Republic of the Philippines
Office of the President

BCDA

Bases Conversion and Development Authority

Annual Report 2010

Setting New Goals, Charting New Directions

Contents

annual report
2010

The Cover Story

Now on its 18th year, the Bases Conversion and Development Authority (BCDA) has already unveiled milestone developments—vibrant economic districts that were once military lands, major infrastructure that gave rise to havens of commerce and tourism, and vast economic opportunities that enabled progress of its stakeholders.

The theme for this year's annual report, "Setting New Goals, Charting New Directions," focuses on the agency's firm resolve to become a responsive and relevant institution, vigorous in expanding opportunities for our countrymen, and supportive of the new national leadership.

In 2010, BCDA's pursuit of public-private partnerships under its asset disposition program was strengthened as the current administration perceived this model as a crucial part of the roadmap to economic development.

And throughout its major undertakings—the rise of Bonifacio Global City and Newport City, the promise of new international gateways and vital infrastructure such as the Subic-Clark-Tarlac Expressway, the sustained commitment to the modernization of the Armed Forces, and the strengthening of Northern and Central Luzon, the BCDA will continue to pursue its mandate with competence and will generate decisions anchored on prudent asset management, sound fiscal policy, competitiveness, and integrity.

Message of His Excellency Benigno S. Aquino III

My warmest greetings to the board, administration, and staff of the **Bases Conversion and Development Authority** on the publication of your **2010 Annual Report.**

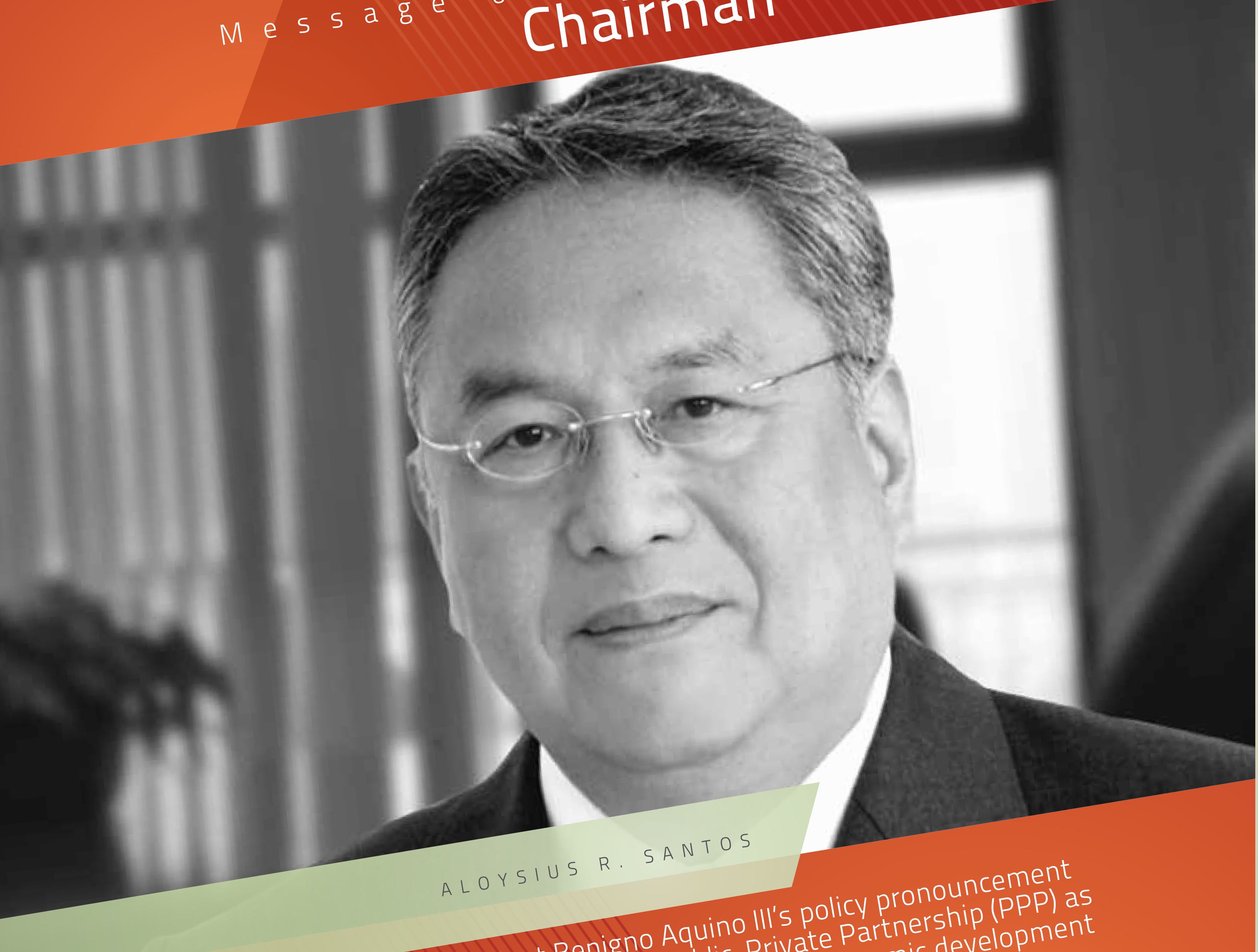
In less than two decades, we have witnessed the BCDA turn former military bases and idle government lands into bustling hubs of commerce and industry. Your initiatives in the areas of infrastructure and transportation now serve as major enablers of socio-economic growth in our nation. Through the BCDA, we have also augmented our defense budget to finance the AFP's modernization program and to attend to the changing security needs of our nation.

These impressive achievements attest to your transformative role in our society and to the commitment of the men and women of your agency. We hope that you will remain vigorous in collaborating with the private sector, under our administration's thrust to establish broader and more dynamic Public-Private Programs.

As you welcome another fruitful year, I ask that you take to heart our people's desire for greater transparency, sound management, and good governance as you fulfill your mandate, set new goals, and chart new directions for the BCDA. I am confident that you will remain a leading force in driving the country toward a new era of stability and growth, on the straight and righteous path toward a progressive and revitalized Philippines.

Benigno S. Aquino III
President
Republic of the Philippines

Message of the Chairman



ALOYSIUS R. SANTOS

"President Benigno Aquino III's policy pronouncement giving emphasis to Public-Private Partnership (PPP) as a major part of the roadmap to economic development further enforces our guiding principles in BCDA."

Year 2010 brought forth a major transformation in the Philippines. This was the orderly transfer of political power in more than a decade.

This major political event, naturally, should impact on all government agencies. For the Bases Conversion and Development Authority (BCDA), the transition was expected to affect both the micro and macro policies, the agency being under the Office of the President.

As such, the BCDA Board saw the initial infusion of new directors, which was most welcome. The Board took these circumstances as the perfect opportunity to re-examine some of its goals and priorities so as to align them with the thrusts of the new administration and enhance BCDA's capacity to continue fulfilling its mandate, i.e. of ensuring the productive economic use and development of the former military base lands under its wings.

President Benigno Aquino III's policy pronouncement giving emphasis to Public-Private Partnership (PPP) as a major part of the roadmap to economic development further enforces our guiding principles in BCDA.

I say this because, as a matter of public record, starting with the incorporated joint venture (JV) with Ayala Land, Inc. and the Campos Group in Fort Bonifacio Development Corporation (FBDC), and with the unincorporated JVs with Megaworld in Fort Bonifacio and Villamor Airbase, PPP has been the mode for development of these military camps.

Thus, in charting new directions for BCDA, the Board took into consideration its existing agreements with private sector partners and reviewed its current policies on investments, asset disposition program and development plans. Such actions enabled the Board to pursue further most of its initiatives of the past years and revised those that need to be aligned with the new policy directions.

In 2010, the smooth and seamless transition that the BCDA Board presided upon sustained the vigorous implementation of revised plans and programs to develop the country's former baselands.

Policy-wise, BCDA in 2010 continued its focus on joint venture opportunities with private sector partners for its remaining properties as opposed to the outright disposition of these assets.

The National Economic and Development Authority (NEDA) Guidelines for joint ventures have provided a transparent and efficient process in our disposal of BCDA properties in Fort Bonifacio and at the Villamor Airbase. Together with BCDA's use of sound development principles, which are based on consultation with stakeholders, continuity, and maximization of asset values, among others, the process has resulted to immense economic benefits for the country.

I am confident that given the professionalism of the BCDA Board and its management, as well as the competence and dedication of the men and women of the agency, the new directions set by the national leadership will redound to more benefits for the agency and for its other beneficiaries, particularly the Armed Forces' modernization program, in the years and decades to come.

I take this opportunity to thank all our stakeholders, our employees, and our private sector partners for making 2010 another outstanding year for BCDA.

Mabuhay!

ALOYSIUS R. SANTOS
Chairman

Message of the President and Chief Executive Officer

GEN NARCISO L ABAYA (RET)

"The year 2010 also proved the viability and feasibility of BCDA's major undertakings, particularly the Subic-Clark-Tarlac Expressway (SCTEX) and the disposition of prime properties in Fort Bonifacio, alongside the continuing development of former military bases in Central and Northern Luzon that have brought enormous progress and opportunities for our people."

Once again, the Bases Conversion and Development Authority (BCDA) proved itself confident and capable as the country transitioned to a new national leadership in 2010. In the steady pursuit of its mission, it hardly missed a beat in accelerating the sound and balanced conversion of former American military bases and other military installations in Metro Manila into productive civilian use to fund, among others, the modernization of the Armed Forces of the Philippines (AFP).

The BCDA had clear goals and directions toward achieving its corporate objectives, and I am glad to report that we have been able to achieve our objectives through the prudent use of our resources and by maximizing benefits from our most prized assets without sacrificing our most cherished values of transparency, fairness and competitiveness.

The year 2010 also proved the viability and feasibility of BCDA's major undertakings, particularly the Subic-Clark-Tarlac Expressway (SCTEX) and the disposition of prime properties in Fort Bonifacio alongside the continuing development of former military bases in Central and Northern Luzon that have brought enormous progress and opportunities for our people.

The sterling results of our 2010 operations are solid proof of the effectiveness of our collaboration with the private sector, and a testament to the agency's sound management and fiscal policies.

The BCDA generated a total of Php3.4 billion from its asset disposition efforts in 2010, a bulk of which came from joint venture agreements amounting to Php2.7 billion, mainly from the successful and transparent bidding for the disposition of the 34.5-hectare JUSMAG property in Bonifacio South.

The resulting JV agreement signed on 13 April 2010 with Megaworld Corporation, generated an upfront cash of Php1.5 billion for BCDA, as well as a guaranteed revenue share of Php873.4 million yearly in the next 23 years, and Php700 million for the replication of affected military housing units in the JUSMAG property.

More importantly, Megaworld committed to invest Php22 billion within 20 years to develop this prime property, which would translate into more jobs, more livelihood opportunities and a solid push for the national economy in the coming years.

This successful bidding highlighted BCDA's track record of fairness and transparency in the conduct of the disposition of our properties, making sure that the government gets the best and most advantageous deals by securing the highest possible price at the time of disposal.

Thus, BCDA has now generated a total of Php51 billion in disposition proceeds since 1993, of which Php21.2 billion has been channelled to the AFP modernization program as well as the replication and modernization of AFP facilities affected by BCDA projects. Our assets increased to Php124.5 billion in 2010, up by Php9.7 billion from Php114.8 billion in 2009.

More major properties are scheduled for disposition in the near future, notably the so-called Bonifacio Naval Station (BNS), which covers 33.1 hectares and for which the agency hopes to raise an upfront cash payment of Php2 billion or more from interested developers.

Another prized property is the so-called Navy Village area, which covers 25 hectares, although the property remains tied up in litigation with a pending case before the Supreme Court.

Alongside its disposition efforts, BCDA continued to oversee the development of some of its prime assets, particularly the Bonifacio Global City, which it co-manages through its 45 percent share in a separate joint venture with the consortium of Ayala Land, Inc. and the Campos Group.

Now home to nearly 30,000 workers and 24,000 regular residents, Bonifacio Global City continued its amazing growth and development, and the year 2010 witnessed the groundbreaking for a Php375 million flyover that would provide motorists an alternative exit from the Bonifacio Global City to the northbound lane of C-5 Road.

It also continued to draw many of the country's most prestigious locators. A usufruct agreement with the Office of the Solicitor General to build its offices in the Bonifacio Global City will strengthen the niche of the Philippines' biggest law firms in the Bonifacio Global City, including the Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW) and Villaraza Cruz Marcelo & Angangco Law Offices (CVCLAW).

The year 2010 also saw the entry of the Philippine Chamber of Commerce and Industry, and the global Baker-McKenzie firm, along with several embassies, further contributing to the prestigious status of this modern central business and commercial district.

Likewise in 2010, the Resorts World Manila (RWM) at the Newport City became fully operational as the country's first integrated leisure and entertainment complex. Located at the former Villamor Airbase in Pasay City, RWM has since created thousands of jobs and further boosted the country's tourism program.

Our flagship infrastructure project, the SCTEX, on the other hand, proved beyond doubt its economic feasibility as it contributed toll revenues of Php629 million from January to December 2010, representing a 23 percent increase from the Php513 million generated in 2009. This increase resulted from a record 8.95 million vehicles that used the 93.77-kilometer toll road during the year, equivalent to a 24.55 percent increase from the 7.19 million vehicles in 2009, the first year of its full operation. We expect traffic volume to grow further by at least 10 percent in 2011, as more and more motorists discover the ease and convenience of using this world-class thoroughfare.

