Filinvest Land, Inc.

79 EDSA Highway Hills 1550 Mandaluyong City, Philippines
Up to ₱5.0 Billion, with an Over-subscription Option of ₱2.0 Billion
5.400% p.a. Seven (7) Year Bonds and 5.6389% p.a. Ten (10) Year Bonds
Offer Price: 100% of Face Value

Filinvest Land, Inc. ("FLI" or the "Issuer" or the "Company") is offering Unsecured Fixed-Rate Peso Retail Bonds with an aggregate principal amount of ₱5,000,000,000.00 with an over-subscription option of up to ₱2,000,000,000.00 (the "Bonds"). The Bonds are comprised of seven (7) year Fixed Rate Bonds due in 2021 (the "Seven Year Bonds") and/or ten (10) year Fixed Rate Bonds due in 2024 (the "Ten Year Bonds"). The Bonds will be issued by the Company pursuant to the terms and conditions of the Bonds on December 4, 2014 (the "Issue Date").

The Seven Year Bonds shall have a term of seven (7) years from the Issue Date, with a fixed interest rate equivalent to 5.400% p.a. Interest on the Seven Year Bonds shall be payable quarterly in arrears starting on March 4, 2014 for the first Interest Payment Date, and March 4, June 4, September 4 and December 4 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day.

The Ten Year Bonds shall have a term of ten (10) years from the Issue Date, with a fixed interest rate equivalent to 5.6389% p.a. Interest on the Ten Year Bonds shall be payable quarterly in arrears starting on March 4, 2014 for the first Interest Payment Date, and March 4, June 4, September 4 and December 4 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day.

The Bonds shall be repaid at maturity at par (or 100% of face value) on the respective Maturity Date or on December 4, 2021 for the Seven Year Bonds and/or on December 4, 2024 for the Ten Year Bonds, unless the Company exercises its early redemption option according to the conditions therefore (see "Description of the Bonds" – "Redemption and Purchase" on page 55).

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE, ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Prospectus is November 24, 2014

Joint Issue Managers, Joint Bookrunners, and Joint Lead Underwriters

BDO Capital & Investment Corporation   BPI Capital Corporation   First Metro Investment Corporation

Co-Lead Underwriters
Eastwest Banking Corporation
PNB Capital and Investment Corporation
United Coconut Planters Bank

Upon issuance, the Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of FLI, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of FLI's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (see "Description of the Bonds" – "Ranking" on page 55).

The Bonds have been rated PRS Aaa by Philippine Rating Services Corporation ("PhilRatings"). A rating of PRS Aaa is assigned to long-term debt securities of the highest quality with minimal credit risk. A rating of PRS Aaa is the highest credit rating on PhilRatings' long-term credit rating scale. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

The Bonds are offered to the public at face value through the Joint Issue Managers, Joint Bookrunners and the Joint Lead Underwriters and the Co-Lead Underwriters named below with the Philippine Depository & Trust Corp. ("PDTC") as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, with PDTC maintaining the scripless Register of Bondholders.The Bonds are intended to be listed on the Philippine Dealing & Exchange Corp. ("PDEx") or any such SEC-registered debt securities exchange. The Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

FLI expects to raise gross proceeds amounting to ₱5,000,000,000.00, and up to a maximum of ₱7,000,000,000.00, if the Over-subscription option is fully excercised. Without excercising such Over-subscription option, the net proceeds are estimated to be approximately ₱4,936,629,901.88, after deducting fees, commissions, and expenses relating to the issuance of the Bonds. If the Over-subscription option is fully excercised, the net proceeds are estimated to be approximately ₱6,917,672,912.63 after deducting fees, commissions, and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used to refinance debt and partially fund the capital expenditure requirements of the Company, which are discussed further in the section entitled "Use of Proceeds" on page 45 of this Prospectus. The Joint Lead Underwriters shall receive a fee of 0.45% on the final aggregate nominal principal amount of the Bonds issued, which is inclusive of underwriting fees and selling commission to be ceded to other underwriters and selling agents.

On September 4, 2014, the Company filed a Registration Statement with the Securities and Exchange Commission ("SEC"), in connection with the offer and sale to the public of debt securities with an aggregate principal amount of up to ₱5,000,000,000.00 with an over-subscription option of up to ₱2,000,000,000.00, constituting the Bonds.

The SEC is expected to issue an order rendering the Registration Statement effective, and a corresponding permit to offer securities for sale covering the offer.

