and John Hay Special Economic Zone

Camp John Hay (CJH) in Baguio City was formerly an air station and a rest and recreation area of the United States military services in the Philippines.

However, pursuant to Republic Act 7227, the Bases Conversion and Development Authority, through its implementing arm, the John Hay Management Corporation (JHMC), adopted a “plan for the sound and balanced conversion of Camp John Hay consistent with ecological and environmental standards, into other productive uses to promote the economic and social development of Central Luzon in particular and the country in general.”

By virtue of Executive Order No. 62, CJH was “preserved, maintained, enhanced and developed as a forest watershed and tourist destination.” As JHMC endeavored to maintain the Camp’s natural attributes, it sought the expertise of the private sector to develop its facilities and maximize its potential for both local and foreign tourism.

Apart from this, the Camp was also designated as a human resource development center, as mandated by Proclamation No. 198.

Through Proclamation No. 420, the 301-hectare John Hay Special Economic Zone (JHSEZ) was developed out of the 695-hectare Camp John Hay and provided tax incentives as allowed by Republic Acts 9399 and 9400.

Tourism, Human Resource Development and Socio-Economic Investments

The JHMC has been responsible in successfully transforming CJH into a premiere mountain tourism haven, promoting an ecologically balanced environment and respecting the diverse cultures that have been the hallmarks of this unique tourist and investment destination.

Since 1996, CJH has steadily attracted an increasing number of varied groups of tourists, visitors, environmentalists, and investors.

In 2007, the Camp maintains its stature as the country’s premier environmental tourism destination—attracting more tourists and investors.

Aside from Camp John Hay Development Corporation (CJHDevCo) and its group of sub-lessees and the Asian Institute of Management, the JHMC leased, in 2007, other CJH properties to the Philippine Economic Zone Authority (PEZA) and the Intercontinental Hotels Group.

Revenues generated from CJH operations reached Php10.98 million in 2007, mostly in rental income amounting to Php7.36 million, with the enterprises at JHSEZ bringing in Php3.04 million.

As of December 2007, the JHSEZ has generated Php2.83 billion in investments, mainly from its four major locators: the CJHDevCo with Php1.69 billion; Camp John



The Camp offers the best in accommodation and leisure. Shown are some of the most popular leisure centers in the Camp—the five-star Manor Hotel, the Bell House Amphitheater, and the 18-hole golf course.

Hay Golf Club, Inc., Php1 billion; Camp John Hay Hotel Corporation, Php98.37 million; and Inbound Pacific Inc., Php40.83 million.

Further, BCDA and CJHDevCo resumed negotiations for the restructuring of Php2.5 billion lease arrears. Hence, lease collection may resume by 2008.

Employment at the JHSEZ reached 1,436 by the end of 2007, an increase of 16.84% compared to 2006. Of the total, 93.52% are residents of the Baguio-La Trinidad-Ilogon-Sablan-Tuba (BLIST) Metro Area, in compliance with condition No. 8 of City Council Resolution No. 362 s. 1994, also known as the Nineteen Conditionalities for the development of Camp John Hay.

A total of Php64.3 million in taxes was also collected from JHSEZ's registered enterprises and remitted to the National Government during the year.

Tourists visiting Camp John Hay, on the other hand, reached 111,517 in 2007.

Environment and Forest Management

Notwithstanding pressures, JHMC continues to abide by its environmental mandate under EO 62:

“Section 6. ENVIRONMENT. – A permanent total log ban shall be applied in all military reservations and extensions which shall allow supervised cuttings to prevent forest fires compatible with judicious management of the forest. These cuttings shall require prior approval of the operating authority or subsidiary tasked to manage the facility and/or area.

Environmental impact assessment studies shall be required of all major projects which could affect the environment.”

In this regard, JHMC continues to work closely with the Department of Environment and Natural Resources (DENR) in reviewing

and rationalizing environmental policies and in enforcing DENR environmental rules and regulations at CJH.

To protect the forest reservation, JHMC conducted with the DENR the monitoring and regulation of the status of solid and hazardous waste materials in the golf course and watershed areas of the Camp. Other activities monitored were: the sanitation cutting of dead pine trees within the leased area in coordination with the Forest and Watershed Monitoring Team (FWMT); the survival rate of trees planted by CJHDevCo in 2006; and the ongoing construction of the Materials Recovery Facility and storage area of chemical containers for the golf course.

Thirty establishments were inspected for compliance with environmental laws and policies, with 27 Certificates of Environmental Compliance (CEC) and three (3) temporary CECs issued to new establishments in 2007.

Other Activities

To facilitate the issuance of permits and certifications for locators inside the reservation, JHMC established the One-Stop-Action Center (OSAC) to process such documents as permits to bring in consumables with commercial values inside John Hay, as well as permits to bring anything out of the Camp John Hay Special Economic Zone. The OSAC likewise issues Certificates of Registration for qualified locators to enjoy the tax incentives under R.A. 7227 and Accreditation Certificates for establishments that desire to locate within the Special Economic Zone without the tax incentives.

JHMC also created the Office of Civil and Building Works (OBCW) to monitor compliance with the National Building Code and its revised Implementing Rules and Regulations. A Building Official for the JHSEZ was deputized by the Secretary of the Department of Public Works and Highways and confirmation of the appointment of the Building Official was issued on May 31, 2007.

Lease Agreements in Camp John Hay:

(a) Camp John Hay Development Corporation (CJHDevCo)

- 25-year lease agreement (renewable for 25 years) in 1996;
- Covers lease of 247 hectares of CJH which now house the following enterprises: The Manor, a 188-unit condotel; The Suites, a 287-unit hotel; golf-course; College Assurance Plan (CAP) Convention Center, with a 2,000-seat capacity; Mile-High Center commercial complex; log cabins, country homes and forest estates; and the Quirante Recreational and Amusement Center;
- Annual lease payment is Php425 million per year for the first five years and Php150 million or 5% of gross revenues, whichever is higher, per year for the rest of the lease term;
- To date, a total of Php825 million has been collected from CJHDevCo; negotiations are being made for payment of unpaid rentals, interests and surcharges.