The Special Economic Zones carved out of the former US military bases likewise continued their significant contributions to the national economy by drawing more investments from locators, both foreign and domestic.

By year-end, cumulative investments in the Subic Bay Freeport Zone (SBFZ) and the Clark Freeport Zone totalled Php312.75 billion and Php81.65 billion, respectively, while actual employment in SBFZ rose to 88,450 and 60,162 in Clark during the year.

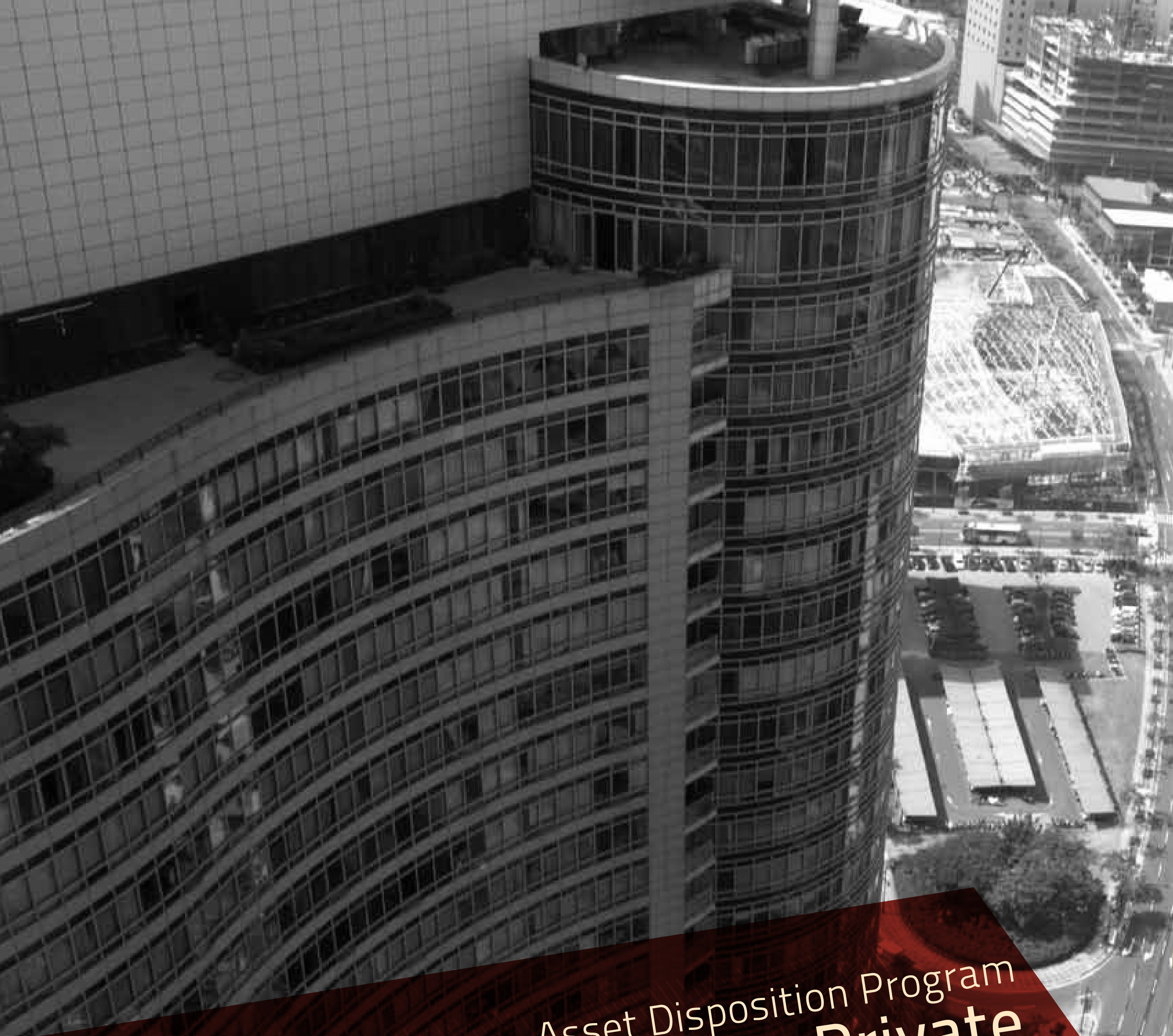
Further, Camp John Hay in Baguio City saw the start of operations of Tree Top Adventure, an exciting eco-tourism destination that injected new life and vigour to the former rest and recreation facility of the US military.

All these milestones and developments, coming as they did in my sixth year as President and CEO, have been a source of utmost pride and joy to all of us at BCDA. As we become more productive with each passing year, I am confident that we will be able to sustain our momentum for the benefit of our stakeholders and countrymen who should ultimately reap the benefits of our collective efforts and sacrifices.

To the men and women of the BCDA and to the members of the Board of Directors who have empowered and enabled management to accomplish its gargantuan tasks, thank you for another successful year.

Mabuhay tayong lahat!

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



Asset Disposition Program

Pursuing Public-Private Partnerships for Nation-building

The advent of a new national leadership in 2010 and the government's thrust to partner with private entities for its major economic undertakings prompted the Bases Conversion and Development Authority (BCDA) to strengthen further its Asset Disposition Program (ADP) as it charted new directions in the agency's quest to continue fulfilling its mandates.

Pursuing public-private partnerships and prudent financial management have long been guiding principles of the Bases Conversion and Development Authority (BCDA) in carrying out the ADP. The hallmark of development efforts in 2010 is the disposition of the 34.5-hectare Joint US Military Action Group (JUSMAG) property in Fort Bonifacio forged through a joint venture agreement (JVA) with prominent developer Megaworld Corporation (Megaworld).

The JUSMAG deal brought to Php51.005 billion the total proceeds from BCDA's disposition efforts since 1993. More than two thirds of the total, or Php34.854 billion, came from outright sale of assets, particularly during the early years of the disposition efforts. Lease agreements have brought in Php3.781 billion during the same period, or eight percent of the total disposition proceeds.

As of end-2010, proceeds from joint ventures totaled Php12.37 billion, or 24 percent of the total interest income of Php183 million.

Burgos Circle, a Megaworld Lifestyle Mall

Prime residential and office spaces

Since 1993, BCDA generated total asset disposition proceeds amounting to over Php51 billion—an amount which is expected to increase over the years alongside committed investments of real estate leaders projected to reach at least Php100 billion in the next three years.

Ayala Land's Bonifacio High Steet.

St. Luke's Medical Center-Global City

Lexus Building

Mornings at the Forbes Town Center

Themed boulevards of Bonifacio High Street

Bonifacio Global City

While preparing its other properties for disposition, BCDA continues to oversee the continuing development of some of its most prized assets, particularly its crown jewel, the 150-hectare Bonifacio Global City (BGC), which it jointly manages with another prominent private partner—the consortium of premier real estate firm Ayala Land, Inc. (ALI) and the Campos Group's Evergreen Holdings, Inc.—which took over 55 percent controlling interest in Fort Bonifacio Development Corporation (FBDC) since 2003.

BCDA's partnership with the ALI-Campos Group paved the way for the entry of private developers that contributed greatly to the dynamism and world-class character of the BGC. Further, this premier mixed-use district is skillfully masterplanned to ensure a density-controlled environment and a sustainable mixed-use development.

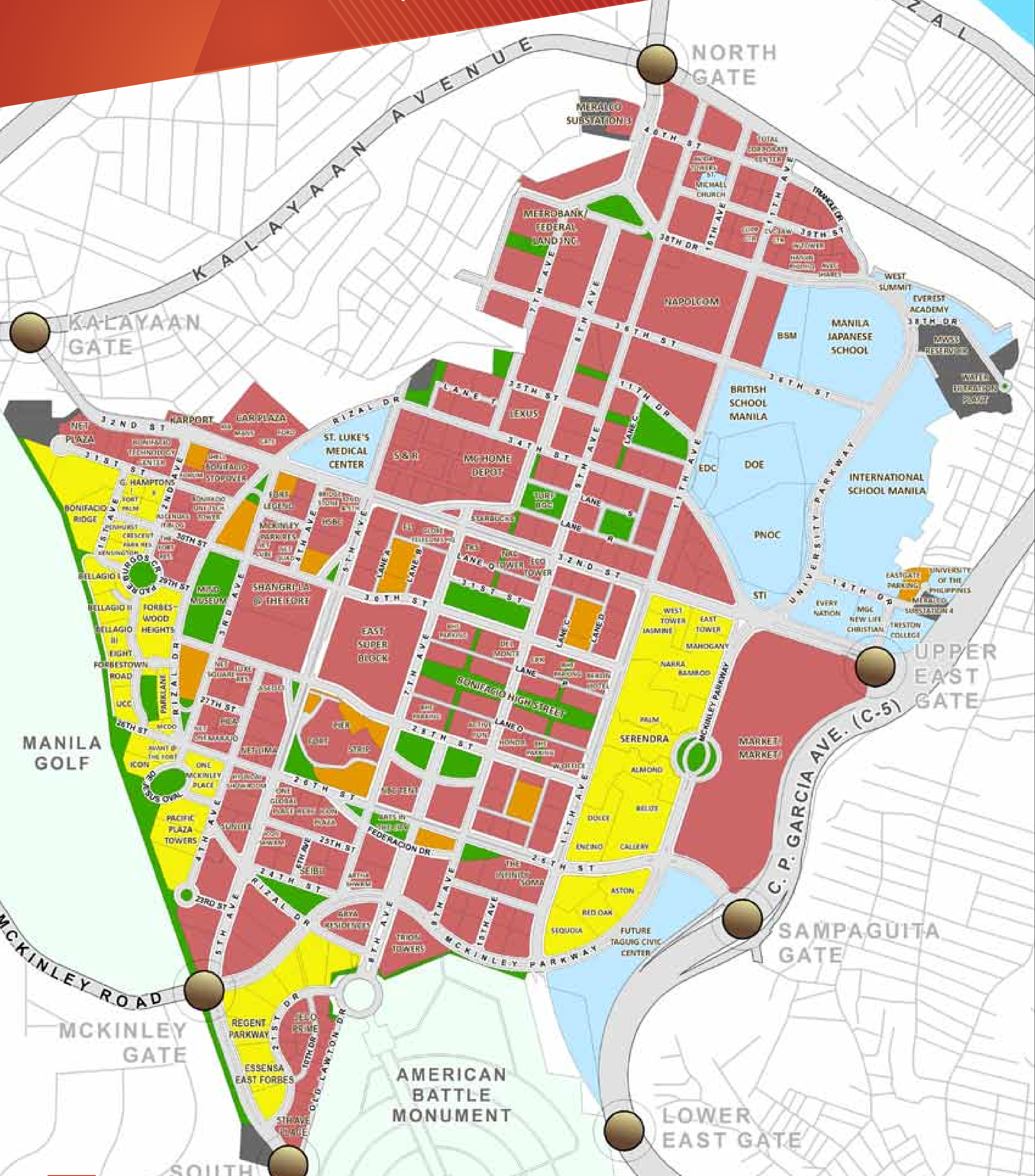
By end-2010, the upscale condominium Serendra, BCDA's joint venture project with ALI, generated cumulative revenues of Php2.740 billion since 2003. On the other hand, the lease of the area of Market! Market! to ALI yielded cumulative revenues of Php2.117 billion.

In 2010 alone, disposition proceeds for Serendra and Market! Market! totalled Php463 million and Php216 million, respectively. Committed investments in these projects are estimated at Php12.4 billion and Php6.8 billion, respectively.

Meanwhile, areas leased to educational institutions—International School Manila, British School, Every Nation Leadership Institute, Systems Technology Institute, Everest Academy and the MGC New Life Christian Academy generated combined revenues of Php91.67 million.

Among new landmarks unveiled in 2010 is the technologically-advanced St. Luke's Medical Center. This 16-storey hospital building has a 600-bed capacity, an 11-storey medical arts facility and 10 institutes—one each for heart, cancer, neurosciences, pulmonary medicine, pediatrics and child health, among others. Ongoing developments include the six-star Shangri-La Hotel, ALI's expansion retail mall called Bonifacio High Street Central, and the massive, highly-interactive science and technology complex Mind Museum.

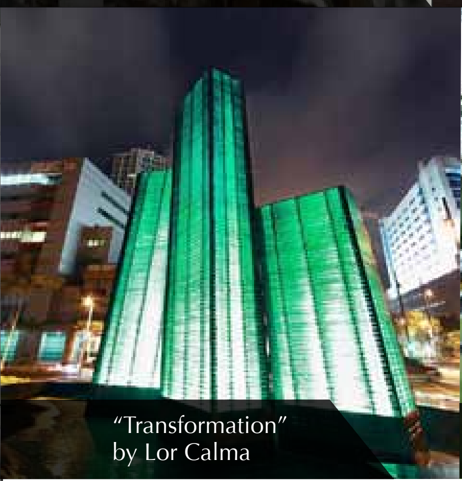
Land Use Map of the Bonifacio Global City




“Supremo”
by Leo Ben-Hur Villanueva


“Hearsay”
by Reg Yuson


“Balanghai”
by Leo Gerardo Leonard


“Transformation”
by Lor Calma

Arts In the City

Dubbed as a “city with a soul,” Bonifacio Global City promotes the convergence of leisure and business through popular destinations such as the Bonifacio High Street and Burgos Circle in Forbes Town Center. Moreover, BGC visitors are invited to take a walking tour of public art pieces created by our country’s brilliant artists. These installations are managed by the Bonifacio Arts Foundation, Inc. (BAFI). Also located in BGC is Arts in the City, a premier school for the arts ran by teachers and performers from Ballet Philippines, the Manila Symphony Orchestra, Tanghalang Pilipino, and the UP Madrigal Singers.