On 08 January 2007, the Board of Directors approved an annual cash dividend payments ratio for the Company's issued shares of twenty percent (20%) of its consolidated net income of the preceding fiscal year. FLI's dividend policy is discussed further in page 114 of this Prospectus.

As of 30 June 2014, the Company is compliant with the Foreign Ownership Level of 40.0% with Foreign Ownership amounting to 27.92% of total issued and outstanding shares.

FLI confirms that this Prospectus contains all material information relating to the Company, its affiliates and subsidiaries, as well as all material information on the issue and offering of and the Bonds as may be required by the applicable laws of the Republic of the Philippines. No facts have been omitted that would make any statement in this Prospectus misleading in any material respect. FLI confirms that it has made all reasonable inquiries with respect to any information, data and analysis(ses) provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Prospectus. FLI, however, has not independently verified any or all such publicly available information, data or analysis(ses). The Joint Issue Managers, the Joint Bookrunners, the Joint Lead

Underwriters, and the Co-Lead Underwriters assume no liability for any information supplied herein by FLI. Accordingly, FLI accepts responsibility.

The price of securities can and does fluctuate. Any individual security may experience upward or downward movements, and may lose all or part of its value over time. The future performance of a security may defy the trends of its past performance, and there may be a significant difference between the buying price and the selling price of any security. As such, there is an inherent risk that losses may be incurred, rather than profit made, as a result of buying and selling securities. Thus, an investment in the Bonds described in this Prospectus involves a certain degree of risk.

In deciding whether to invest in the Bonds, a prospective purchaser of the Bonds ("Prospective Bondholder") should, therefore, carefully consider all the information contained in this Prospectus, including but not limited to, several factors inherent to the Company, which includes significant competition, exposure to risks relating to the performance of the economies of other countries, and other risks relating to customer default (detailed in "Risk Factors and Other Considerations" section on page 20 of this Prospectus), and those risks relevant to the Philippines vis-à-vis risks inherent to the Bonds.

No representation or warranty, express or implied, is made by the Joint Issue Managers, Joint Bookrunners and the Joint Lead Underwriters as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor any sale made pursuant to the Offering shall, under any circumstances, constitute a representation or create any implication that the information contained or referred to in this Prospectus is accurate, complete or correct as of any time subsequent to the date hereof or that there has been no change in the affairs of FLI since the date of this Prospectus.

The contents of this Prospectus are not to be considered as definitive legal, business or tax advice. Each Prospective Bondholder receiving a copy of this Prospectus acknowledges that he has not relied on the Joint Issue Managers, the Joint Bookrunners, the Joint Lead Underwriters, and the Co-Lead Underwriters or any person affiliated with the Joint Issue Managers, the Joint Bookrunners, the Joint Lead Underwriters, and the Co-Lead Underwriters, in his investigation of the accuracy of any information found in this Prospectus or in his investment decision. Prospective Bondholders should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds, among others. It bears emphasis that investing in the Bonds involves certain risks. It is best to refer again to the section on "Risk Factors and Other Considerations" for a discussion of certain considerations with respect to an investment in the Bonds.

No person nor group of persons has been authorized by FLI, the Joint Issue Managers, the Joint Bookrunners, the Joint Lead Underwriters, and the Co-Lead Underwriters to give any information or to make any representation concerning FLI or the Bonds other than as contained in this Prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by FLI or the Joint Issue Managers, the Joint Bookrunners, the Joint Lead Underwriters or the Co-Lead Underwriters.

FLI is organized under the laws of the Philippines. Its principal office is at the Filinvest Building, 79 EDSA, Barangay Highway Hills, Mandaluyong City, Philippines with telephone number (632) 918 8188.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT

FILINVEST LAND, INC.

Original Signed and Notarized

By:

LOURDES JOSEPHINE G. YAP

President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this 24 November 2014 in Makati City, Philippines, affiants exhibiting to me the following as competent evidence of her identity PP No. EB6037431 Exp. 26 July 2017 issued in Metro Manila.

Doc. No. 220;
Page No. 45;
Book No. VII;
Series of 2014.