(b) Philippine Economic Zone Authority

- 25-year lease agreement in 2006 (renewable for 25 years);
- Covers the lease of six hectares in Lot 15, within JHSEZ;
- Will soon house an Information Technology (IT) Park—expansion area of Moog, Inc., a multinational IT corporation.

(c) Lease of the 500-seater Asian Institute of Management Conference Center

(d) Intercontinental Hotels Group

- Five-year lease agreement forged in 2007;
- Covers 1,836-square meter two-storey building, within a 5,000-square meter lot inside the JHSEZ;
- Currently houses IHG's Global Reservations Center for 234 employees;
- Lease payment is Php10.8million/per year for 5 years.



Poro Point is fast emerging as a prime location for trade and investments with the presence of an airport and seaport in the zone.

Poro Point Freeport Zone

The Poro Point Freeport Zone has the unique and strategic advantage of having both an airport and a seaport, and has the potentials for becoming a world-class tourism and investment destination. Development plans in the region involving an expressway that will directly connect La Union to Central Luzon will provide the impetus to further transform the former US Wallace Air Station into the premier economic hub in Northern Philippines.

The developments at Poro Point in 2007 clearly indicate a sustainable path being pursued by the Poro Point Management Corporation (PPMC) towards tourism and leisure-oriented development. The tourism thrust is ably supported by BCDA, which funded the expansion and transformation of the San Fernando Airport, located inside Poro Point, into a regional airport.

To build on the opportunity of maximizing the airport's potential, efforts are underway to upgrade the airside, landside, air navigation systems and support facilities to accommodate larger aircrafts such as the Boeing 747

and the Airbus 320. The upgrading of San Fernando Airport was contracted to SATRAP Construction Company, Inc. on May 29, 2007. By year-end, the contractor has reported a 17.60% work accomplishment.

Tourism Development

Tourism development initiatives are under way such as, the construction of a world-class hotel and a 9-hole golf course by one of Poro Point's major locators, Thunderbird Pilipinas Hotels and Resorts, Inc. These developments reflect the huge tourism potential of Poro Point, which lies facing the South China

Sea and boasts of a craggy, scenic coastline that has made La Union a favorite resort destination.

Construction of the 9-hole golf course was started on February 6, 2007. As of December 2007, actual accomplishment for the project is 90.12%, while construction of the hotel with 30 lodging units within the Tourism Complex started on May 2, 2007. By the end of the year, the hotel project has a completion rate of 49.15%.

Employment

Employment in the Poro Point Freeport Zone (PPFZ) reached 1,440 by end 2007, with Thunderbird accounting for the biggest number of jobs created at 490, while subcontractors for the golf course and hotel projects added a combined 385 workers. The airport contractor, SATRAP, engaged 199 workers for the year while McKleene Premium Products and Services accounted for 176 employed hands. The total employment figure for Poro Point in 2007 does not include another estimated 2,500 workers at the seaport.

Revenues and Investments

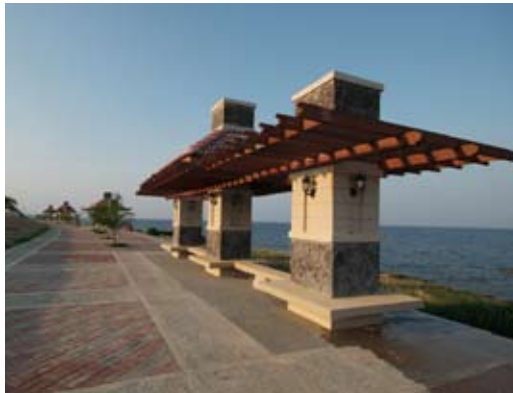
For the year 2007, a total of Php70.32 million worth of revenues were generated from operations in the Poro Point Freeport Zone. The revenue sources are rental payment, airport fees, airport passenger service charges, permits, and revenues from Thunderbird.

As of December 2007, total investment from locators at the Poro Point Freeport Zone stood at Php338.76 million, with Php238.76 million from Thunderbird Pilipinas Hotels and Resorts, Inc.

Among the planned investments in Poro Point, the most significant is that of Thunderbird Poro Development Ventures at almost US\$9 million or more than Php382 million.

Exports and Imports

For the year 2007, a total of 252,989.3 MT of aggregates, 66,007.58 MT of cement clinker and 67,240.81 MT of copper concentrate were exported from the Poro Point seaport, while a total of US\$1.65 million of imports were recorded for Thunderbird Pilipinas Hotels and Resorts.



The entry of the Thunderbird Pilipinas Hotels and Resorts will give rise to a Php5 billion tourism complex in Poro Point. The complex includes a luxury hotel and a world-class nine-hole golf course. Shown with these developments is another tourist spot—the Poro Point Boardwalk and Viewing Deck.



The Bataan Technology Park is being positioned as an eco-tourism and leisure and entertainment haven. Aside from its sprawling terrain, it has facilities for teambuilding activities, eco-tourism treks and organization tours.

Bataan Technology Park

The Bataan Technology Park (BTP) in the town of Morong will soon showcase a new masterplan that will establish the zone as a premier “histo-cultural” destination and a center for eco-tourism and leisure, focused on developing and generating employment and business opportunities that will redound to the socio-economic development of Morong and adjoining municipalities.

Formerly the site of the Philippine Refugee Processing Center, the BTP beholds rolling terrain, hectares of green hills and plains—a postcard beauty perfect for one’s getaway from the hustle and bustle of city life.

A strategic shift to a new business model was made by the Bataan Technology Park, Inc. (BTPI)—estate manager of the 365-hectare property—in response to a worldwide trend showing people having increased time for leisure, sports and entertainment. This is considered the new “sunrise industry” that caters to the markets of Europe, the U.S., and the developed Asian economies like Korea, Taiwan and Japan.

