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Housing and Urban Development
Coordinating Council
8th Floor, Allied Bank Building
Ayala Avenue, Makati

ATTENTION: Mr. Teodoro K. Katigbak
Chairman

Dear Mr. Katigbak,

Since our conversation on June 3, I have conducted an assessment of the NHC complex at Novaliches and, as promised, I am passing on to you herewith my observations in the hope that they may be of some benefit to you.

Let me state at the outset that without seeing the plants in operation it is not possible to make an accurate appraisal of their mechanical condition. Also, not having access to their financial records, I can only draw reasonably logical economic assumptions based on past experience.

Certain facts are fairly obvious. The entire complex is over-specified, over-built and probably grossly over-priced. The scale on which it was designed and its installed capacity far exceed the market it was intended to serve and, in fact, at its date of construction only a very limited market existed for some of the components it was designed to produce. That same market restraint probably still applies today.

So much for past history. My purpose in assessing the complex now was to attempt to determine:

- A workable operating strategy
- What is its recoverable value under various strategies?
- What contribution could it still make to the mass housing programme?

In my opinion, because of its original extravagance in design and cost, only a portion of its dollar cost could be recovered through one or a combination of the following three operating strategies.