KARICHIE E. SANTOS
Appointment No. M-590
Notary Public for Makati City
Until December 31, 2014
Penthouse, Liberty Center
104 H.V. dela Costa Street
Salcedo Village, Makati City
Roll of Attorneys No. 62127
PTR No. 4236199/Makati City/01-09-2014
IBP No. 946299/RSM/01-07-2014

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties and should not in any way be confused or considered as statements of historical fact. Some of these statements can be identified by "forward looking terms," such as "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "may," "plan," "should," "will," and "would" or other similar words. These words, however, are not the exclusive means of identifying forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

(a) Known and unknown risks;

(b) Uncertainties and other factors which may cause FLI's actual results, performance or achievements to deviate significantly from any future results;

(c) Performance or achievements expressed or implied by forward-looking statements;

(d) FLI's overall future business, financial condition and results of operations, including, but not limited to, its financial position or cash flow;

(e) FLI's goals for or estimated of its future operational performance of results;

(f) FLI's dividend policy; and

(g) Changes in FLI's regulatory environment including but not limited to, policies, decisions and determinations of governmental or regulatory authorities.

Such forward-looking statements are based on numerous assumptions regarding FLI's present and future business strategies and the environment in which FLI will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

(a) FLI's ability to successfully implement its strategy;

(b) FLI's ability to anticipate and respond to consumer trends;

(c) FLI's ability to successfully manage aggressive growth;

(d) FLI's ability to maintain its reputation for on-time project completion;

(e) The condition and changes in the Philippine, Asian or global economies;

(f) General political, social and economic conditions in the Philippines;

(g) Changes in interest rates, inflation rates and the value of the peso against the U.S. dollar and other currencies;

(h) Changes in government regulations, including tax laws, or licensing in the Philippines; and competition in the property investment and development industries in the Philippines;

(i) Changes in the Philippine real estate market and the demand for FLI's housing and land development; and

(j) Changes in the amount of remittances received from overseas Filipino workers ("OFWs").

Additional factors that could cause FLI's actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under "Risk Factors" and "Additional Risk Factors." These forward-looking statements speak only as of the date of this Prospectus. FLI, the Joint Issue Managers, the Joint Bookrunners, and Joint Lead Underwriters, and the Co-Lead Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in FLI's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In the light of all the risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur in the way FLI expects or even at all. Investors should not place undue reliance on any forward-looking information.

DEFINITION OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

"Application to Purchase" shall mean the document to be executed by any Person or entity qualified to become a Bondholder.

"Banking Day" or **"Business Day"** shall be used interchangeably to refer to any day when commercial banks are open for business in Makati City, Metro Manila, except Saturday and Sunday or any legal holiday not falling on either a Saturday or Sunday.

"BDO Capital" shall mean BDO Capital & Investment Corporation.

"Beneficial Owner" shall mean any person (and "Beneficial Ownership" shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is held by:

i. members of his immediate family sharing the same household;

ii. a partnership in which he is a general partner;

iii. a corporation of which he is a controlling shareholder; or

iv. subject to any contract, arrangement or understanding, which gives him voting power or investment power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:

   a. A broker dealer;

   b. An investment house registered under the Investment Houses Law;

   c. A bank authorized to operate as such by the Bangko Sentral ng Pilipinas;

   d. An insurance company subject to the supervision of the Office of the Insurance Commission;

   e. An investment company registered under the Investment Company Act;

   f. A pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Securities and Exchange Commission or relevant authority; and

   g. A group in which all of the members are persons specified above.

"BIR" shall mean the Bureau of Internal Revenue.

"Bonds" shall refer to the SEC-registered fixed-rate Peso-denominated retail bonds with an aggregate principal amount of₱5,000,000,000.00 with an over-subscription option of up to ₱2,000,000,000.00, which shall be issued by FLI on December 4, 2014. The Bonds are comprised of Seven Year Bonds which shall mature seven (7) years from the Issue Date or on December 4, 2021 and/or Ten Year Bonds which shall mature ten (10) years from the Issue Date or on December 4, 2024.

"Bond Agreements" shall mean the Trust Agreement between the Issuer and the Trustee, and the Registry and Paying Agency Agreement between the Issuer, the Registrar and the Paying Agent and the Underwriting Agreement between the Issuer and the Joint Issue Managers, the Joint Bookrunners and the Joint Lead Underwriters.

"Bondholder" shall mean a Person whose name appears, at any time, as a holder of the Bonds in the Register of Bondholders.

"BPO"shall mean business process outsourcing.

"BPI Capital" shall mean BPI Capital Corporation.

"BSP" shall mean Bangko Sentral ng Pilipinas.

"Capital Expenditure" shall mean all costs and expenses related to the development of the projects which shall be capitalized for accounting purposes

"Co-Lead Underwriters" shall mean Eastwest Banking Corporation, PNB Capital and Investment Corporation, and United Coconut Planters Bank.

"CPI" shall refer to Cyberzone Properties, Inc.