Pursuing this model, the BTPI, in 2007, signed a lease agreement with a major locator, Club de Bay, Inc., for the development of some 200 hectares of prime property into a world-class golf course and retirement village. The company has committed to invest US\$40 million for the undertaking, while lease payments are expected to reach US\$13.2 million under the agreement.

Furthermore, the opening of the Subic-Clark-Tarlac Expressway in 2008, will assure shorter travel time from Clark to Subic at only 40 minutes—offering the same convenience to BTP-bound tourists. From the Subic-Tipo exit, for example, travel to the BTP will just take less than an hour.

The burgeoning of businesses in Subic and Clark will likewise exert positive impact on the Bataan property. Even the greatly increased passenger volume of the Diosdado Macapagal International Airport (DMIA) augurs well for more tourists taking interest in the BTP.

In fact, the entire business configuration of Clark, Subic and Morong is viewed by economic observers as highly complementary. Subic and Clark are Central Luzon’s business and industrial centers, while Bataan serves as its “rest and recreation” center.

BTPI Museum, Library & Archives



The Bayon, one of the Park's 11 symbolic monuments



Tourists can move around in style aboard this colorful jeepney



St. Francis of Assisi Chapel



The Kanawan Building



The Refugee Boat, used by PRPC refugees to escape persecution in their home countries

The historical park is home to artifacts and monuments which preserve the memory of the former Philippine Refugee Processing Center which once served as home to thousands of Indo-Chinese refugees.

Gearing Up Activities

BTPI currently hosts a lean workforce of 51 employees which also reflects jobs generated in the zone. When construction of the golf course and hotel begins, this project will prioritize employment of local folk and will increase job creation.

BTPI increased its marketing activities keyed to bringing in a mixed customer base of convention organizers, events managers, tour and travel operators, and business counselors for locators.

So far, revenues were generated from the BTPI's rented income for facilities, and catering services, and also business income from the conduct of corporate activities and organized tours. These represent preliminary income figures, as Management waits for big ticket revenues attributed to new facilities and major projects.

Starting with the Basics while Awaiting the Big Ones

The year saw the construction and upgrade of basic facilities in support of the growing

“sunrise industry.” Among completed projects were the Saint Francis of Assisi Chapel and the children's playground. The basketball, tennis and badminton courts were also improved based on upscale standards.

Landscaping of open spaces was undertaken, taking advantage of the Park's open spaces. Moreover, the entrance gate was given a fitting facelift, consistent with the new corporate character and corporate image of the company.



Expanding Horizons for Urban Development

The rise in real estate values saw a corresponding increase in the value of BCDA's property holdings particularly in Fort Bonifacio and Villamor Air Base. These areas are now two of the fastest developing urban centers in Metro Manila. The renewed interest in real estate investments resulted in appreciation of land prices and a sustained upward trend in BCDA's returns on properties previously disposed and developed. For example, BCDA's 45% share in Fort Bonifacio Development Corporation (FBDC), the joint venture company controlled by Ayala Land, Inc. and Evergreen Holdings of the Campos Group which is developing Bonifacio Global City, has yielded cash dividends of more than Php700 million from 2005 to 2007. The Serendra project, in joint venture with Ayala Land, Inc. (ALI) and Community Innovations, Incorporated (CII), has realized total sales of Php2 billion for BCDA-owned units, as of December 31, 2007. Still trying to create a niche in the retail sector, Market! Market! has generated a total of Php1.55 billion as of the end of 2007. For its part, the McKinley Hill project with Megaworld Corporation contributed Php1.285 billion to BCDA's coffers.

Thus, numerous property developers, both local and foreign, have expressed interest in land assets in Metro Manila held by BCDA because these promise substantial returns on investment given the scarcity of available and ready-to-develop locations in Metro Manila. This in turn sparked anew keen interest in BCDA's Asset Disposition Program.

Fort Bonifacio remains the focus of many well-known and world-class investors interested in developable prime properties, covering around 110 hectares, such as North Bonifacio, JUSMAG, NOVAI and ASCOM/BNS properties, Campus Gateway, the Expanded Big Delta Lots, and the NCBD Area. On the other side of South Luzon Expressway connected by a bridge to Bonifacio, Newport City in Villamor Air Base is likewise on track to become an important mixed use, airport-related enclave as its development is jump-started by the construction of the Marriott Hotel and some residential and office developments. The full-swing replication and relocation of Philippine Air Force (PAF) facilities and community facilities paved the way for the construction of vertical commercial structures.



Among BCDA's inventory released and disposed to the market in 2007 are:

Campus Gateway

After a successful bidding, BCDA signed a 25-year lease agreement with Systems Technology Institute, Inc. (STI) for the Campus Gateway property, covering an area of 2,632 square meters, along 32nd Street across Market! Market!, where institutional and mixed use/commercial developments are allowed.

Finding a permanent home in Bonifacio Global City, STI committed to invest a minimum of Php257.76 million for the development of a tertiary educational facility. As one of the country's largest private educational networks, STI has plans to build on the property its STI Center, an eight-storey educational complex for courses such as information technology, health care, business, hotel and restaurant management

and complete with modern laboratories and facilities, complemented by academic and executive offices. With its financial capability and proven track record, STI will provide IT-related education as well as courses/trainings required by professionals for a growing business district like Bonifacio Global City.

The lease shall bring to BCDA revenues of Php6.04 million per year with a 10% escalation every five years, or a minimum of Php184.38 million over the next 25 years. In addition, BCDA shall have a 5% share on food revenues and 3% share on non-food revenues from the mixed use development of the property.

Expanded Big Delta Lots

Struggling to compete with the lot inventory of FBDC, the 12,036-sq.m. Expanded Big Delta Lots (formerly known as Government Center for Investment or GCI) at the Bonifacio Global City was bid out again in 2007, for a minimum price of Php160,000 per sq.m. With

a permissible floor area ratio (FAR) of 12, a developer can put up a mixed use complex with a gross floor area of approximately 144,000 sq.m.