BGC is now home to some 24,000 residents and is host to 174,000 visitors daily.

Among future projects is a boutique serviced apartment by Ayala Hotels, Inc. (AHI), that will address the need for quality, value-driven accommodations in the BGC. The apartment will house a total of 175 rooms and will cater to the needs of business travelers, long-staying medical practitioners and local families. The apartment will be built in a corner lot across the Bonifacio High Street, through a 25-year lease agreement with FBDC that is expected to bring in Php423.9 million in revenues.

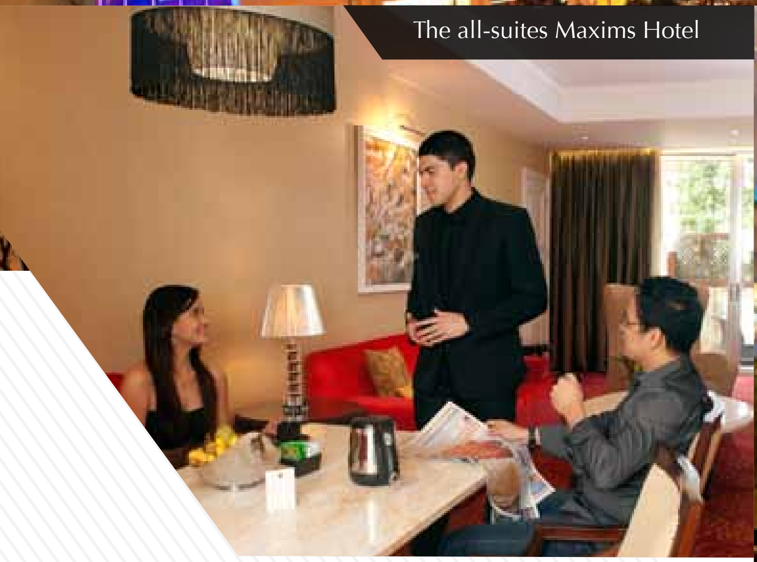
By 2012, the BGC is projected to house a total floor area of 2.9 million square meters and surpass the Ortigas Central Busines District (CBD) and equal the Makati CBD in terms of number of residential units. At least 39,000 jobs have been generated from investments in the BGC. This is expected to double alongside the estimated Php20 billion worth of new investments in the next three years.

North Bonifacio

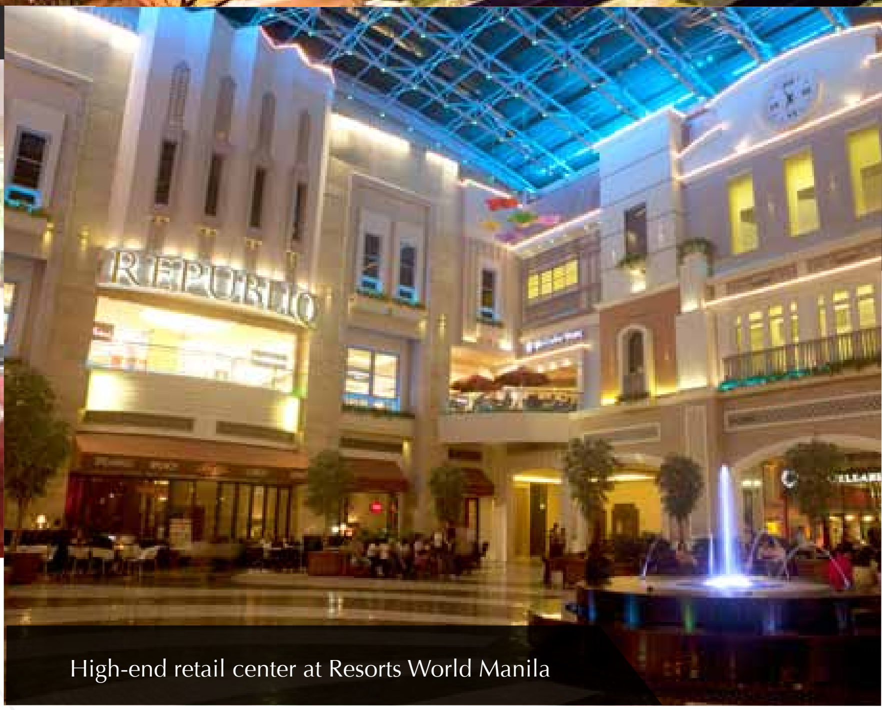
BCDA, together with Federal Land Incorporated (FLI) of the Metrobank Group will unveil in March 2011 the 66-storey Grand Hyatt Hotel. This prestigious landmark is expected to boost further investor confidence in the country and will become one of our tallest buildings standing on a 1.5-hectare prime land. This partnership also gave rise to the launch at the BGC of the state-of-the-art car showroom, Lexus Manila, Inc., in 2009.

Another Megaworld development, the Bonifacio Uptown, is set to rise on a 16-hectare property, of which 8.38 hectares were BCDA properties disposed in 2009, also in the North Bonifacio Central District. An investment commitment of at least Php15.6 billion over the next 20 years will transform the property into a mixed-use, high-density complex with more than 500,000 square meters of residential space, 400,000 square meters of office space, and 90,000 square meters of retail space.

The sprawling Newport City at the former Villamor Airbase



The all-suites Maxims Hotel



High-end retail center at Resorts World Manila

Newport City

The year 2010 likewise saw the full operations of the six-star Maxims Hotel—the first all-suites hotel in the country. It is a prime addition to the 6-hectare Resorts World Manila Complex (RWM) in Newport City at the former Villamor Airbase, which already showcases the five-star Marriott Hotel Manila, and the budget-class three-star Remington Hotel. Established by Travellers International Hotel Group, Inc., a partnership between Megaworld and Malaysia's Genting Berhad Group, the hotel was launched alongside a high-end retail center and the 1,000-seater Newport Performing Arts Theater.

Newport City is a Php7.4 billion township development which sits across the Ninoy Aquino International Airport Terminal 3 (NAIA3). It does not only host a 24/7 leisure and entertainment complex but also fully integrated residences such as the Residential Resort, which comprises 16 medium-rise buildings with a 140,000-square meter floor area, the 10-storey condominium cluster called Palmtree Villas, and the Eighty-one Newport Boulevard, among others.

The Newport City CyberPark, on the other hand, is home to international cruise line operator Star Cruises, Ltd. and is envisioned to launch Business Process Outsourcing (BPO) offices, cargo logistics and airline-related businesses to complement the International Passenger Terminal III at the Ninoy Aquino International Airport (NAIA).

Since 2003, cumulative revenues in the Newport City reached Php1.972 billion so far—which includes the cost for Megaworld's replication of project-affected military and community facilities. To date, investments in the Newport City have already reached Php16 billion and is expected to reach Php50 billion.

On the other hand, proceeds from the lease of the area of NAIA International Passenger Terminal III to the Manila International Airport Authority totaled Php720 million—with Php111 million generated in 2010 alone.

Collectively, jobs generated from the Newport City and the Bonifacio Global City have reached more than 60,000 and are seen to accelerate over time as the multiplier effects of construction and take-up of offices and commercial areas are fully realized.

Enderun Colleges

McKinley Hill

The Philippine Economic Zone Authority (PEZA)-accredited McKinley Hill showcases high-rise buildings which offer BPO companies prime office spaces, covering a total of 17,142 square meters.

By 2010, McKinley Hill already houses 270,000 square meters of office space, 4,713 condominium units, over 482 residential lots, and a retail mall called the Venice Piazza, which features a replica of St. Mark's Tower and soon, a replica of the Grand Canal.

Among prime residential projects are the McKinley Hill Village, the mid-rise condominium buildings called Garden Villas, the Italian-themed Tuscany Private Estates, and the 22-storey Morgan Suites Executive Residences which is set to be completed by 2013.

Since 2003, revenues in the zone reached Php2.014 billion—with Php275 million earned in 2010 alone.

McKinley Hill, a joint venture project of BCDA with Alliance Global Group, Inc. (AGGI) guarantees BCDA a minimum revenue share of Php1.772 billion for 15 years. Investments have already reached USD300 million and are projected to reach USD740 million by 2012.

With big locators such as the Philippine Chamber of Commerce and Industry (PCCI), Accenture, Hewlett Packard, and the British, Korean and Qatar Embassies, McKinley Hill will continue to generate employment for our countrymen and will surpass the currently estimated 46,000 jobs.

Heritage Park

For 2010, BCDA was able to generate Php42.09 million from the sales, through accredited brokers, of the Heritage Park Investment Certificates (HPICs) in Area 2 of the Heritage Park. The 2010 sales registered a year-on-year growth of 24 percent. BCDA is optimistic that sales of the Certificates in Area 2 would continue to grow, with the accreditation of more licensed brokers.

BCDA is set to launch its new products at the Church Terraces at Area 4 at the Heritage Park, the Pavilion Terraces at Area 1-B, and the new inventory of niches at the Angel's Touch Columbarium in Area 2. The aggregate value of these new products is estimated at Php441.91 million.

Remittance to the National Treasury

Of the total proceeds generated from 1993 to 2010, Php21.242 billion has been remitted to the National Treasury for the account of the Armed Forces of the Philippines (AFP), broken down into Php11.746 billion for the AFP modernization program and Php9.496 billion for military replication expenses.

Similarly remitted to the National Treasury were Php462 million representing the shares of the contiguous municipalities of Taguig, Pateros and Makati as well as Php7.143 billion in favor of 14 government beneficiary agencies mandated under R.A. 7227 (Bases Conversion and Development Act of 1992), as amended by R.A. 7917.

After remittance to the National Treasury, the utilization and distribution of the remittances become the responsibilities of the Department of Finance (DOF) and the Department of Budget and Management

Replicated military facilities—
Philippine Army Officers' Clubhouse

Philippine Air Force (PAF) Museum

The PAF General Hospital

Pasay City South High School, one of the replicated community facilities

(DBM) pursuant to the approved fiscal program of the government. DBM releases the share of the beneficiary agencies following budget execution guidelines.

Other proceeds of the BCDA disposition program amounting to Php11.149 billion went to finance the site development projects aimed at increasing value of BCDA's projects, taxes and fees paid to the Bureau of Internal Revenue (BIR) and to local government units; and, housing and relocation expenses for informal settlers affected by the developments. The above amount includes those withheld from the disposition proceeds, which are still subject to verification by the Department of National Defense (DND) and the AFP as to which amount goes to Direct Expenses and which amount forms part of the disposition proceeds, pursuant to Joint Resolution 2004-1.

Meanwhile, Php10.390 billion was allotted for expenditures related to the conversion and development of former US military bases like Clark in Pampanga, Poro Point in La Union and John Hay in Baguio City, as well as for the Subic-Clark-Tarlac Expressway which was built to enhance the complementary development of Subic and Clark.

BCDA strives to always get the highest possible price for the property being disposed at the time of its disposal. It has always been the guiding principle in all partnerships with private partners and proponents that has proven to yield the biggest and most tangible benefits for the beneficiaries of the asset disposition program.

The success of the JUSMAG deal, and the other joint venture agreements entered into by BCDA in the past, is mainly anchored on BCDA's track record of fairness and transparency in the conduct of its disposition procedures that encourage active and wholehearted participation by private sector entities deemed crucial in disposition efforts.

Replication and Relocation

A total of Php9.496 billion was remitted to the Bureau of Treasury for the replication of military facilities. These facilities include the Philippine Army (PA) Officers' Clubhouse, which was replicated for Php829 million, the PA Hospital at Php254 million, the Villamor Apron/ Taxiway Project at Php162.2 million and the PA Clubhouse at Php54.7 million. In addition to this, BCDA also directly remitted to the AFP Php300 million to advance the initial funding for the preparation of the relocation sites intended for the AFP units affected by the disposition of Metro Manila camps. This is in fulfillment of the provisions of a 2004 Memorandum of Agreement (MOA) with the DND.

This amount does not yet include the over Php1 billion to bankroll the replication of Philippine Air Force (PAF) facilities and community facilities at the Villamor Airbase. Another Php700 million is allocated for the replication of AFP Housing Facilities, in support of the disposition and development of the JUSMAG area.

On the other hand, non-military relocation expenses for the Philippine Merchant Academy, the National Intelligence Coordinating Agency, the National Defense College of the Philippines, among others totaled Php619 million as of end-2010.

Bonifacio Global City is projected to house 2.9 million square meters of gross floor area by 2012. It is envisioned to surpass the Ortigas Central Business District (CBD) and equal the Makati CBD in terms of number of residential units.

Sustainable Development

With the Bonifacio Global City now employing nearly 30,000 workers and is now home to 24,000 people in its various residential developments, BCDA and FBDC continued its infrastructure development in the new CBD in 2010, foremost of which was the groundbreaking for a Php375-million flyover that would provide motorists an alternative exit to the northbound lane of C-5 Road. This infrastructure project, known as the N2 Ramp, is an 800-meter two-lane flyover that will begin at the intersection of 32nd Avenue, University Parkway and McKinley Parkway eastward to the northbound lane of C-5. This new flyover will serve those going to and coming from Quezon City, Pasig, Pateros and other areas in northern and eastern Metro Manila.