"**DAR"** shall refer to Philippine Department of Agrarian Reform.

"DENR" shall refer to Philippine Department of Environment and Natural Resources.

"EBITDA" shall refer to Earnings Before Interest, Taxes, Depreciation and Amortization.

"**EWB"** shall refer to EastWest Banking Corporation.

"FAC" shall refer to Filinvest Asia Corporation.

"FAI" shall refer to Filinvest Alabang, Inc.

"FAPI" shall refer to Filinvest AII Philippines, Inc.

"FDC" shall refer to Filinvest Development Corporation.

"Filinvest Group" shall refer to FDC and its subsidiaries, including, but not limited to, FLI, FAI, EWB and Pacific Sugar Holdings Corporation.

"First Metro Investment" shall mean First Metro Investment Corporation.

"FSI" shall refer to Festival Supermall, Inc.

"GIC" shall refer to the Government of Singapore Investment Corporation Pte Ltd.

"GLA" shall mean Gross Leasable Area

"Gotianun Family" means any of the following: (a) Mr. Andrew L. Gotianun, Sr., Mrs. Mercedes T. Gotianun, Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun, Mrs. Lourdes Josephine G. Yap and Mr. Michael T. Gotianun; (b) the spouses and the direct descendants up to the first degree of consanguinity of any person described or named in clause (a) above; (c) the estates of legal representatives of any person described or named in clause (a) or (b) above; (d) trusts or other analogous arrangements established for the benefit of any person described or named in clause (a), (b) or (c) above or of which any such person is a trustee, or holder of an analogous office; or (e) ALG Holdings Corp.

"Government" shall refer to the Government of the Republic of the Philippines.

"HGC" shall refer to the Home Guaranty Corporation.

"HLURB" shall refer to Housing and Land Use Regulatory Board.

"HRB" shall mean high-rise residential building.

"**IAS**" shall mean International Accounting Standards.

"**IFRS**" shall mean International Financial Reporting Standard.

"Interest Payment Date" shall mean, for the Bonds, March 4, 2014 for the first Interest Payment Date and March 4, June 4, September 4, and December 4 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the respective Maturity Dates for the Seven Year Bonds and Ten Year Bonds.

"Issue Date"shall mean December 4, 2014 or such date on which the Bonds shall be issued by FLI to the Bondholders.

"Joint Issue Managers" shall refer to, the entities appointed as the Joint Issue Managers for the Bonds pursuant to the Underwriting Agreement dated November 21, 2014.

"Joint Lead Underwriters" shall refer to the BDO Capital & Investment Corporation, BPI Capital Corporation, Corporation, and First Metro Investment Corporation, the entities appointed as the Joint Lead Underwriters for the Bonds pursuant to the Underwriting Agreement dated November 21, 2014.

"Lien" shall mean any mortgage, pledge, lien, encumbrance or similar security interest constituted on any of the Issuer's properties for the purpose of securing its or its Affiliate's obligations.

"Maceda Law" shall refer to Republic Act No. 6552, a Philippine statute entitled "An Act to Provide Protection to Buyers of Real Estate on Installment Payments."

"Majority Bondholders" shall mean, at any time, the Bondholder or Bondholders who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the Bonds.

"Master Certificates of Indebtedness" shall mean the certificates to be issued by FLI to the Trustee evidencing and covering such amount corresponding to each of the Seven Year Bonds and Ten Year Bonds.

"Material Adverse Effect" means a material adverse effect on (a) the ability of FLI to perform or comply with its material obligations, or to exercise any of its material rights, under the Bond Agreements in a timely manner; (b) the business, operations, prospects or financial condition of FLI; or (c) the rights or interests of the Bondholders under the Bond Agreements or any security interest granted pursuant thereto.

"Maturity Date" shall mean December 4, 2021 or seven (7) years from the Issue Date for the Seven Year Bonds and/or December 4, 2024 or ten (10) years from the Issue Date for the Ten Year Bonds; provided that, in the event that any of the Maturity Dates falls on a day that is not a Business Day, the Maturity Date shall be automatically extended to the immediately succeeding Business Day.

"MRB" shall mean medium-rise residential building.

"Offer" shall mean the issuance of Bonds by FLI under the conditions as herein contained.

"Offer Period" shall refer to the period, commencing on November 25, 2014 and ending on November 27, 2014 or such other date as may be mutually agreed between the Issuer and the Joint Issue Managers, during which the Bonds shall be offered to the public.

"OFW" shall refer to an overseas Filipino worker.