Although certain investors expressed interest in the property, the various requirements imposed by BCDA on its development turned away investors. In its attempt to ensure a world-class project in these remaining lots in the E-square (an area where the developers may be qualified for tax exemptions upon registration with PEZA), BCDA set additional minimum requirements and restrictions on both the developer and on their development plans. These rendered the property less competitive with other adjoining lots.

Eventually, the Expanded Big Delta Lots were disposed under a bidding for a straight sale soon after the failed bidding in 2007, at a price higher than the minimum bid price.

North Bonifacio and JUSMAG

The master plan for the 7.4-hectare North Bonifacio property of BCDA was completed in coordination with Metrobank and FBDC. Metrobank owns a 10.5-hectare property adjacent to North Bonifacio, while FBDC owns the rest of the adjoining area south of North Bonifacio. The master plan of North Bonifacio, along with that of the Metrobank property, was approved by the Taguig local government which now makes North Bonifacio ready for disposition in 2008. In relation to the masterplanning, BCDA assisted China's Shimao International Group in its detailed planning of the property in consideration of its investment plans in the Philippines.

The masterplanning integrated the development plans of BCDA, Metrobank and FBDC which further enhanced the values of their landholdings. Furthermore, in assisting the National Police Commission (NAPOLCOM) in the re-development of its seven-hectare property directly east of

North Bonifacio, BCDA has placed itself in a strategic position to coordinate and integrate the development of the whole North Bonifacio in the Global City. With the integrated master plan, the investment potential of North Bonifacio has expanded and attracted foreign and local investors.

In support of future developments in North Bonifacio, BCDA undertook the construction of 10th and 11th Avenues at the Bonifacio Triangle. Work involved site formation, construction of roads and drainage, curbs and gutters, sidewalk and irrigation pipeworks, 34.5KV underground power distribution system, supply and installation of streetlights, sewer, and telecommunications systems. The project was completed on December 8, 2007, costing Php52.8 million.

In 2007, the case against the Southside Homeowners Association, Inc. (SHAI) which claimed ownership of the 35 hectare-JUSMAG property in Fort Bonifacio, was definitively decided by the Supreme Court. With BCDA as intervenor in the case, the Supreme Court

ruled that JUSMAG was government property and part of the military reservation and therefore not subject to disposition at the time the title was issued to SHAI. This paved the way for the transfer of JUSMAG to BCDA pursuant to R.A. 7227 or the BCDA Charter which authorizes the disposition of some portions of Fort Bonifacio, including JUSMAG.

The Supreme Court ruling, in turn, focused attention to the JUSMAG property as a prime, developable land, being located along Lawton Avenue (a major thoroughfare in Fort Bonifacio) and at the back of the posh Forbes Park in Makati. This is also the subject of keen interest from both local and foreign real estate developers like China's Shimao International Group. Indeed, the Supreme Court decision which freed JUSMAG from third-party claims has expanded Bonifacio Global City and pushed its frontiers towards the south, thereby connecting to another BCDA development in Villamor Air Base across South Luzon Expressway.



The Bonifacio Global City is Metro Manila's most promising and fastest-rising development. It showcases efficiency, value, technology and quality living in a highly urbanized environment—now known as “the home of passionate minds.”



Travel around the Bonifacio Global City is made easier with the environment-friendly Mercedes Benz coaches.



The Bonifacio Global City is home to landmarks jointly developed by BCDA and Ayala Land, Inc., such as Serendra, a residential development with a retail and dining hub, and also the five-level mall, Market! Market!



Northern Central Business District (NCBD) Lots

An agreement with FBDC was reached in 2007 for the joint development of the 8.5-hectare NCBD lots, with an advance of Php2.2 billion to be paid in 2008. The NCBD lots represent BCDA's 45% share in the mortgage of the 21-hectare NCBD property where 55% or 10.5 hectares in the NCBD was mortgaged to Metrobank by Metro Pacific Corporation, through Bonifacio Land Corporation. With the joint development agreement with FBDC, BCDA now becomes the beneficial owner of the proceeds of the development of the 8.5-hectare NCBD lots to be developed by FBDC.

Overall Development of Bonifacio Global City

With BCDA and FBDC at the forefront of development of Bonifacio Global City, the growth of the city in terms of projects and gross floor area built and to be built has accelerated. In 1999, during the height of the real estate crisis, only one project was completed covering about 3,590 sq.m. of retail gross floor area. In 2003, when Ayala Land, Inc. and the Campos Group took over FBDC, there were 28 projects covering 398,300 sq.m.

As of 2007, the completed, on-going and applied projects grew to 68 with a gross floor area of 1,051,400 sq.m. By 2012, about 128 projects are expected to be on-stream covering 2.687 million gross floor area, with more than 60% in residential developments. In 2007, 70 projects were completed.

On the institutional front, construction of the St. Luke's Medical Center was in full swing in 2007, with completion expected in 2009. The modern 600-bed medical facility will cater to both local and foreign patients in line with the country's thriving medical tourism program.

Other significant locators are the Philippine Stock Exchange (PSE), which will transfer by 2010 its headquarters to a 31-storey, Grade AAA tower in the West Super Block of the Bonifacio Global City, and Shangri-la Hotel which plans to build a six-star luxury hotel and high-end condominium beside the PSE building.

Villamor Air Base

The continuing transformation of Villamor Air Base into a residential and commercial enclave has prompted BCDA to prioritize the relocation and replication of facilities of the Philippine Air Force (PAF) to give way to the planned 24.56-hectare Newport City by developer Megaworld Corporation.

The relocation and replication programs are at the same time aimed at ensuring that operations of the Air Force are not unduly affected by the ongoing development in Villamor, which is projected to follow the path of Fort Bonifacio as a premier commercial and residential hub in Metro Manila.

Megaworld's development plans for Newport City include hosting the Marriot Hotel and the construction of residential condominiums and corporate offices right across the NAIA Terminal 3, among others.