Future Projects

There are still some major properties that are scheduled for disposition by the BCDA, notably the BNS/PMC/ASCOM/SSU area which is composed of lands presently occupied in part by the Army Service Command (ASCOM) and Security Services Unit (SSU) of the Philippine Army (PA) and in part by the Bonifacio Naval Station (BNS) and the Philipine Marine Corps (PMC).

The property is located along Lawton Avenue and is separated from the JUSMAG property by the National Mapping and Resource Information Authority (NAMRIA) area and a 6-hectare strip of land retained by the PA. It covers 33.1 hectares, and for which the agency hopes to raise an upfront cash payment of at least Php2 billion.

Under the Bonifacio South master plan, the BNS/PMC/ASCOM/SSU area would be developed into a medium-to high-density residential and mixed-use complex, with a strong institutional component and a maximum allowable gross floor area of 1.355 million square meters.

Freeports and Ecozones

Integrated Developments that Shape the Future

The Bases Conversion and Development Authority (BCDA) and its subsidiary firms jointly carved out of the former US military bases their significant contributions to the national economy in 2010 by drawing more investments from locators, and by pursuing the developments of these areas based on their unique geographical characteristics and strategic locations as well as their inherent advantages in terms of existing manpower resources, infrastructure and facilities.

By the end of December 2010, investments committed in BCDA-administered freeports and economic zones totaled Php8.88 billion, while total employment within the zones reached 66,622.

The Clark Freeport Zone posted the highest cumulative investments at Php81.65 billion, with its actual employment rising to 60,162 from 58,023 in 2009.

These figures clearly show that BCDA and its implementing arms within BCDA-administered zones—Clark Development Corporation (CDC), Clark International Airport Corporation (CIAC), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), and Bataan Technology Park, Inc. (BTPI)—have succeeded in transforming these former US military facilities into productive commercial and industrial zones that, together, serve as resilient backbones of the regional and national economies.

But more than creating employment and livelihood opportunities, these corporations—as one development group—continue to safeguard the country's most prized assets and provide government planners with ample areas for future development and wide latitudes for economic expansion.

HLD Clark Steel Pipe Co., Inc.

Parkson Duty Free


Lohas Hotel & New Well Being Spa Resort

The Global Gateway Logistics City


Peninsula Fashion Incorporated, Ltd.


H3 Technologies


iSensors, Inc.

These prime properties, situated in some of the country's most strategic locations, are surely shaping up as the next economic centers that provide the Philippines the needed facilities and human resources—necessary to sustain its march towards becoming one of the most dynamic engines of growth in the Asia-Pacific region.

The new airport passenger terminal in Clark

Highly skilled Filipino aircraft specialists of Aerotech Industries Philippines, Inc. (Clark), local partner of Italy's Alenia Aermacchi S.p.A. assembling SF 260 trainer aircrafts for the Philippine Air Force.

Clark Freeport Zone

The Clark Freeport Zone (CFZ) encompasses a total of around 28,000 hectares of land in Central Luzon, which includes a main zone that covers 4,400 hectares of prime land and a yet underdeveloped but potentially vibrant sub-zone of approximately 23,000 hectares.

The main zone used to be Clark Air Base, the largest US air base outside of the continental United States before it was turned over to the Philippine government in the early 1990s. Currently, it is a sprawling master-planned economic, tourism, industrial, commercial and aviation estate divided into two main areas: the 2,367-hectare Clark Civil Aviation Complex (CCAC) under the Clark International Airport Corporation (CIAC), and the 2,033-hectare tourism, industrial and shopping complex under the Clark Development Corporation (CDC).

The main driver of the Clark Freeport Zone were still the industrial locators lured by the incentives offered by the Freeport, including tax privileges and other perks to attract overseas investments. Though the industrial complex remains a major contributor to the earnings of CDC, tourism-related endeavors have started flocking into the Freeport to take advantage of its fast-growing service industry.

Actual cumulative investments in the CFZ have reached Php81.65 billion in 2010, posting a significant 10 percent increase from the Php74.3 billion registered investments in 2009.

Moreover, total number of employees in the Clark Freeport Zone reached 60,162 in 2010, an increase of 3.69 percent from the 2009 registered workers of 58,023. This reflects the sustained trend in job growth in the former US air facility.

The big story for 2010 in the Clark Freeport Zone, however, is the up-and-coming aviation complex located in the Diosdado Macapagal International Airport (DMIA), more popularly known as the Clark International Airport, which the government is positioning to be the country's major international gateway to relieve congestion at the main airport in Metro Manila.

The push towards making the Clark International Airport a major regional hub in the Asia Pacific received major boost with the entry of two regional airlines, the Korean budget airline, Jin Air, which has launched five weekly flights to Incheon, South Korea and the Southeast Asian Airline (SEAIR), which partnered with Singapore's Tiger Airways to provide daily flights to Singapore.

More significantly, a joint venture (JV) corporation was established in 2010, following the move of Malaysia-based AirAsia, currently Asia's largest low-cost airline, to enter into a JV agreement with Philippine businessmen to put up AirAsia Philippines. The newly formed JV corporation is set to locate its hub at the Clark International Airport and aims to replicate the successful AirAsia business model locally, and provide the Philippines with greater connectivity to the rest of the ASEAN region.

Simultaneous to the development of excellent airport services, CIAC is also working on transforming the aviation complex into an international aerotropolis, home to first-class aviation-related services and logistics hub in the Asia-Pacific region. A positive development towards this goal is the announcement of SIA Engineering Company, the maintenance, repair and overhaul (MRO) facility provider of Singapore Airlines, to build a second hangar within the Complex worth Php1 billion. This proposed hangar is positioned to provide MRO services to Boeing 747s and 777s that call on Clark International Airport. Moreover, Metrojet, the largest corporate jet company in Hongkong, has already officially announced its plan to develop an MRO facility in Clark.

Clearly, the investments being made at the Clark Civil Aviation Complex, including the forthcoming construction of Clark International Airport's Budget Terminal with a planned annual capacity of 8 million passengers per annum and the continuous upgrade of its existing facilities bode well for the government's vision for Clark Airport to become a leading player in the regional aviation industry in the very near future.

Classic log cabins & forest estates

New attraction at the camp, Treetop Adventure

John Hay Special Economic Zone

The John Hay Special Economic Zone (JHSEZ) received a twin boost in 2010 in the continuing quest to provide employment and generate revenues with the start of operation of its newest tourist attraction, Tree Top Adventure, and the construction of the first business process outsourcing building of premier property developer Ayala Land, Inc (ALI).

Tree Top Adventure Baguio, Inc., the newest locator in the economic zone, started drawing visitors with the operation of three initial attractions called the Silver Surfer, Superman and Canopy Ride, all of which prove the inherent advantages of the former Camp John Hay (CJH) as a leading eco-tourism destination.

Tree Top is expected to contribute almost Php32 million in revenues to BCDA subsidiary John Hay Management Corporation (JHMC) in the first five years of its operation, with a projected annual revenue growth rate of 9.7 percent for the duration of its 17-year contract in John Hay.

Aside from the visitors to Tree Top, John Hay's accommodation facilities also continued to draw tourists to the area, particularly to the Historical Core which saw a three-fold increase in event functions hosted during the year. The accommodation facilities drew a total of 86,577 tourists in 2010—more than half of them registered guests of Camp John Hay Manor, a top Baguio destination.

Despite financial difficulties in the development of areas leased to the Camp John Hay Development Corporation (CJHDevco), the year was highlighted by the continued construction of the Ayala Land Technohub-North Hub, completion of 51 out of 56 units of the two-storey Camp John Hay Forest Cabins, completion of Country Estate 8, and ongoing carpentry works for other prime estates.

Ayala Land began construction of Ayala Technohub BPO-A in July 2008 and started the building of BPO-B inside the special economic zone in earnest during the year. The so-called BPO-A and its adjacent retail building were more than 90 percent complete as of end-2010. Further, the retail section of the hub, which started construction in March 2010, will promote work-life balance, and convenience through an organized transport system. The eventual completion of this fully integrated community is expected to create 3,000 new jobs for the residents of the Baguio, La Trinidad, Itogon, Sablan, Tuba and Tublay (BLISTT) area.

On the other hand, Moog Controls Philippines, Inc., an aircraft precision parts manufacturer, expanded to a 6.5-hectare area within the JHSEZ.

For 2010, JHMC reported total revenues of almost Php98 million, while total employment generated within the JHSEZ has reached 1,011, almost 25 percent higher than the number of workers registered during the previous year. Of the total number of workers, more than 91 percent came from the BLISTT area, surpassing the mandated 85 percent required under the 19 conditionalities set by Baguio City Local Government for the development of Camp John Hay.

More important than the increased revenues and tourist arrivals, however, JHMC continued to preserve the natural beauty of Camp John Hay with its forest preservation and conservation programs, as well as protecting the watershed within the reservation.

The company propagated a total of 21,000 seedlings, mostly Benguet pines and ornamental plants as well as Narra and coffee trees, during the year. Almost half of these seedlings were planted within the reservation with the help of volunteers, students and other stakeholders to sustain John Hay's forest density and ensure clean water supply for the reservation and surrounding areas.

JHMC likewise constructed three additional forest ranger stations and deputized 35 new environment compliance officers to help monitor and enforce environmental laws and ensure that John Hay remains a viable and sustainable eco-tourism destination even as it continues to attract compatible investments.

Bataan Technology Park

The Bataan Technology Park (BTP) in Morong, Bataan is long considered an ideal eco-tourism haven due to its rolling hills and wide open spaces with a majestic view of the South China Sea, not to mention its historical significance as the former Philippine Refugee Processing Center established by the United Nations for Indo-Chinese refugees in the early 1980s.

While it is currently a favorite destination of local and foreign tourists who enjoy its lush greeneries, teambuilding facilities and resort accommodations amidst its quiet surroundings, the BTP is also a special economic zone that offers investors perks and privileges aimed at providing long-term job opportunities to residents in its vicinity.

Anticipating more tourist arrivals, the Bataan Technology Park, Inc. (BTPI) management continued building its tourism infrastructure and facilities within the 365-hectare zone. Further, it sustained its promotions campaign—taking advantage of the zone's increased accessibility due to the opening and operations of the Subic-Clark-Tarlac Expressway (SCTEX)—from which the BTP is a mere 30-minute drive.

The BTPI in 2010 approved the request of its newest investor, the Alphaland Heavy Equipment Corporation (AHEC), to import heavy equipment from China worth USD1.5 million, which the company intends to sell and distribute locally. AHEC has likewise submitted the development plan for its leased area in BTP, where it intends to put on display the heavy equipment it is bringing in. This, in turn, is expected to generate significant business traffic in the zone and lure more construction-related investments.

Aside from AHEC, another construction-related locator is Equinet Support Inc., an architectural and engineering support firm that offers professional services to different companies in Europe, the Middle East, Asia-Pacific and the United States.

Furthermore, plans are underway for developing the BTP into the country's pilgrimage destination. Pope John Paul II celebrated Holy Mass before some 20,000 Vietnamese, Cambodian and Laotian refugees on February 21, 1981.

The BTP offers generous perks to investors and is of great proximity to the Subic Bay Freeport Zone, the Clark Freeport Zone, and the mushrooming residential and resort developments along the Bataan coastline. Recently showcasing its potential as as a retirement and pilgrimage zone, the BTP is indeed in a perfect position to reap the rewards of its hard work and perseverance through the years. It is expected to emerge as a unique destination as well as a dynamic generator of jobs and other livelihood opportunities in Bataan and the rest of Central Luzon.


Gazebos that offer a view of rolling hills and lush greenery


Team-building activities at the Park

Corporate events and family celebrations at the Pavilion Hall

Mediterranean-inspired architecture of Thunderbird Resorts, Poro Point.

The San Fernando Airport

Domestic flights in Poro Point via Zest Air

The San Fernando International Seaport

Thunderbird Pilipinas Hotels and Resorts, Inc. (Thunderbird), in 2010, launched The Point Residences, a leisure and wellness residential community within Poro Point Freeport Zone that will be a first in Asia.

The Cliffs Golf & Beach Club

Poro Point Freeport Zone

As a viable destination in the North, the Poro Point Freeport Zone (PPFZ), under the management of the Poro Point Management Corporation (PPMC), saw much promise in 2010 in the fields of Business Process Outsourcing (BPO), light industries and the operations of the San Fernando Airport. Simultaneously, PPFZ continues to play a vital role in the country's tourism efforts with the expansion of its existing tourism complex, which, in 2010, started the construction of a high-end real estate project that is envisioned to become a unique leisure and wellness hub in Northern Luzon.

PPMC, a subsidiary of the Bases Conversion and Development Authority (BCDA), has delineated a five-hectare area inside the PPFZ as an Information and Communications Technology (ICT) Park in anticipation of the continued growth of the BPO industry outside Metro Manila.

Currently, an anchor tenant at the ICT Park—Global Resources and Holdings-Poro Point Corporation (Global Resources)—is engaged in distance education system, information technology (IT), telecommunications, and the operation of a foreign language center.

In June of 2010, Global Resources entered into a 25-year lease agreement with PPMC for a 5,000 square meter area at the ICT Park that will be used for the operation of Global Resources' Distance Learning and Telecommunications Center catering to the Asia-Pacific and Micronesia clients. It is now building a three-storey structure in the ICT Park that would become the first dedicated ICT building in the whole province of La Union upon its completion in the year 2012.