"PAS" shall mean Philippine Accounting Standards.

"Paying Agent" shall refer to Philippine Depository & Trust Corp., the party which shall receive the funds from FLI for payment of principal, interest and other amounts due on the Bonds and remit the same to the Bondholders based on the records shown in the Register of Bondholders.

"PCD Nominee" shall refer to PCD Nominee Corporation, a corporation wholly owned by the PDTC.

"PDEx" shall refer to the Philippine Dealing & Exchange Corp.

"PDTC" shall refer to the Philippine Depository & Trust Corp., (formerly, the Philippine Central Depository, Inc.), which provides an infrastructure post trade securities services through the operations of the central depository; and likewise provides registry services in relation to which it maintains the electronic official registry or records of title to the Bonds, in accordance with the PDTC Rules, and its successor-in-interest.

"PDTC Rules" shall mean the Securities and Exchange Commission-approved rules of the PDTC, including the PDTC Operating Procedures and PDTC Operating Manual, as may be amended, supplemented, or modified from time to time.

"Pesos", **"₱"** and **"Philippine currency"** shall mean the legal currency of the Republic of the Philippines.

"Philippines" shall mean the Republic of the Philippines.

"Philratings" shall mean Philippine Rating Services Corporation.

"**PFRS"** shall mean Philippine Financial Reporting Standards.

"PSE" shall refer to the Philippine Stock Exchange.

"Register of Bondholders" shall mean the electronic record of the issuances, sales and transfers of the Bonds to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.

"Registrar" shall refer to the Philippine Depository & Trust Corp., being the registrar appointed by FLI to maintain the Register of Bondholders pursuant to the Registry and Paying Agency Agreement.

"RHPL" shall refer to Reco Herrera Pte Ltd.

"SEC" means the Philippine Securities and Exchange Commission.

"SEC Permit" shall mean the Permit to Sell Securities issued by the SEC in connection with the Offer.

"Security" means any mortgage, pledge, lien or encumbrance constituted on any of the Issuer's properties.

"SRC" shall mean the Securities Regulation Code of the Philippines.

"SRP" shall mean the South Road Properties project in Cebu.

"Subsidiaries" shall mean FLI's subsidiaries namely Filinvest Asia Corporation, Property Maximizer Professional Corp., Property Specialists Resources, Inc., HomePro Realty Marketing, Inc. (Formerly Pabahay Dream Home), Leisurepro, Inc., Cyberzone Properties, Inc., Filinvest AII Philippines, Inc., Countrywide Water Services, Inc. and Filinvest Cyberparks, Inc.

"Tax Code" shall mean the Philippine National Internal RevenueCode of 1997, as amended.

"Taxes" shall refer to any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, taxes on the overall income of the underwriter or of the Bondholders, value added tax, and taxes on any gains realized from the sale of the Bonds.

"Trustee" shall refer to Metropolitan Bank & Trust Company – Trust Banking Group, the entity appointed by FLI which shall act as the legal title holder of the Bonds and shall monitor compliance and observance of all covenants of and performance by FLI of its obligations under the Bonds and enforce all possible remedies pursuant to such mandate.

"$" or "US$" shall refer to United States Dollars, being the currency of the United States of America.

"VAT" shall refer to value-added tax.

EXECUTIVE SUMMARY

This summary highlights certain information contained elsewhere in this Prospectus. This summary should be read in conjunction with and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Prospectus. This summary does not purport to contain all of the information that a Prospective Bondholder should consider before investing. Each Prospective Bondholder should read the entire Prospectus carefully, including the section entitled "Risk Factors and Other Considerations" for a discussion of certain factors to be considered when investing in the Bonds and the Company's financial statements and the related notes contained herein this Prospectus ("Financial Information").

THE COMPANY

FLI is one of the Philippines' leading real estate developers, providing a wide range of real estate products to customers from diverse income segments, with emphasis on the affordable and middle-income segments. Its projects include integrated residential township developments and stand-alone residential subdivisions which offer lots and/or housing units to customers in the mass housing segment (which includes socialized, affordable and middle-income subdivision developments) and the high-end markets. In 2010, FLI broke ground on its first high-rise condominium project in Metro Manila. FLI has developed "themed" housing and land development projects, such as entrepreneurial communities, and a special economic zone registered with the Philippine Economic Zone Authority, the Filinvest Technology Park-Calamba in Laguna province south of Manila, which offers industrial-size lots and ready-built factories to domestic and foreign enterprises engaged in light to medium non-polluting industries. FLI also has leisure projects, such as residential farm estates and private membership club developments and residential resorts.