Under the joint venture agreement between BCDA and Megaworld, Megaworld shall advance the replication cost of affected PAF facilities and deduct the same from revenues of BCDA from the development.

Relocation and replication plans for the affected Air Force facilities to the PAF-retained area inside Villamor Air Base were agreed upon by the BCDA and the Department of National Defense and Philippine Air Force officials under a Memorandum of Agreement signed in March of 2005. Funding for the replication and relocation program is shouldered by BCDA but advanced by Megaworld.

The first batch of completed facilities under the program includes five dormitories and quarters for Air Force personnel, namely: a two-storey Transient Officers Quarters, three 3-storey Transient Airmen's Dormitories and a 3-storey Women's Auxiliary Corps Dormitory. They were turned over to PAF in October of 2006, witnessed by no less than Her Excellency President Gloria Macapagal-Arroyo.

Other projects in the relocation thrust include the construction of the Concessionaires Building that now houses various PAF concessionaires like the Philippine National Bank Villamor Branch, AMWSLAI and MayBank, and the construction of the PAF Hospital, which shall now be compliant with standards set by the Department of Health.

As of end December 2007, the hospital is approximately 56.66% complete, with the target date of turnover in August 2008.

Out of the total relocation and replication budget of Php624 million for PAF facilities, 90 percent or Php565.43 million were spent by end-2007.

After attending to the affected PAF facilities, BCDA, again through Megaworld Corporation, focused on the replication of community facilities and the schools which were affected by the disposition of Villamor Air Base. The affected schools, Villamor Air Base Elementary School (VABES), the Pasay City South High School (PCSHS) and the Philippine State College of Aeronautics (PhilSCA) are being transferred to the Piccio Garden and a portion of the Villamor Driving Range, along the South Luzon Expressway. These transfers will free up the area along Andrews Avenue for commercial and residential developments. Expected net revenues to BCDA will reach between Php200 million to Php300 million. To enable this development, BCDA started the replication of VABES and PCSHS in 2007 and is slated to turn over the structures early 2008.

On the other hand, community facilities replicated in 2007 are: a Brgy. Hall with Basketball Court, Daycare Center, Health Center, Senior Citizens Club Office, Ladies' Club Cooperative Office, and Library. The said replication is valued at Php21.6 million.

Lawton Parkway (McKinley Hill Project)

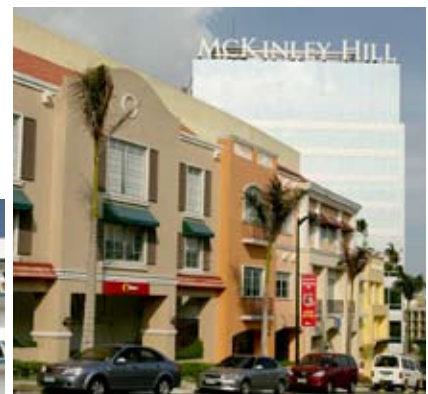
After successfully launching the subdivision phase of the development of McKinley Hill, Megaworld, in joint venture with BCDA, opened other phases consisting of garden villas and private estates. BCDA's share in the residential units and parking slots are valued at Php875.43 million, Php235.12 million, from the McKinley Hill Garden Villas, and a 21% share in residential units and parking slots valued at Php640.31 million from the Tuscany Garden Villas.

The Garden Villas consist of four (4) mid-rise condominium buildings. The first two buildings were completed and sold to International School Manila (ISM), while the other two buildings are expected to be completed in the 3rd quarter of 2008. So far, BCDA generated Php51.46 million from the actual sale of Garden Villas 1 and 2.

The Tuscany Private Estate, on the other hand, is planned as a high-rise condominium building with 380 residential units and 378 parking slots. Construction is expected to commence in the 3rd quarter of 2008.

McKinley Hill (below & bottom) features a subdivision and garden villas in its residential zone as well as office properties, including One World Square which opened in June.

Megaworld's innovative development ideas resulted to Newport City (right, bottom), a 25-hectare township project that will soon feature the 365-room Marriot Hotel and 450,000 square meters of office space, among others.



Under the Joint Venture Agreement between Megaworld and BCDA, PAF facilities (top, above) affected by developments in Villamor will be relocated and replicated.

BCDA receives 5,000 empty sacks of rice from the National Food Authority (NFA) to be turned over to the Municipality of Dinalupihan to help in sandbagging operations to prevent flooding in the area.



Empowering partnerships, sustaining communities

As an institution imbued with a socially relevant mandate, the Bases Conversion and Development Authority carries out various meaningful corporate social responsibility programs, and the year 2007 saw the agency actively pursuing these programs in various fronts with resounding success.

Housing Endeavors

Foremost among BCDA's corporate responsibility endeavors is the continuation of its socialized housing thrusts, mainly in the former military bases where thousands of residents were affected by its conversion and disposition activities, and where consequently thousands are also directly benefiting from BCDA's resettlement and housing programs.

A significant contributor to the government's National Shelter Program (NSP), BCDA is mandated to transfer to the NSP 12% of the proceeds from the sale of properties under its disposal. In addition, BCDA undertakes community involvement and resource management programs with partner communities.

Some of the ongoing housing initiatives of BCDA are the Northside Strip Housing Project (formerly Fort Bonifacio Summit Housing Project); the Diego Silang Housing Project, where individual condominium titles have been transferred to hundreds of beneficiaries; involvement in the Pabahay 2000 Housing Project in Gen. Trias, Cavite, where beneficiaries were awarded row housing units, among others.

Other activities include the implementation of the Kalayaan Housing Project; the Villamor Airbase Housing Project (VAHP); the Scout Barrio Housing Project (SBHP); the implementation of the Lupang Katuparan Fencing Project, which involved setting up of a 235-meter perimeter fence in Dreamland Village; segregation and disposition of home lots inside Camp John Hay, Baguio City; and the implementation of other relevant legal issuances concerning inter-agency cooperation pertinent to government housing programs.