PPMC also identified a 13.5-hectare property within PPFZ's 50-hectare industrial area for development into a light industrial zone. It entered into a lease agreement with Poro Point Agro-Industrial Development Company, Inc. (PAIDCO) in June 2010 for the development of a food manufacturing facility within an initial area of 427 square meters. PAIDCO later signed a second lease agreement with PPMC in December 2010 for another 5,000 square meter area which would be developed into an additional food processing facility that would eventually benefit the farming communities in and around La Union. PAIDCO's total investments in PPFZ are expected to reach Php153 million.

Meanwhile, the continued upgrading of the San Fernando Airport contributed to the increase of tourist traffic and a stream of investors in La Union in particular and the whole Northern Luzon in general.

From April 2010 to June 2010, the airport hosted domestic regular flights (Manila-San Fernando-Manila) of South East Asian Airline (SEAIR) using aircraft LET 410. Subsequently, in August of 2010, the airport resumed hosting regular domestic flights via Zest Air's MA 60 aircraft, further increasing PPFZ's accessibility to tourists and businessmen, local and foreign.

These developments benefited PPFZ's major locator, Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), which in 2010, launched The Point Residences, a leisure and wellness residential community within PPFZ that will be a first in Asia. The Point Residences is a 15-hectare development within the 65.5-hectare tourism complex under a lease arrangement. Thunderbird has started pre-selling houses and lots on leasehold rights in April 2010, while construction of the residential villas commenced in October of the same year.

The emergence of PPFZ as a viable investment and tourist destination is underscored by the fact that cumulative actual investments in the PPFZ have reached nearly Php1.3 billion as of 2010, generating a total of 4,742 jobs.

The aforementioned achievements of PPMC are the results of active and continuous marketing efforts, combined with excellent customer service towards investors, visitors, stakeholders and above board relationship with BCDA. PPMC aims to sustain these milestones with the further development of the ICT Park, the light industrial zone and the San Fernando Airport and Seaport in the years to come.

Subic-Clark-Tarlac Expressway

A Showcase of Viability and Progress

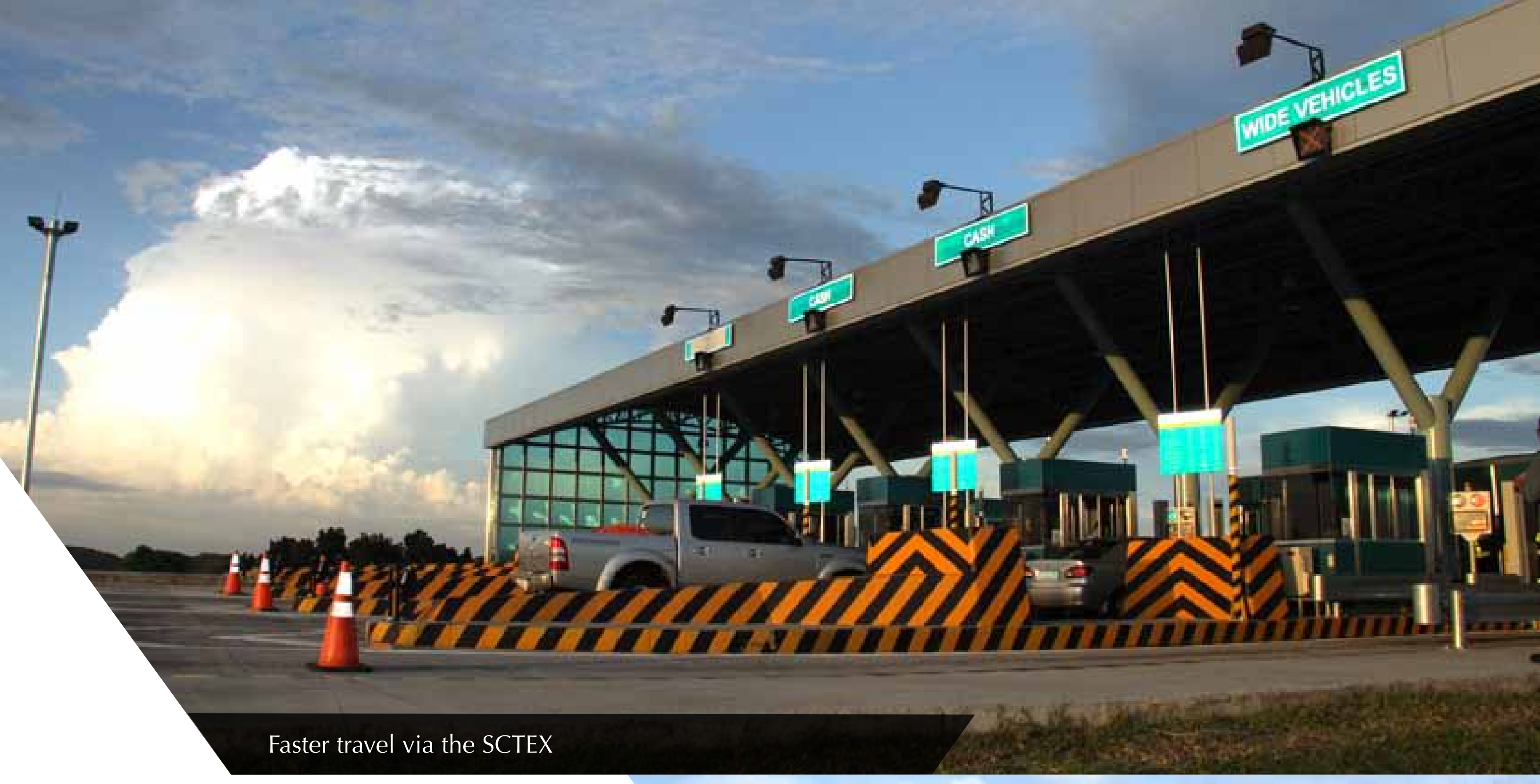
This seamless travel route to the north would allow the further exploration of remote places in Central and Northern Luzon and bring more opportunities to the people in these regions as they are opened to economic activities.

Barely two years after its completion and start of operations, the Subic-Clark-Tarlac Expressway (SCTEX) remains a source of immense pride for the Bases Conversion and Development Authority (BCDA) as the 93.77 kilometer toll road begins to create a major impact in regional tourism and growth in 2010.

This is most visible in the dramatic surge in traffic volume for the SCTEX, reaching a total of 8,958,201 vehicles for the whole of 2010, a 24.55 percent increase from the 2009 total volume of 7,192,524 vehicles. As a result, toll revenues reached Php626.84 million, a surge of 23.75 percent over 2009 levels.

Of the 8.95 million toll road users, 84.32 percent were light vehicles such as jeepneys, pick-ups, vans and cars. On the other hand, buses and trucks posted a combined usage of 15.68 percent or a 4.25 percent increase from 2009 usage of 11.43 percent. Average daily traffic in 2010 surged to 24,546, representing a 23.75 percent increase from 2009 average daily traffic of 19,685 vehicles.

The figures amply demonstrated the promise of viability and feasibility of the modern toll road.



Faster travel via the SCTEX

The National Economic Development Authority (NEDA), in its 2010 Annual ODA (Official Development Assistance) Portfolio Review, commended BCDA for doing well in completing the modern, high quality road project within the prescribed period despite tremendous difficulties, a feat considered rare in contemporary Philippine setting.

More importantly, the timely completion allowed BCDA to close out the loan with the Japan International Cooperation Agency (JICA) which funded bulk of the SCTEX.

The early project completion also resulted to a reduced availment of the loan by JPY898.5 million, or about Php449.25 million.

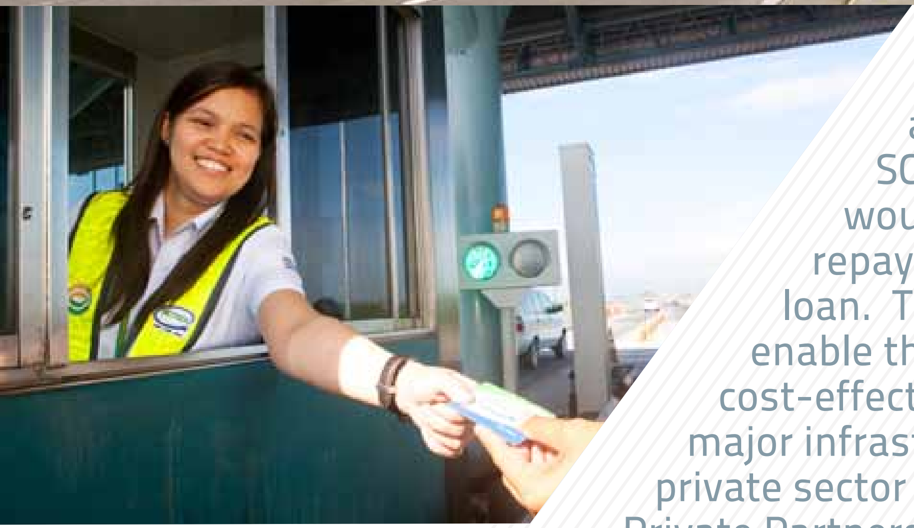
On the other hand, a model for the operation and maintenance of the SCTEX is being crafted that would enable BCDA to service its repayments to JICA for the SCTEX loan. This arrangement would also enable the efficient operations and cost-effective maintenance of the major infrastructure facility—through private sector expertise and the Public-Private Partnership (PPP) framework—necessary in keeping the tollway running smoothly.

The deal would assure BCDA of a reasonable return on its investment through the revenue sharing arrangement between BCDA and the private sector partner and, at the same time, enable payments to the JICA during the initial period when toll revenues may not be enough to cover debt service.

The SCTEX, indeed, has become an attractive investment opportunity for the private sector. In the two years that it has been operating, traffic volume has steadily increased as more and more motorists find it a convenient, faster and more efficient way to travel around Central Luzon and even parts of Northern Luzon, including Baguio City.

With the projected handover of the SCTEX to a private concessionaire, motorists can expect more convenience and comfort while using the tollway, especially with its planned integration with the North Luzon Expressway (NLEX) and Subic Freeport Expressway (SFEX). This seamless travel route to the north would allow further advancements in the countryside in Central and Northern Luzon and bring more opportunities to

The Clark North Interchange



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Traffic safety and security management available 24/7

Comfortable travel for commuters and private motorists

the people in these regions as these are opened to economic prospects.

Plans are also underway to interconnect the SCTEX to the Tarlac-Pangasinan-La Union Expressway (TPLEX), further extending the benefits of efficient transportation deeper into Northern Luzon.

Already, the four provinces being served by SCTEX – Bataan, Zambales, Pampanga and Tarlac – have experienced pronounced growth in economic activities, mostly from tourism and related ventures. The very smooth connection between Central Luzon's two economic dynamos, the Subic Bay Freeport Zone and the Clark Freeport Zone, enables these special economic zones to benefit from the strengths of each other in a dynamic synergy.

Indeed, the SCTEX has shown promise as a viable and feasible project. It has successfully drawn a capable, solid private partner, and has guaranteed healthy returns on BCDA's investment. Most importantly, it has triggered economic activity in areas hitherto unreachable, benefiting the people of Central and Northern Luzon in most tangible ways.

Corporate Social Responsibility

Sustaining Empowered Communities

The Corporate Social Responsiblity initiatives of BCDA have now evolved into long-term, sustainable programs, designed not only to meet the immediate needs of project-affected communities but to give them more productive and long-term livelihood opportunities.


Free medicines and medical consultations for project-affected families

The Bases Conversion and Development Authority (BCDA) continues to help various communities in Central Luzon, mainly those whose livelihoods were affected when the SCTEX traversed their farms and homes. These outreach activities now form the core of BCDA's Corporate Social Responsibility (CSR) projects.

Implemented mainly by the SCTEX Project Management Office, the CSR initiatives of BCDA have now evolved into long-term and sustainable programs designed not only to meet the immediate needs of the affected communities but to give them more productive and long-term livelihood opportunities.

Skills Training

Thus, in 2010, BCDA's financial support, amounting to Php1 million, for the operation of the BCDA-Floridablanca Skills Training Center in the town of Floridablanca, Pampanga easily stood out as one of its best CSR programs. Launched on July 23, 2010, the Center emerged as the answer to the need for livelihood of "priority-affected persons," defined as those greatly affected by the construction of the SCTEX.

The Center was conceptualized after a series of consultations between BCDA and the Local Government Unit-Municipal Social Welfare and Development Office (LGU-MSWDO). It provides skills training to the town's constituents in various fields such as Computer Hardware Servicing, Computer Literacy, Barista Course, Massage Therapy, including courses conducted by the Philippine State College of Aeronautics (PHILSCA)—Computer Literacy, Practical Electricity and Radio Repair/Antenna making.

A total of seven skills training activities were conducted by the Center from July to December 2010, benefiting 217 trainees. Many of the graduates of the training programs eventually passed the trade tests conducted by the Technical Education and Skills Development Authority (TESDA), giving them enhanced opportunities for employment and preparing them to embark on their own small businesses.

With the success of the programs, the LGU- MSWDO of Floridablanca has requested BCDA to continue supporting the center as more residents have expressed interest in the training programs offered by the Center. Among the special beneficiaries of the project were persons with disabilities, unskilled parents, and out-of-school youths.

On the other hand, a seminar on welding conducted in cooperation with the TESDA Unit of the Public Employment Services Office (PESO), Angeles City, Pampanga, benefited 30 members of the Special Civilian Armed Forces Geographical Unit Active Auxiliary (SCAA).

Livelihood

Another ongoing livelihood program in 2010 was the Hog Fattening Project in Concepcion, Tarlac, which was started in 2008. Aside from providing funds for the activity, the program now includes organizing the beneficiaries into a cooperative, for which the Land Bank of the Philippines (LBP) and the Cooperative Development Authority (CDA), in partnership with BCDA, conducted three seminar-workshops as part of the cooperative members' organizational training. This is a five-year program which aims to equip beneficiaries with the skills and knowledge that will enable them to sustain the program independently.