Historically, FLI's business has focused on the development and sale of socialized, affordable and middle-market residential lots and housing units to the lower and middle-income markets. Its subdivision lots are typically priced from approximately ₱160,000.00 to above ₱1,200,000.00, while its housing units (which include the lot on which the house is built) are typically priced from approximately ₱400,000.00 to above ₱4,000,000.00. In late 2007, FLI launched its first medium-rise residential building project. The MRBs are designed in clusters of five-story up to ten-story buildings that surround amenities with the intention of providing a quiet environment within an urban setting in inner city locations. In recent years, FLI has also begun developing residential projects with a leisure component, such as farm estates and developments anchored by sports and resort clubs located relatively close to Metro Manila.

In September 2006, FLI diversified into investment properties through the acquisition of three strategic assets, which include Festival Supermall, the PBCom Tower through Filinvest Asia Corporation and BPO office buildings and operations through Cyberzone Properties, Inc.. In September 2006, FLI also entered into a joint venture agreement with Africa-Israel Investments (Phils.), Inc. ("AIIPI") and incorporated Filinvest AII Philippines Inc. to undertake the development of Timberland Heights. On 08 February 2010, FLI acquired the remaining 40.0% interest of Africa-Israel Properties (Phils.), Inc. in CPI and 40.0% interest of Africa-Israel Investments (Phils.), Inc. in FAPI to obtain full ownershipof the previous joint ventures.

In 2010, FLI likewise broke ground as it launched its first high-rise residential development in Makati, *The Linear*. This was followed by two high-rise projects located within Filinvest City in Alabang, *The Levels* and *Studio City* and the following condominium projects as follows:

“Studio Zen”, Launched in July 2011 is a 21-storey condominium development located along Taft Avenue in Metro Manila.

“Vinia Residences”, a 25-storey condo development located along EDSA in Quezon city, right across Trinoma was launched in November, 2011.

“Studio A” located in Loyola Heights, Quezon City is a single tower residential community with 34-storeys conveniently located near premier universities, the LRT 2 line and other commercial establishments. Studio A was launched in June 2012.

FLI recently launched its latest high rise condominium project ”Fortune Hill”, An Eighteen (18) Storey and a twelve (12) storey twin tower luxury residential community located in San Juan, Metro Manila.

FLI’s investment properties are the following:

A 100.0% ownership interest in Festival Supermall. Festival Supermall, with approximately 200,000 sq.m. of floor area, is one of the largest shopping malls in Metro Manila in terms of floor area. FLI has a long-term lease agreement with FAI for the land on which Festival Supermall is located, as well as for adjacent land that is available for mall expansion. For the years ended 31 December 2012, 2013 and for the six months ended 30 June 2014, Festival Supermall generated ₱853.74 million, ₱867.95 million and ₱433.62 million, respectively, in rental income.

A 100% ownership interest in the common stock of Cyberzone Properties Inc. CPI was formerly a joint venture between FLI and Africa Israel Properties (Philippines), Inc. (“AIPPI”), which is a subsidiary of an Israeli company with investments in residential real estate and shopping malls. On 08 February 2010, FLI was able to increase its ownership of CPI from 60.0% to 100.0% when FLI acquired the balance of ownership interest (40.0%) from its former joint venture partner, Africa-Israel Properties (Phils.), Inc. for ₱780 million. CPI operates the Northgate Cyberzone, a BPO office park with multinational tenants located on a 10-hectare parcel of land owned by FLI which is approximately 15 kilometers south of the Makati City central business district. Of the 10 hectares of land, approximately five (5) hectares are available for future development. CPI generated rental income of ₱431.41 million for the 6 months ended 30 June 2014. For the years ended 31 December 2012 and 2013, FLI’s share in rental income was ₱722.76 million, ₱831.99 million, respectively.

FLI has 60.0% ownership interest in the common stock of FAC while the remaining 40.0% is owned by Reco Herrera Pte Ltd. (“RHPL”), an affiliate of the Government of Singapore Investment Corporation Pte Ltd (“GIC”). FAC owns 50.0% of the 52-storey PBCom Tower, which is located at the corner of Ayala Avenue and Herrera Street in the Makati City central business district. PBCom Tower is believed to be one of the tallest buildings in the Philippines. For the years ended 31 December 2012, 2013 and for the six months ended 30 June 2014, 60.0% of FAC’s revenues from rental income totaled ₱164.65 million, ₱163.36 million and ₱93.97 million, respectively.