Community Engagement

The construction of the Subic-Clark-Tarlac Expressway (SCTEX) also provided BCDA with an opportunity to engage various project-

affected communities in Central Luzon in developmental programs aimed at assisting the affected residents in rebuilding their homes and providing them with livelihood opportunities to mitigate and minimize the adverse effects of the highway project.

Continuing dialogues between BCDA's community relations officials and the affected communities have helped resolve many outstanding issues such as access and farm crossings, drainage systems for farmlands, safety, irrigation and flooding concerns. Likewise, illegal quarrying activities and crop damages were sufficiently addressed, resulting in continued harmonious relations with the various communities along the SCTEX.

Hand in hand with the community relations work, BCDA carried out massive advocacy and information dissemination campaigns aimed at providing various publics about the status of the SCTEX construction, its benefits to Central Luzon in particular and the nation in general. This is also meant to help facilitate effective coordination and liaison with local government units and other stakeholders, such as travel and tourism organizations, business groups and the like.

Disaster Preparedness

The year also saw the entry of strong typhoons which have greatly affected the towns of Dinalupihan and Hermosa in

Bataan. Committed to assist project-affected communities in emergency situations, BCDA has mobilized once more its Disaster Preparedness Group to help in flood mitigation efforts and assist affected families whose homes were hit by floods and incessant rains.

BCDA, in assistance to the Municipality of Dinalupihan and the Municipal Disaster Coordinating Council, conducted sandbagging operations to contain floodwaters in Bataan's basin-like topography. The Group also worked in close coordination with the Philippine Atmospheric Geophysical and Astronomical Services Administration as it devised rescue and evacuation plans based on alert levels.

Area Rehabilitation

Set in motion in 2007 is the intensive rehabilitation of a 10.92-hectare portion of the Roosevelt National Park forest reservation in Bataan, which was affected by the construction of the SCTEX. The P1.9 million-worth project involved the renovation of the 200-square meter Nature Pavilion Center, which now serves as headquarters of the Roosevelt Protected Area Landscape and is the meeting place of the Department of Natural Resources-Protected Area Management Board and the SCTEX sectoral monitoring team.

Another component of the project is the replacement of trees which were cut to accommodate civil works on the 94-kilometer road. The seedlings have been turned over to the local office of the DENR-PAMB, tasked to oversee reforestation activities.

All the above-mentioned endeavors have helped establish BCDA as a major player not only in the country's economic development but, more importantly, in uplifting and improving the lives of the Filipino people in various ways. Such successful implementation of its corporate social responsibility programs reflects the organization's sense of responsibility and conscious efforts to make a difference in more ways than one.

The Nature Pavilion Center



The BCDA Management and Holdings, Inc. grants Authority to Move-In certificates to new awardees of the DILG/NAPOLCOM/PNP Housing Project.



The Diego Silang Housing Project and Commercial Center

Financial Report

PARENT COMPANY BALANCE SHEETS*

December 31, 2007 and 2006

	2007		2006	
ASSETS				
Current Assets				
Cash and cash equivalents	P	2,056,772,655	P	1,014,772,340
Short-term investments		322,349,334		1,770,091,127
Receivables		2,831,603,915		2,763,208,968
Inventories		5,370,467,935		3,055,854,965
Prepayments		1,914,953,244		329,667,984
Other current assets		10,809,996		10,828,883
Total Current Assets		12,506,957,079		8,944,424,267
Non-Current Assets				
Investments in and advances to subsidiaries/affiliates		24,317,544,769		24,202,325,725
Other investments		433,875,943		528,842,793
Property and equipment - net		60,005,672,657		48,961,364,907
Other non-current assets		1,459,322,573		1,488,835,063
Total Non-Current Assets		86,216,415,942		75,181,368,488
TOTAL ASSETS	P	98,723,373,021	P	84,125,792,755
LIABILITIES AND EQUITY				
Current Liabilities				
Payables	P	324,799,557	P	524,132,300
Bonds payable		-		1,200,000,000
Inter-agency payables		2,238,858,425		1,916,683,908
Intra-agency payables		1,253,141,134		230,918,400
Total Current Liabilities		3,816,799,116		3,871,734,608
Non-Current Liabilities				
Loans payable		13,515,974,048		6,677,775,895
Deferred credits		7,420,169,184		3,628,177,007
Other long-term liabilities		163,169,985		160,307,295
Total Non-Current Liabilities		21,099,313,217		10,466,260,197
Total Liabilities		24,916,112,333		14,337,994,805
Equity		73,807,260,688		69,787,797,950
TOTAL LIABILITIES AND EQUITY	P	98,723,373,021	P	84,125,792,755

*The figures of the financial statements presented are only for the BCDA as Parent Company and do not include the financial circumstances of its subsidiaries
 **P41.33:\$1 (as of December 31, 2007)

CY 2007: Financial Condition

The total assets of BCDA increased by Php14.597 billion, from Php84.126 billion in 2006 to Php98.723 billion this year. Such increment is attributed primarily to the capitalized construction cost of the Subic-Clark-Tarlac Expressway (SCTEX) Project and the on-going infrastructure projects in Fort Bonifacio, and the booking of the Clark Main Zone. In addition, inventories increased considerably from Php3.056 billion in 2006 to Php5.37 billion this year due to the recording of unsold subdivision lots, condominium and residential units in McKinley Hill and Serendra that are allocated to BCDA.

Total liabilities grew by Php10.578 billion, from Php14.338 billion to Php24.916 billion, due to the increase in loans payable ensuing from loan drawdown from the Japan Bank for International Cooperation, as part of the loan extended to BCDA for the funding of the SCTEX Project. Likewise, deferred credits increased due to the Php2.42 billion deferred income from joint venture projects which pertains to unrealized income from BCDA-allocated units in Serendra and McKinley Hill. Moreover, the increase is attributable to the availment of Php2.657 billion tax subsidy this year as against Php1.232 billion in 2006. Said tax subsidy was issued by the

Department of Finance for the tax portions on contractors' billings for the SCTEX and recognized as deferred income which will be amortized over a period of 20 years, based on the prescribed standard useful life of the highway.