Hog Fattening Project in Concepcion, Tarlac

The Hog Fattening Project has a total of 19 individuals and the cooperative as beneficiaries in 2010. They availed Php2.6 million in loans extended by BCDA during the year.

Medical Missions

Aside from the skills training center, BCDA likewise continued providing other services to the affected communities, mainly in the form of conducting medical missions in four different barangays in Bataan, Pampanga and Tarlac in 2010.

The medical missions benefited a total of 2,312 residents who were provided free medical consultations and medicines. The missions were held in Barangay Roosevelt, Dinalupihan, Bataan; Barangay Hacienda Dolores, Porac, Pampanga; Barangay Santiago, Concepcion, Tarlac; and Barangay Pagalanggang, Dinalupihan, Bataan.

Community Initiatives

The BCDA, through its subsidiary, the BCDA Management and Holdings, Inc. (BMHI), also conducted organizational strengthening activities in support of the Pamayanang Diego Silang (PDS) community in Taguig City. BMHI provided the leadership and resources in the successful realization of outreach programs that benefited indigent families, women and children belonging to the community.

Among the socio-civic projects were its assistance to the local health center of Barangay Ususan for its free vaccine and anti-Measles project, coordination with the Korean Church for their “Back to School Project” benefiting 300 school children, organization of a donation drive for victims of the December 2010 Sitio Pusawan fire, and the conduct of seminars that would promote additional livelihood among the women.

Further, BMHI regularly monitored the implementation of the solid waste management program in the area with the objective of optimizing the inherent value of wastes and promoting reforms in solid waste management.

Overall, BCDA’s corporate social responsibility initiatives in the areas affected by SCTEX, among other developments, continue to improve the lives of many. They not only benefit from the direct assistance being provided by BCDA but, more importantly, are reaping the rewards presented by the operation of the SCTEX, and the business activities set off by this infrastructure development.

Foreword to the Financial Statements

By virtue of the laws governing the sharing of asset disposition proceeds, BCDA follows a unique accounting and business model which is not easily discernible from the traditional financial statements presentation. Depending on the applicable law (RA No. 7227, as amended by RA No. 7917 or EO No. 309), BCDA distributes from 50 percent to 72 percent of the net proceeds from its asset disposition activities to the different beneficiaries stated in the applicable law, but chiefly to the Armed Forces of the Philippines (AFP) for its modernization program. The remaining BCDA share is used to fund the conversion and viable development for the former military baselands undertaken by its subsidiaries or by BCDA itself, such as financing partly the construction and maintenance of the SCTEX.

As a further complication, RA 7227 provides that BCDA record its share in the net disposition proceeds as additional paid-up capital from the National Government if the asset disposition activity is an outright sale. If the transaction is a lease or joint venture other than sale, proceeds are recorded as revenue in its Income Statement. In view of this, the Income Statement of BCDA reflects only a portion of the disposition activities of BCDA, while the rest have to be gleaned from the changes in the Equity in the Balance Sheet and the Statement of Cash Flows.

Thus, BCDA's success in achieving its mandates is better gleaned from the cash it has generated from its disposition activities which amounted to Php3.3 billion and Php5.5 billion in 2010 and 2009, respectively. An Asset Disposition Report for the period 1993-2010 is included in this report to complement the discussions under each of the financial statements presented herein.

Further, the Commission on Audit (COA) issued an unqualified opinion stating that the BCDA's 2010 Financial Statements "present fairly, in all material respects, the financial position of the BCDA as of December 31, 2010, and its financial performance and cash flows for the year ended in accordance with state accounting principles generally accepted in the Philippines."

Parent Company Balance Sheets*

December 31, 2010 and 2009

	2010	2009 (as restated)
ASSETS		
Current Assets		
Cash and Cash Equivalent	₱ **1,186,982,135**	₱ 3,125,076,929
Short-term investments	**7,304,838,058**	4,072,998,459
Receivables	**1,068,373,562**	928,318,442
Inventories	**610,312,566**	2,970,938,251
Prepayments and other current assets	**850,924,434**	662,346,606
Total Current Assets	**11,021,430,755**	11,759,678,687
Non-Current Assets		
Investments in and advances to subsidiaries/affiliates	**22,746,542,332**	22,919,255,500
Other Investments	**16,779,130,715**	6,409,928,557
Property and equipment-net	**70,422,591,654**	69,790,973,897
Other non-current assets	**3,527,167,116**	3,946,673,043
Total Non-Current Assets	**113,475,431,817**	103,066,830,998
TOTAL ASSETS	₱ **124,496,862,572**	₱ 114,826,509,684
LIABILITIES AND EQUITY		
Current Liabilities		
Payables	₱ **1,191,317,276**	₱ 1,018,716,289
Inter-agency payables	**3,385,981,859**	4,210,478,642
Intra-agency payables	**2,505,143,565**	2,525,320,813
Total Current Liabilities	**7,082,442,700**	7,754,515,744
Non-Current Liabilities		
Loan Payable	**31,243,627,362**	26,986,361,735
Deferred Credits and other long-term liabilities	**7,439,534,173**	8,198,874,343
Total Non-Current Liabilities	**38,683,161,535**	35,185,236,078
TOTAL LIABILITIES	**45,765,604,235**	42,939,751,822
EQUITY	**78,731,258,337**	71,886,757,862
TOTAL LIABILITIES AND EQUITY	₱ **124,496,862,572**	₱ 114,826,509,684

**The financial statements presented are only for the BCDA as Parent Company and do not include the financial circumstances of its subsidiaries.*
₱43.88:$1 (as of December 31, 2010)

CY 2010: Financial Condition

Total assets of BCDA increased by Php9.7 billion from Php114.8 billion in 2009 to Php124.5 billion in 2010. Such increase was primarily attributable to the increase in Other Investment corresponding to value of land (JUSMAG property) invested by BCDA in the JVA with Megaworld in the amount of Php10.7 billion. Moreover, Inventories decreased considerably from Php2.9 billion in 2009 to Php610 million this year due to the adjustment of inventory which costs have been recognized already in the Investment in Joint Venture.

Total liabilities grew by Php2.8 billion, from Php42.9 billion to Php45.8 billion, primarily due to the increase in loan drawdowns from Japan International Cooperation Agency (JICA) to finance the SCTEX Project and the effect of restating the JICA loan using the prevailing exchange rate at end of reporting period (Php.5374:JPY1 in 2010; Php.5059:JPY1 in 2009). Total Equity grew to Php78.7billion in 2010 from Php71.9 billion in 2009, as a result of increase in the appraised value of JUSMAG property.

Parent Company Statements of Income

For the Years Ended December 31, 2010 and 2009

		2010		(as restated) 2009
REVENUES				
Share from the income of joint venture operations	₱	**790,282,179**	₱	655,697,772
Lease Income		**357,376,783**		492,498,279
SCTEX toll fees		**629,073,986**		513,484,385
Income from subsidiaries/affiliates		**613,588,622**		383,974,560
Miscellaneous income		**24,506,222**		10,502,751
TOTAL REVENUES		**2,414,827,792**		2,056,157,747
CASH EXPENSES				
Personal Services		**294,425,469**		184,196,849
Maintenance and Other Operating Expenses (MOOE)		**1,530,654,988**		1,133,613,405
TOTAL CASH OPERATING EXPENSES		**1,825,080,457**		1,317,810,254
INCOME BEFORE NON-CASH & OTHER ITEMS		**589,747,335**		738,347,493
NON-CASH & OTHER INCOME (EXPENSES)				
Depreciation		**(1,468,708,668)**		(1,337,397,232)
Bad Debts		**(17,527,283)**		(1,460,056)
Gain (Loss) on foreign exchange*		**(1,977,754,700)**		782,697,370
Impairment Loss**		**(312,209,681)**		(300,000,000)
Others***		**(116,948,208)**		549,309,406
INCOME (LOSS) BEFORE INCOME TAX		**(3,303,401,205)**		431,496,981
INCOME TAX		**(3,931,605)**		-
NET INCOME (LOSS)	₱	**(3,307,332,810)**	₱	431,496,981

* *The loss on foreign exchange represents the difference in the closing rates of the Japanese Yen vs. Phil. Peso from ¥1.9767 last year to ¥1.8608 this year for the JBIC loan drawdown used for the SCTEX Project. Any gain or loss on translation does not involve actual cash transaction but recognized in the Profit & Loss Statement in compliance with the provision of International Accounting Standard No. 21.*

** *Impairment loss pertains particularly to the value of BCDA's terminated projects which was recognized pursuant to International Accounting Standard No. 36.*

*** *Others include Financial Expenses, Government Subsidy, Dividend Income, Interest Income, Gain on valuation of Assets and Gain on disposal of properties.*

CY 2010: Results of Operations

For this year, total revenues generated by BCDA amounted to Php2.4 billion, an increase of 17 percent as compared to the previous year's revenues of Php2 billion. Income from joint venture operations (Serendra, McKinley Hill, Seaport/Casino, Newport City) comprised 33 percent of gross revenues and totaled Php790 million. On the other hand, revenues from Lease Income decreased from Php492 million in 2009 to Php357 million in 2010. This difference is attributable to the lease income we received from Manila International Airport Authority (MIAA) in 2009 amounting to Php99 million, which is the last payment made by MIAA to BCDA. The lease income received by BCDA was subject to a Memorandum of Agreement (MOA) which provided that such lease income (rental payments from MIAA) were committed to the Northrail project. Moreover, revenues from SCTEX toll collections increased by 23 percent from Php513 million in 2009 to Php629 million in 2010. Such increase was primarily due to the increase in traffic volume from 7,192,524 vehicles in 2009 to 8,958,201 in 2010.

MOOE expenses increased by 35 percent from Php1.1 billion in 2009 to Php1.5 billion in 2010 primarily due to the remittance of AFP's share from various disposition proceeds which increased by about Php706 million from Php257 million. The increase in depreciation amounting to Php131 million resulted from the increase in acquisition cost of SCTEX from capitalizing borrowing cost, tax subsidy, guaranty fees and other financing charges. Other notable changes in the MOOE are this year's taxes, insurance premiums and other fees which decreased to Php27 million from Php86 million in 2009 and advertising and promotion which increased to Php114 million from Php106 million in 2009 due to recognition of marketing and management expense in McKinley Joint Venture project.

Hence, income before non-cash and other income/expense items dropped to Php590 million in 2010, compared to Php738 million in 2009, primarily attributable to the remittance of AFP's share. After considering all other income and expenses, BCDA registered a Php3.3 billion loss, resulting mainly from unrealized foreign exchange loss of Php2 billion from the translation of Japanese Yen denominated loan and depreciation of Php1.5 billion, both relating to the SCTEX project of the government undertaken by BCDA.

Parent Company Statements of Cash Flows

For the Years Ended December 31, 2010 and 2009

	2010	(as restated) 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	**(1,962,793,865)**	(1,310,191,057)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from (used in) investing activities	**(20,890,867)**	2,791,473,344
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from (used in) financing activities	**45,436,341**	(485,883,950)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**153,597**	(9,284,698)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,938,094,794)**	986,113,639
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,125,076,929**	2,138,963,290
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱ 1,186,982,135**	₱ 3,125,076,929

CY 2010: Cash Flows

Cash flow from operating activities resulted in a net cash outflow of Php1.9 billion in 2010 as compared to Php1.3 billion in 2009. The operating cash flows came mainly from proceeds of joint venture projects and disposition of transferred assets of Php2.1 billion, while outflows resulted from additional short-term investment of Php3 billion and remittances to the Bureau of Treasury of Php2 billion.

Cash flows from investing activities resulted in a net cash outflow of Php21 million in 2010, down from net cash inflow of Php2.8 billion in 2009. Cash was generated from the redemption of FBDC preferred shares amounting to Php450 million while cash was used for additional investment in subsidiaries of Php320 million.

This year's financing activities resulted in a net cash inflow of Php45 million, attributable to increase in the National Government equity in BCDA in the form of its subsidy to Clark Development Corporation (CDC) for the Mexico-Clark 230 KV Transmission project amounting to Php91 million being undertaken by CDC.

Parent Company Statements of Changes in Equity

For the Years Ended December 31, 2010 and 2009

	2010	2009 (as restated)
CAPITAL		
Beginning Balance	**₱ 74,928,710,884**	₱ 67,674,910,866
Increase in Assessed Value	**9,906,500,881**	7,867,045,418
Share in Disposition Proceeds	**181,653,672**	139,187,219
Other Equity Adjustments	**(27,921,555)**	(752,432,619)
Subsidy from National Government	**91,600,287**	-
Ending Balance	**85,080,544,169**	74,928,710,884
DONATED CAPITAL	**1,137,658**	1,137,658
RETAINED EARNINGS		
Beginning Balance	**(3,043,090,680)**	(3,257,814,237)
Net Income (Loss)	**(3,307,332,810)**	431,496,981
Dividend Remittance to the Bureau of Treasury		(216,773,424)
Ending Balance	**(6,350,423,490)**	(3,043,090,680)
TOTAL	**₱ 78,731,258,337**	₱ 71,886,757,862

In 2010, the most significant changes in Equity was the increase of Php9.9 billion in the assessed/investment value of JUSMAG property which was disposed through Joint Venture, the current net loss of Php3.3 billion and the receipt of equity subsidy from National Government amounting to Php91 million.