Going forward, FLI expects to remain focused on its core residential real estate development business. However, as a result of the acquisition of its new investment properties, FLI has diversified its real estate portfolio to include commercial real estate that generates recurring revenue which can, in turn, be used to provide internally generated funding for other projects.

As of 30 June 2014, FLI had 129 on-going projects nationwide. FLI also has an extensive land bank available for future development. As of 30 June 2014, FLI’s land bank consisted of approximately 2,346.61 hectares of raw land and approximately 324.44 hectares were available for future development pursuant to joint venture agreements, which the Company’s management believes is sufficient to sustain several years of development and sales. FLI plans to develop these properties into mix-use developments with residential and commercial components.

For the six months ended 30 June 2014, FLI had ₱7,780.16 million in total revenues from real estate sales, rental services and other income, excluding equity in net earnings of an associate, and ₱2,005.54 million in net income. As of 30 June 2014, FLI had total assets of ₱99,519.01 million and total liabilities of ₱49,760.05 million.

RECENT DEVELOPMENTS

In August 2010, FLI launched City di Mare, a master-planned development composed of three different zones catering to a wide array of lifestyles and activities - Il Corso, the 10.6 hectare waterfront lifestyle strip, the 40-hectare residential clusters and The Piazza, nestled at the heart of the residential enclaves, puts lifestyle essentials such as a school, church, shops and restaurants within the neighborhood. City di Mare is envisioned to be a destination in itself, takes full advantage of the coastal ambience featuring seaside shopping, dining, beach and water sports and more, right by the water's edge.

In November 2010, groundbreaking rites for Amalfi Oasis were held, the first residential enclave at Città de Mare. Amalfi Oasis features nine (9) five-storey buildings with luxuriant gardens, resort-style amenities and pedestrian-friendly environs, bask in fresh air, radiant sunshine and charming landscapes. The first building was completed in 2012, while more buildings are scheduled for completion this year.

San Remo Oasis, the second residential enclave in Città di Mare involves the development of 3.4 hectares of land with well-planned living spaces with numerous choice units to choose from to suit anyone's lifestyle. The development consist of eight (8) five-storey buildings, the first building was completed in 2012 while construction is on-going on other buildings and are targeted for completion this year.

In late 2011, FLI started the land development of the first two phases of Il Corso lifestyle strip of City di Mare, in the South Road Properties in Cebu, covering seven hectares. Phase 1 will have a gross leasable area (GLA) of approximately 22,506 sq. m. and Phase 2 will have a GLA of approximately 12,680 sq.m. Target completion is on the last quarter of 2015.

In October 2012, FLI transferred to its new corporate headquarters located along EDSA, Mandaluyong City effectively ending the lease on FDC land and building in San Juan City. In December 2012, FLI purchased from FDC the parcel of land located in San Juan City which was previously being leased as its head office.

In 2013, FLI acquired from various third-party sellers parcels of land in Cavite, Valenzuela City, Quezon City, Pasay City and Taguig City. Also, FLI won the bid to purchase of the 0.24 hectare property including the building constructed thereon located at Ortigas Center, Pasig City.

COMPETITIVE STRENGTHS

FLI believes that its principal strengths are the following:

One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name. The Company has been involved in the real estate development business through the "Filinvest" brand for more than 40 years through its parent and controlling shareholder, FDC, as well as through other Gotianun Family ventures. FLI has become one of the Philippine's leading real estate developers and has successfully developed a large number of high-profile real estate projects, with a particular focus on the affordable and middle market housing segments. The Company believes that it has a reputation both in the real estate industry and among purchasers, including the significant OFW and expatriate Filipino markets, as a reliable developer that develops and delivers in a timely manner, quality products, which are conveniently located near major commercial population centers. The Company also has an extensive network of sales offices, in-house sales agents and independent brokers located throughout the Philippines, as well as accredited brokers in countries and regions with large OFW and expatriate Filipino populations.

Diversified and innovative real estate development portfolio. The Company believes it is able to offer customers one of the most diversified ranges of real estate products among all developers in the Philippine real estate market. FLI focuses its business on the socialized, affordable and middle-income market segments, but at the same time it has designed projects that address demand from the lowest end of the real estate market to the highest. The Company has also expanded its portfolio to include new types of residential developments that cater to potentially high-growth niche markets, such as residential farm estate projects, entrepreneurial communities, medium – rise buildings, high – rise condominiums and township developments.