Total Capital climbed to Php73.807 billion from Php69.788 billion in 2006. This resulted mainly from the booking of the Clark Main Zone valued at Php2.133 billion, thereby increasing the total equity from the National Government. Retained earnings increased as well due to the substantial net income generated this year.

PARENT COMPANY STATEMENTS OF INCOME*

For the Years Ended December 31, 2007 and 2006

	2007	2006
REVENUES		
Lease income	P 517,026,974	P 226,261,252
Share from income of joint venture operations	404,185,387	637,554,750
Miscellaneous income	59,113,929	5,762,581
TOTAL REVENUES	980,326,290	869,578,583
EXPENSES		
Personal Services	122,097,004	104,948,735
Maintenance and Other Operating Expenses	941,197,515	840,884,649
TOTAL EXPENDITURES	1,063,294,519	945,833,384
LOSS FROM OPERATIONS	(82,968,229)	(76,254,801)
OTHER INCOME (EXPENSES)		
Gain on foreign exchange	1,506,247,241	758,734,775
Dividend income	182,666,667	179,654,370
Interest income	81,841,607	162,856,784
Financial expenses	(70,420,488)	(235,334,554)
Loss on disposal of properties	(9,114,707)	(3,973,214)
TOTAL OTHER INCOME (EXPENSES)	1,691,220,320	861,938,161
INCOME BEFORE INCOME TAX	1,608,252,091	785,683,360
PROVISION FOR INCOME TAX	(19,606,526)	(17,391,572)
NET INCOME	P 1,588,645,565	P 768,291,788

CY 2007: Results of Operations

For the year 2007, BCDA generated total revenues of Php980 million, registering a 13% increase from that of the previous year's revenues of Php870 million. More than half of total revenues came from Lease Income which posted the biggest increase of Php291 million, from Php226 million in 2006 to Php517 million this year. The biggest chunk of lease income came from Manila International Airport Authority (MIAA) totaling Php248 million, followed by Station Square East at Php169 million. Income from joint venture operations, on the other hand, which make up 41% of total revenues, totaled Php404 million showing a decrease of Php233 million from Php637 million generated in 2006.

Operating expenses, which amounted to Php1.063 billion, is 12% higher than last year's Php946 million. Personal Services totaled Php122 million registering a 16% increase from that of Php105 million in 2006. Maintenance and Other Operating Expenses (MOOE) likewise rose from Php841 million in 2006 to Php941 million in 2007. Among the MOOE, substantial variations are posted for taxes, insurance premiums and other fees which rose to Php154 million from Php63 million in 2006 mainly due to taxes for sold Serendra units; and in advertising and promotion expenses which increased to Php121 million from last year's Php58 million. Conversely, expenses on donations

and subsidies decreased by Php29 million from Php265 million last year to Php236 million. Depreciation expense likewise decreased this year from Php216 million to Php201 million.

To recapitulate, with Php980 million in recorded revenues as against Php1.063 billion operating expenses, BCDA registered a net loss from operations of Php83 million this year. This is 9% lower than the Php76 million net loss from operations in 2006. BCDA, however, recorded Php1.588 billion net income after tax after considering other income and expenses, the biggest chunk of which is contributed by the gain on foreign exchange.

PARENT COMPANY STATEMENTS OF CASH FLOWS*

For the Years Ended December 31, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash from operating activities	450,974,314	699,896,199
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in investing activities	(5,225,110,975)	(3,382,956,049)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from financing activities	5,845,989,832	3,166,713,176
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(29,852,856)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,042,000,315	483,653,326
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,014,772,340	531,119,014
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 2,056,772,655	P 1,014,772,340

CY 2007: Cash Flows

Net cash from operating activities amounted to Php451 million. The largest cash receipts came from the various lessees amounting to Php512 million, and from the Asset Disposition Program totaling Php141 million. This is followed by proceeds from sale of Pacific Plaza Towers condominium units, Serendra and McKinley Hill project, and collection of receivables from various entities, collectively amounting to Php472 million. On the other hand, the biggest shares of cash usage were for payments made to suppliers/creditors which reached Php580 million, and remittance of Php136 million contribution to the AFP modernization.

From investing activities, the bulk of cash inflows came from short-term investments which amounted to Php1.477 billion. Outflows, on the other hand, were for the SCTEX-related acquisition of property and equipment and other payments for various infrastructure projects totaling Php6.6 billion. Net cash used amounted to Php5.225 billion.

Net cash from financing activities totaled Php5.846 billion, contributed primarily by the JBIC loan.

Consequently, at year-end, the net increase in cash and cash equivalents totaled Php1.042 billion, showing an escalation of 115% from last year's Php484 million. The ending cash balance for 2007 is Php2.057 billion which is twice over that of the ending balance of Php1.015 million in 2006.

ASSET DISPOSITION REPORT

Through the years, BCDA has been steadfast in pursuing its vision of becoming one of the country's leading government corporations committed to the sound conversion of former military baselands into self-sustaining and globally competitive investment centers.

Now on its 15th year, BCDA has continued to manifest its strength as a reliable business partner of the private sector, resulting to the rise of new commercial districts in former Metro Manila camps. Revenues fuelled by property developments in Fort Bonifacio and Villamor Air Base have assured the availability of funds for the modernization program of the Philippine military.

Preparations are now underway for the disposition of areas along the Subic-Clark-Tarlac Expressway (SCTEX) alignment promising the expansion of business and employment opportunities in Central Luzon.

Disposition Proceeds from BCDA's Asset Disposition Program

Since 1994, BCDA has generated a total of Php38.32 billion from the disposition of Metro Manila camps. Of this amount, 79 percent or Php30.36 billion was derived from the sale of a large portion of the Bonifacio Global City (BGC) to the Fort Bonifacio Development Corporation (FBDC). Proceeds from lease and joint ventures amounted to Php4.803 billion, equivalent to 13 percent. Revenues from sale and securitization of properties represented five percent (Php1.904 billion) and three percent (Php1.253 billion), respectively.