Asset Disposition Report

The BCDA's Asset Disposition Program in 2010 is highlighted by a marked shift in the preferred mode of disposition, from outright sale of assets in previous years towards joint venture agreements where the government maximizes yields from its prized properties.

In 2009, the percentage of proceeds from outright sale was 64 percent of the total, while only 29 percent came from joint venture agreements and the balance of 7 percent from leases. This was dramatically reversed in 2010 when only 8 percent of the proceeds for the year came from outright sale, 13 percent from leases and 79 percent came from joint ventures.

The shift also affected the overall percentages in BCDA's asset disposition program since it started in 1993. From May 1993 to 2009, only 10 percent of the total proceeds came from joint ventures and 83 percent from outright sale. Now, the figure from May 1993 to 2010 shows the percentage for joint ventures shooting up to 24 percent while outright sale declined to 68 percent.

Total Disposition Proceeds

The total disposition proceeds from May 1993 to December 2010 now stand at Php51.005 billion, up by 9 percent from Php46.697 billion in 2009. The increase was largely accounted for by the successful disposition of the JUSMAG property through a joint venture agreement with Megaworld Corporation.

2010 Disposition

The total proceeds from the BCDA's asset disposition program in 2010 was Php3.417 billion, bulk of which came from the JV agreement or 79 percent of the total, with outright sale representing only 8 percent.

Distribution of Disposition Proceeds

As mandated by law, the BCDA remitted to the National Treasury bulk of the proceeds from its disposition program for distribution to its various beneficiaries led by the Armed Forces of the Philippines (AFP) for its modernization program.

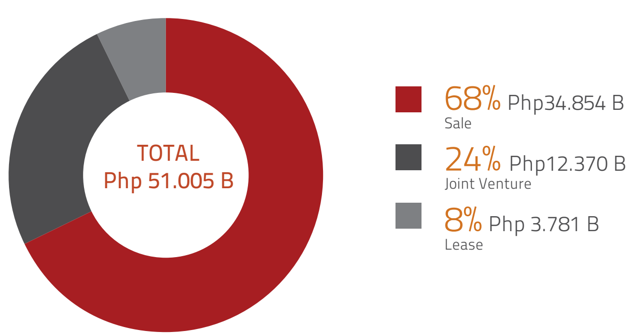
After remittance to the National Treasury, the utilization and distribution of the remittances become the responsibilities of the Department of Finance (DOF) and the Department of Budget and Management (DBM), which releases the share of the beneficiary agencies pursuant to the budget execution guidelines and the approved fiscal program of the government.

As of end 2010, the AFP share of the total disposition proceeds (Php51.005 billion) stands at 42 percent or Php21.242 billion, mainly for the AFP Modernization Program and the replication of military facilities affected by the conversion of former military bases and camps to civilian use.

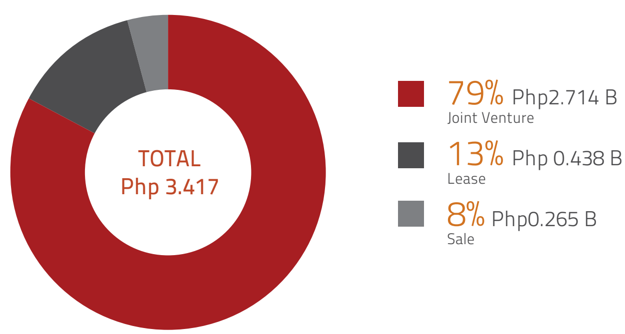
The BCDA share from the disposition proceeds at Php10.390 billion accounts for 20 percent of the total, followed by the share of other beneficiary agencies of Php7.143 billion or 14 percent share. A further Php619 million has been incurred for non-military replication expenses representing one percent of the overall proceeds, while the share of contiguous municipalities takes Php462 million or one percent.

Direct expenses, i.e. expenses related to the dispositions which are deducted from the gross proceeds, include Php4.263 billion in taxes, duties and fees as well as Php6.886 billion, mainly for site development projects, and access infrastructure, relocation of informal occupants, survey, titling, appraisal, amounts withheld subject to verification by DND/AFP as to which amounts go to AFP and which goes to expenses.

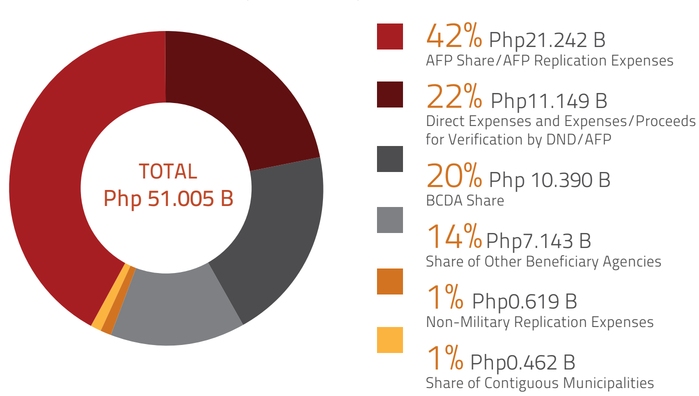
DISPOSITION PROCEEDS
For the period covered May 1993-December 2010



DISPOSITION PROCEEDS
For the period covered 01 January 2010- December 2010



BREAKDOWN OF DISPOSITION PROCEEDS
For the period covered May 1993-December 2010



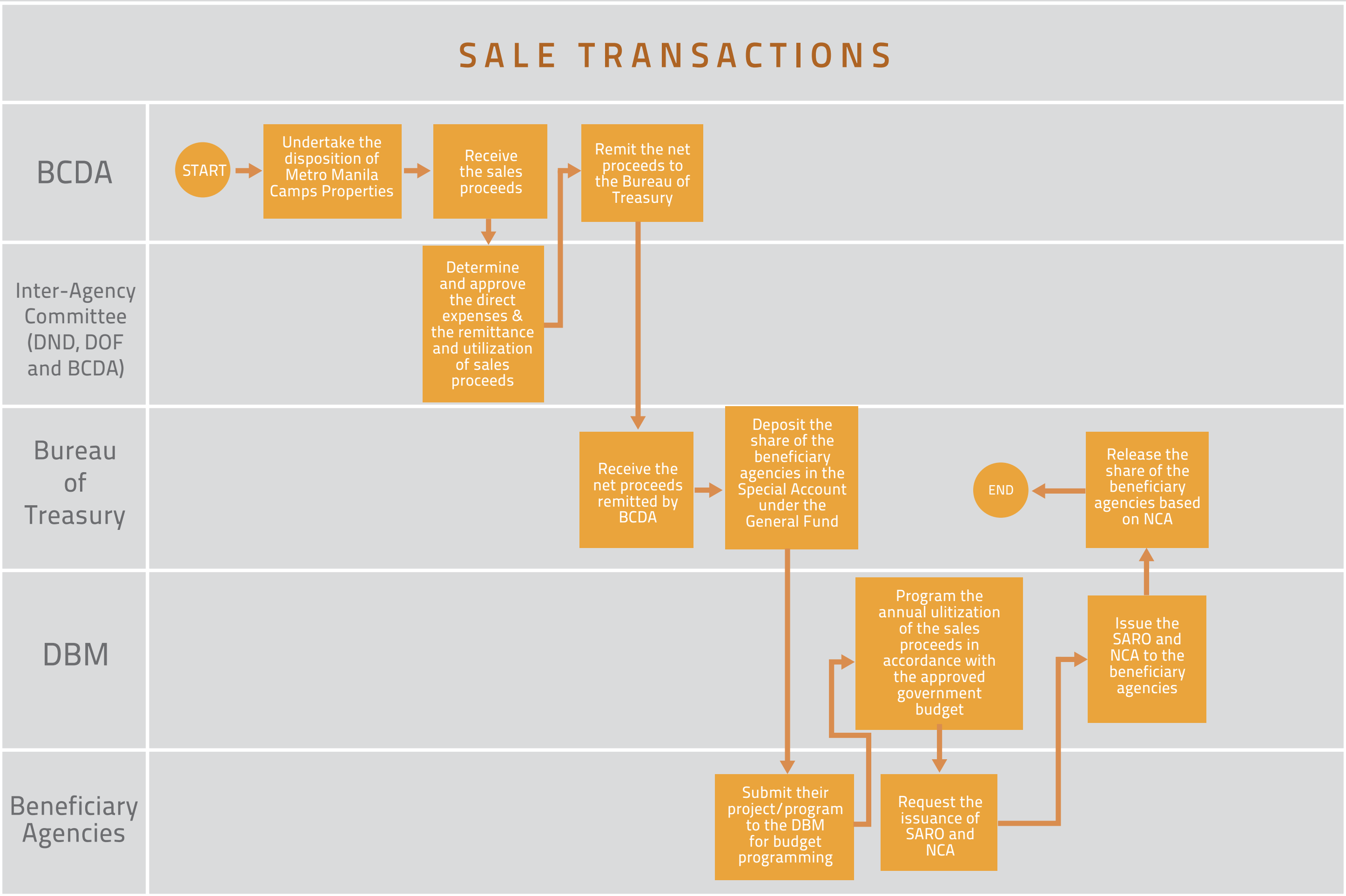
Disposition Flowcharts

BCDA adopts two different procedures in the determination and remittance of disposition proceeds, depending on whether the disposition is in the nature of sale transaction or non-sale transaction, e.g. joint ventures, leases. The determination of expenses related to non-sale transactions is jointly approved by the BCDA and the Department of National Defense (DND). On the other hand, expenses related to the sale transactions are determined and approved by the Inter-Agency Committee created under Administrative Order No. 236 (1996) composed of representatives from DND, BCDA and the Department of Finance (DOF). Following shows the process involved:

Sale Transactions pursuant to A.O. 236

1. The BCDA undertakes the sale of properties within the Metro Manila camps covered by the conversion program and receives the proceeds or payments from the buyers.
2. An Inter-Agency Committee composed of the DND, the DOF and the BCDA then determines and approves the direct expenses allowed to be deducted from the sales proceeds, and the computation of the remittance of the sales proceeds.
3. After deducting the expenses related to the disposition, BCDA remits the net proceeds to the National Treasury.
4. The Bureau of Treasury receives the remittance and deposits the shares of beneficiary agencies in Special Accounts under the General Fund.
5. The beneficiary agencies submit the projects and program for funding from the disposition proceeds to the Department of Budget and Management (DBM).
6. The DBM, in turn, programs the annual utilization of the sales proceeds in accordance with the approved government budget, taking into consideration the submitted project and program of the beneficiary agencies.
7. The beneficiary agencies would then request the DBM for the issuance of Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA).
8. The DBM issues the SARO and NCA for the shares of the beneficiary agencies based on budget execution guidelines.
9. The Bureau of Treasury releases the shares of the beneficiary agencies based on the NCA.

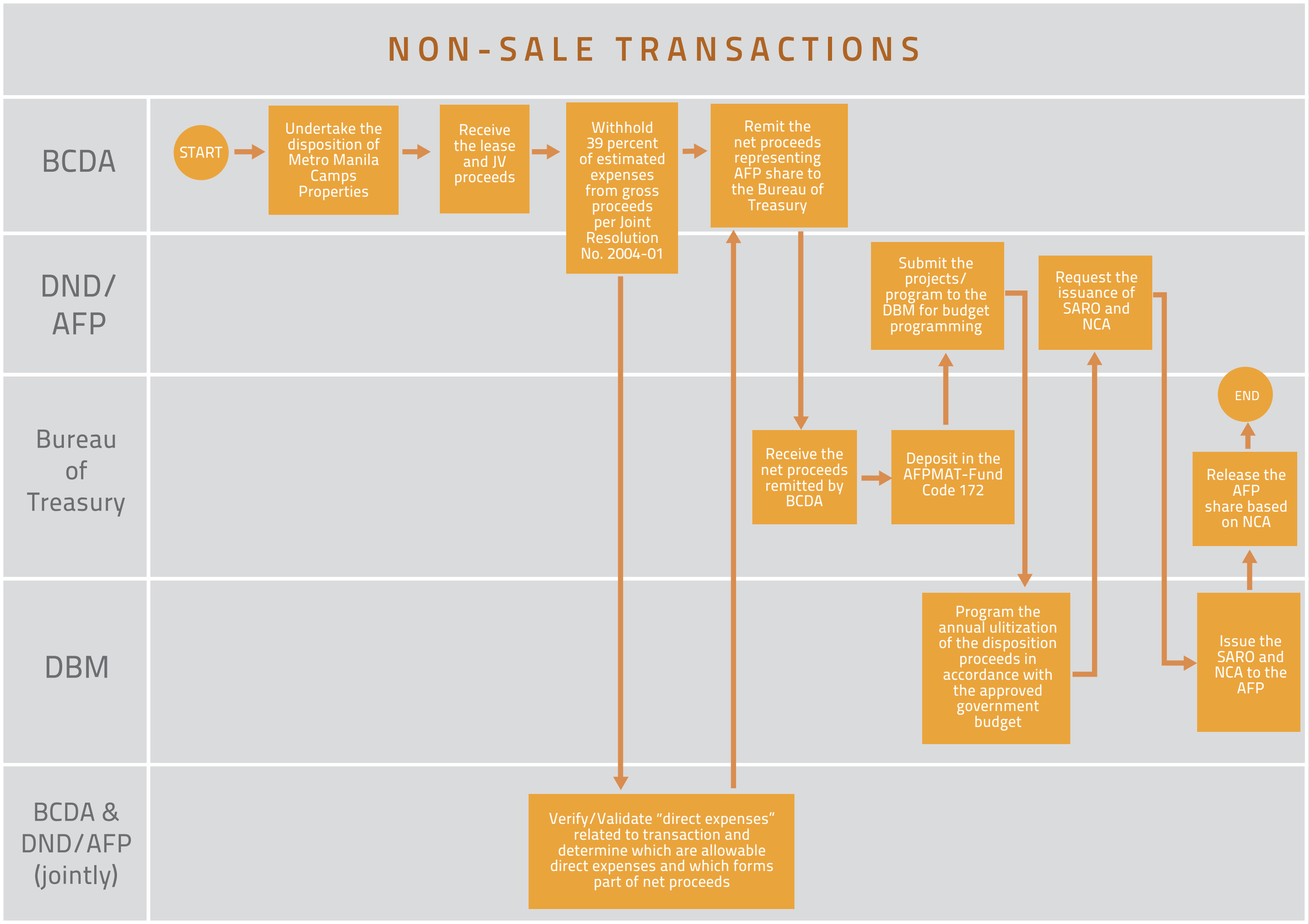
Based on Administrative Order No. 236, January 8, 1996 (Prescribing Rules and Regulations on the Collection, Remittance and Utilization of Sales Proceeds under Republic Act No. 7227, as amended by Republic Act No. 7917)