Disposition proceeds in 2007 increased to Php790.556 million, 9.6% higher than the previous year's Php713.874 million. Revenues derived from lease and joint venture projects with real estate leaders Ayala Land, Inc. and Megaworld Corporation increased by 18 percent reaching Php650 million or 82 percent of total proceeds. The sale of former baselands, on the other hand, yielded Php124 million or 16 percent. The balance of Php16.189 million came from the securitization or public sale of Heritage Park Investment Certificates.

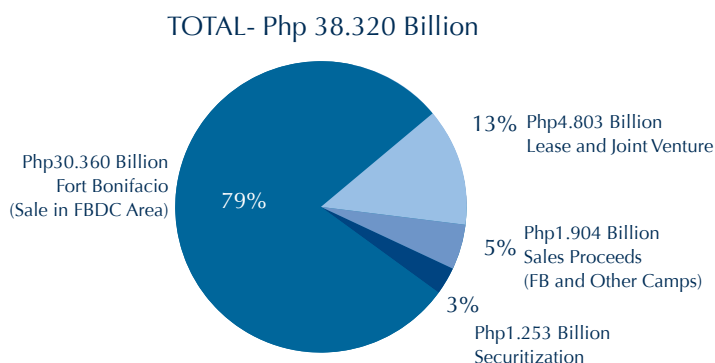
Distribution of Disposition Proceeds

Annual proceeds from the disposition of Metro Manila baselands are remitted to the Bureau of Treasury (BoT) and utilized by government agencies as mandated in the BCDA charter.

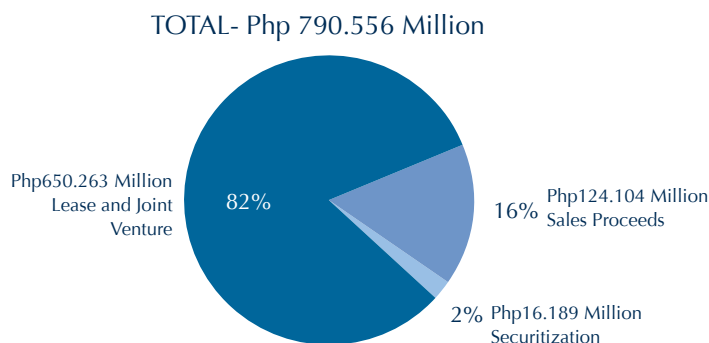
For the period of 1994 to 2007, the AFP has received 43 percent of BCDA's disposition proceeds. Of the Php16.443 billion AFP share, Php6.947 billion has been remitted for the AFP modernization program while Php9.496 billion for the replication of military facilities affected by the government's development projects.

Likewise, BCDA's share of Php5.828 billion was used to fund the conversion of former U.S. military baselands and the construction of major infrastructure projects that include the Subic-Clark-Tarlac Expressway. The rest of the disposition proceeds went to the following: site development and relocation projects, Php6.806 billion; other beneficiary agencies, Php5.908 billion; taxes and fees, Php2.307 billion; replication of non-military structures, Php619 million and share of contiguous municipalities, Php409 million.

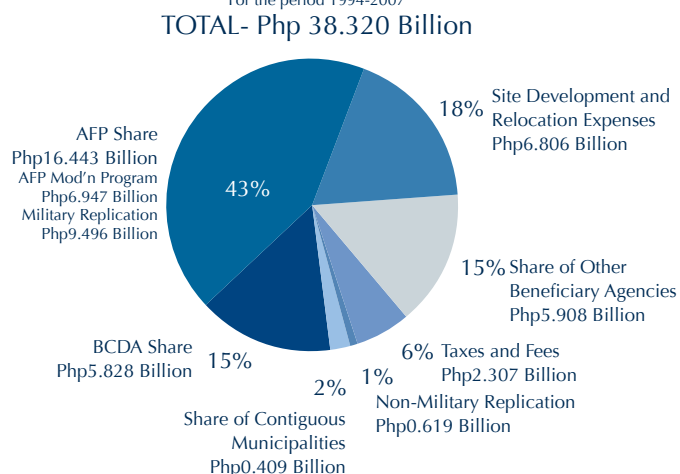
Breakdown of Disposition by Mode
 For the period 1994-2007



Breakdown of Disposition by Mode
 For the period January-December 2007



Distribution of Disposition Proceeds
 For the period 1994-2007





Board of Directors

- 1 Aloysius R. Santos *Chairman*
- 2 Gen Narciso L Abaya (Ret) *Vice-Chairman & President and CEO*
- 3 Isaac S. Puno III *Director, Executive Vice President & Corporate Secretary*
- 4 Rafael Julian V. Azanza *Director*
- 5 Renato C. Valencia *Director*
- 6 Gerard R. Seno *Director*
- 7 James G. Lorenzana *Director*
- 8 Alvin P. Capino *Director*
- 9 Jorge L. Banal, Sr. *Director*



Top Management



Gen Narciso L Abaya (Ret)
President and CEO

Isaac S. Puno III
Executive Vice President and SCTEP Program Director

Atty. Arnel Paciano D. Casanova
General Counsel

Victor V. Zablan
Vice President for Finance

Nievelena V. Rosete
Vice President for Corporate Services

Aileen Anunciacion R. Zosa
Vice President for Business Development and OIC for Operations



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BGEN ROBERT C GERVACIO (RET)
Project Manager
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BEAT THE ODDS

- B** - Balanced budget
- E** - Education for all
- A** - Automated elections
- T** - Transport and digital infrastructure to connect the country
- T** - Terminate the MILF and NPA conflicts
- H** - Heal the wounds of EDSA
- E** - Electricity and water for all barangays
- O** - Opportunities for 10 million jobs
- D** - Decongest Metro Manila
- DS** - Develop Subic and Clark

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