Non-Sale Transactions pursuant to E.O. 309
(e.g. Leases and Joint Ventures)

1. The BCDA enters into a joint venture or lease contract on properties within the Metro Manila camps covered by the conversion program and receive the lease rentals or joint venture proceeds of allocated residential, office or commercial units.
2. After deducting the 39 percent estimated expenses from the gross proceeds pursuant to DND/AFP-BCDA Joint Resolution No. 2004-01, BCDA remits the 50 percent of the net proceeds representing the share of the AFP to the National Treasury.
3. Then BCDA and the DND/AFP jointly determine the actual expenses related to the disposition and compares this with the retained 39 percent estimated expenses. In the event that the actual verified expenses related to the transaction exceed or fall short of the corresponding 39 percent retained expenses, the variance shall be treated as follows:
   - o Excess of actual expenses over the 39 percent retained expenses will be charged against the succeeding proceeds from non-sale transactions irrespective of the area concerned;
   - o Excess of the 39 percent estimated expenses over the actual expenses will be equally divided between the DND/AFP and BCDA and the AFP share will be remitted to the National Treasury.
4. The Bureau of Treasury receives the remittance and deposits it to the AFP Modernization Act Trust Fund (AFPMAT-Fund) under Code 172.
5. The DND/AFP submits to the DBM projects and programs to be funded by their share of the disposition proceeds.
6. The DBM programs the annual utilization of the disposition proceeds in accordance with the approved government budget.
7. The DND/AFP requests the DBM for the issuance of SARO and NCA based on their submitted programs for funding from the disposition proceeds.
8. The DBM issues the SARO and NCA for the AFP share based on budget execution guidelines.
9. The Bureau of Treasury releases the shares of the AFP based on the NCA.

Based on Executive Order No. 309, November 3, 2000 (Prescribing Rules and Regulations for the Distribution of Proceeds of Leases, Joint Ventures, and Transactions other than Sale Involving Portions of Metro Manila Military Camps under Republic Act No. 7227, as amended by Republic Act No. 7917)



Board of Directors

Left to Right

Aloysius R. Santos ▪ Atty. Jose Luis Martin C. Gascon ▪ Renato C. Valencia ▪ Gen Narciso L Abaya (Ret) ▪ Atty. Teresita A. Desierto ▪ Dr. Gil E. Divinagracia ▪ Gerard R. Seno ▪ Maximo L. Sangil ▪ Rafael Julian V. Azanza

Aloysius R. Santos

Chairman, Bases Conversion and Development Authority since November 2006 ▪ Chairman, BCDA Management and Holdings, Inc. ▪ Chairman, Heritage Park Management Corporation ▪ Vice-Chairman, Fort Bonifacio Development Corporation ▪ Director, John Hay Management Corporation ▪ Adviser to the Board, Clark International Airport Corporation

Aside from his involvement with BCDA, Mr. Santos is a renowned businessman. He is Vice Chairman of Guidance Management Corporation, a Department of Energy grantee of a 627-square kilometer service area for geothermal development at Kalinga-Apayao, which is now joint ventured with Chevron. He is also Executive Committee Member of Global Restaurant Concepts, Inc. (California Pizza Kitchen Philippine Franchisee and P.F. Chang Restaurant Country Franchisee).

He was vice Chairman of Diner's Club (Phils.). He was an MBA professorial lecturer in Finance of the Ateneo de Manila University from 1980 to 2005 and the De La Salle University from 1973 to 1993. He graduated with a Master in Business Management at the Asian Institute of Management in 1971 and he has undergraduate degrees from Loyola University of Los Angeles, California and De La Salle College, Manila.

Atty. Jose Luis Martin "Chito" C. Gascon

Director, Bases Conversion and Development Authority since October 2010 ▪ Director, BCDA Management and Holdings, Inc.

Atty. Chito Gascon is the Director-General of the Liberal Party of the Philippines since November 2008. He was the youngest member of the 1986 Constitutional Commission and the 8th Congress of the Republic of the Philippines, and was also previously a member of the government's panel negotiating with the National Democratic Front from 2001-2004. He had also served as Undersecretary for Legal and Legislative Affairs of the Department of Education.

He obtained his Masters Degree in International Law from St. Edmund's College at Cambridge University, UK, and has a BA Philosophy as well as Bachelor of Law degrees from the University of the Philippines, where he was a student leader, just prior to the first Edsa People Power Revolution.

Among his recognitions are the Benigno S. Aquino Fellowship in Public Service (2001-2002), awarded jointly by the late President Corazon Aquino and the U.S. Department of State; the Stanford Summer Fellowship in Democracy, Development, and the Rule of Law (2005) awarded by Stanford University; the Reagan-Fascell Democracy Fellowship awarded by the International Forum for Democratic Studies at the National Endowment for Democracy (2006-2007); the Asian Public Intellectual Fellowship (2007-2008) awarded by Nippon Foundation, and the Asian Leaders Fellowship Program awarded by the Japan Foundation and the International House of Japan (2008).

Renato C. Valencia

Director, Bases Conversion and Development Authority since September 2004 ▪ Director, Fort Bonifacio Development Corporation ▪ Director, BCDA Management and Holdings, Inc. since September 2004

Mr. Valencia is a former President and CEO of the Social Security System and a former Chairman and CEO of Union Bank of the Philippines. He sits as an independent director in several listed companies.

He finished his Master in Business Management at the Asian Institute of Management in 1971 and his Bachelor of Science degree at the Philippine Military Academy in 1963.

Gen Narciso L Abaya (Ret)

President and Chief Executive Officer and Vice Chairman, Bases Conversion and Development Authority since November 4, 2004 ▪ Vice Chairman, BCDA Management and Holdings, Inc. ▪ Vice Chairman, Clark Development Corporation ▪ Director, John Hay Management Corporation ▪ Director Fort Bonifacio Development Corporation ▪ Adviser to the Board, Clark International Airport Corporation

Prior to his appointment in BCDA, Gen. Abaya served a successful career in the Armed Forces of the Philippines, culminating with his appointment as AFP Chief of Staff in April 2003 to his retirement in October 2004. He is a distinguished graduate of the US Military Academy at West Point, New York (Class of 1971), and holds a Master in Civil Engineering from Lehigh University in Bethlehem, Pennsylvania, USA. He topped the Civil Engineering Board Examination in February 1974. He finished his Master in Business Administration at the University of the Philippines, where he graduated with honors in 1980.

Atty. Teresita A. Desierto

Director, Bases Conversion and Development Authority since October 2010 ▪ Director, BCDA Management and Holdings, Inc. ▪ Director, Fort Bonifacio Development Corporation

Atty. Teresita Desierto has been a public servant for almost 23 years. She quietly served the Republic of the Philippines with integrity, competence, and professionalism under five administrations since 1988.

She was a former Commissioner of the Housing and Land Use Regulatory Board (HLURB) and Supervising Commissioner of the HLURB Appeals Review Group and Finance Division. She rose from the ranks of the HLURB which she joined in 1988. Before joining government in 1988, she started her career as a Professor of Law in Surigao del Sur.

In 1970, she first engaged in her legal practice as Legal Officer of the Paper Industries Corporation. For 18 years, she was a legal practitioner handling civil, commercial and criminal cases in Metro Manila and later on as legal consultant to the Real Estate Development, Corp. and Corporate Secretary to other private firms.

Atty. Desierto is the spouse of former Ombudsman of the Philippines, Aniano A. Desierto. As a dedicated mother, in spite of the long working days she spent in her over 22 years of unstinted public service, she was able to successfully raise with her spouse three brilliant professionals. Their children, all scholars, finished among the best students of top educational institutions in the world—such as the Yale University, University of Nottingham, University of Oxford, Macquarie University, and the University of the Philippines.

She is one of the first women law graduates of Lyceum of the Philippines. A student leader, she was recognized by the Municipality (now, City) of Naga, Cebu, as one of the pioneering distinguished women lawyers.

She finished her Bachelor of Arts degree from the University of San Carlos, Cebu City.

Dr. Gil E. Divinagracia

Director, Bases Conversion and Development Authority since June 2009 ▪ Director, BCDA Management and Holdings, Inc. since June 2009

Dr. Divinagracia is President and Chairman of the Board of The Optical Shop, Inc. Aside from this, he is Chairman of the Board of Medgen Laboratories, MG Prime Pharmaceuticals, SPEX-American Eye Center; and also President of Eyecare Products, Inc.

A third placer in the 1976 Optometry Board Exam, he has been recognized since by reputable organizations for his contribution in the field of Optometry. Among his awards are as Outstanding Professional in the Field of Optometry (2005) given by the Professional Regulation Commission; and Outstanding Alumnus (1997) given by Centro Escolar University.

He is an active member of Rotary International District 3780, where he is a Past District Governor and District Trainer for Rotary Year 2009-2012.

Gerard R. Seno

Director, Bases Conversion and Development Authority since May 2001 ▪ Director, BCDA Management and Holdings, Inc. ▪ Director, Bataan Technology Park, Inc. ▪ Director, Fort Bonifacio Development Corporation

Mr. Seno is a labor rights advocate. He currently holds the following positions: Vice-President of the Associated Labor Unions; Vice-President and member of the Board of Directors of the Trade Union Congress of the Philippines; Chairman, Union Network Philippines; Vice-Chairman of the Associated Multi-Purpose Cooperative, Inc. Labor Representative of the Bank Industry Tripartite Council, the Hotel and Restaurant Tripartite Consultative Board and the Construction Industry Tripartite Council; member of the Board of Trustees of the Sugar Industry Foundation, Inc.; Field Workers' representative to the Sugar Tripartite Council; and member of the National Tripartite Industrial Peace Council. He graduated with Bachelor of Laws and Bachelor of Science in Business Administration degrees from the University of San Carlos, Cebu City in 1986 and 1981, respectively.

Maximo L. Sangil

Director, Bases Conversion and Development Authority since November 2009 ▪ Director, BCDA Management and Holdings, Inc. since November 2009 ▪ Director, Fort Bonifacio Development Corporation ▪ Adviser to the Board, Poro Point Management Corporation

Mr. Sangil is a former Director of the Clark Development Corporation and the Clark International Airport Corporation. From 1988 to 1998, he was a member of the City Council of Angeles and briefly served a term as City Mayor in 1998.

A veteran journalist who has made a name in the local print and broadcast media, he currently hosts *Talakayan* aired over RW 95.1-FM. For over 30 years, he was a reporter of the *Philippine Daily Inquirer, Philippine Daily Star* and *Philippine Daily Express*; and a radio commentator of DWGV-FM for the past 15 years. He was formerly a columnist of *SunStar Pampanga* among other Central Luzon newspapers, a former editor of several provincial weeklies and a Consultant of the Angeles Observer and the Philippine Journal of Publications.

A past president of the Rotary Club of Angeles, he was recognized as the Most Outstanding Rotarian in 2002 (Rotary District 3790) and Outstanding Club President in 2005.

He has authored the book "Somewhere in Central Luzon" and is currently working on more books.

Rafael Julian V. Azanza

Director, Bases Conversion and Development Authority since May 2001, and Chairman of the BCDA Board's Audit Committee ▪ Director, BCDA Management and Holdings, Inc. also serving as Treasurer of BMHI ▪ Director, Fort Bonifacio Development Corporation ▪ Director, Bonifacio Water Corporation ▪ Director, Bonifacio Gas Corporation

Professor Azanza is a faculty member of the Asian Institute of Management. He is also the Chairman of the Leukemic Indigents Fund Endowment. For years he was a Trustee, then Chairman, of the Dr. Fe del Mundo Medical Center and General Hospital. He has been President of the Asian Consulting Group, and is a Director of Tierra International Construction Corporation. He holds a Master in Business Administration, major in finance, from the Harvard Business School (1971) and has undertaken doctoral work at the University of the Philippines.

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Aileen Anunciacion R. Zosa
Executive Vice President

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Atty. Regina Salve R. Lapuz
General Counsel

Dean J. Santiago
Vice President
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Atty. Nena D. Radoc
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ATTY. EDNA D. SANTOS
Corporate Auditor
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Chairman
BENIGNO N. RICAFORT
President & CEO

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Website: http://www.clarkairport.com

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Chairman
VICTOR JOSE I. LUCIANO
President & CEO

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