Extensive and diversified land bank. Over the years, the Company has accumulated an extensive, low-cost land bank. As of 30 June 2014, the Company's land bank totaled approximately 2,346.61 hectares of raw land, including 324.44 hectares available for development pursuant to joint venture agreements. The bulk of the Company's land bank consists of land situated in regional centers primarily outside of Metro Manila that FLI believes are prime locations across the Philippines for existing and future property development projects, including land in the nearby provinces of Rizal, Bulacan, Batangas, Cavite and Laguna, as well as in growth areas such as Cebu, Davao and General Santos City in South Cotabato province. The Company believes that the diversity of its current projects and land bank will allow it to benefit from these areas' continued economic development. The Company also has land available for future developments located in central and southern Philippines, which it believes has allowed it to position itself as a leading residential project developer in these new and expanding markets. The Company also believes that its strong reputation and reliability as a developer allows it to attract joint venture partners with desirable land banks, allowing it to access additional land for future development.

Strong development and investment revenue streams. With the Company's 2006 acquisition of a 100.0% ownership interest in both Festival Supermall and CPI and its 60.0% ownership interest in the common stock of FAC, the Company has added an "investment" segment to its business which it believes will complement its residential housing and land development business and will allow the Company to generate recurring income that may be used to internally fund upcoming projects. The Company also believes that there is significant potential for both rental growth and expansion of available leasable area in its portfolio.

Strong credit record and financial position. The Company believes it is currently in sound financial condition, with strong debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. The Company's sound financial management allowed it to continue to meet its debt service obligations for its peso-denominated debts and to meet and exceed the debt service ratios required under its loan agreements throughout and in the aftermath of the Asian financial crisis. The Company believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The Philippine Rating Services Corporation ("Philratings") maintained the PRS Aaa for FLI's (i) ₱4.5 Billion outstanding bonds due in 2014, (ii) ₱3 Billion outstanding bonds due in 2016, (iii) ₱7 billion due in 2020, (iv) ₱4.30 billion bonds due in 2020, and (v) ₱2.70 bonds due in 2023. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by Philratings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name and track record. The rating also reflects the following factors which were considered when the PRS Aaa rating was maintained for FLI's outstanding bond issues: FLI's established brand name; diversified portfolio; and favorable industry conditions.

Benefits of Large Scale Operations. The Company, as one of the Philippines' leading real estate developers and with one of the largest real estate operations and in-depth industry knowledge, believes it is well positioned to respond promptly to changes in market conditions and capture opportunities. Moreover, the Company's scale of real estate business operations enhances its position in negotiations with suppliers, landowners, credible land purchases and tenants, as well as strengthening its reputational and brand awareness in sales.

Experienced management team. The Company has an experienced management team with an average of more than 25 years of operational and management experience in real estate development and who also have enjoyed long tenure with both the Company and FDC. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and has also developed positive relationships with key market participants, including construction companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

FLI's objective is to strengthen its market position in its core residential house and lot business by capitalizing on economic and social trends in the Philippines and to develop its portfolio of commercial office and retail properties. FLI intends to achieve this objective through the following strategies:

***Continue to grow its residential housing and lot business*.** Subject to market conditions, FLI plans to leverage its reputation as one of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name. The Company plans to expand its market reach and land bank by entering what it perceives as underserved and underdeveloped markets in potential growth areas and regions throughout the Philippines and by accelerating the development of new projects in its existing markets. Because there are still a large number of Filipinos without first homes, FLI intends to attract first-time home buyers and aggressively grow its business to try to maintain its spot as one the market leaders in its core socialized, affordable and middle-income residential house and lot business.

Develop and introduce new development project formats. FLI believes that the Philippines has a dynamic property market, particularly in the housing and land development sector. FLI believes it has substantial experience in developing and introducing new formats into the residential real estate market and will seek to continue to be at the forefront of market changes. FLI intends to continue to innovate and introduce new project formats to anticipate and meet market demands, such as farm estate developments and entrepreneurial communities.

Widen Reach through Product Expansion and Extension of Geographic Coverage. FLI plans to maintain its strong position in the affordable and middle market segments by expanding product offerings and land bank into certain regional markets. FLI, in particular, plans on offering more inner city high-rise buildings and MRB products to capture the growing demand for such products in Metro Manila, Cebu and Davao.

Adhere to prudent financial management to ensure sustainable growth and capital sufficiency. FLI believes that its focus on housing and land development projects provides it with more attractive margins and reduces its exposure to market and construction risks. FLI plans to continue to closely monitor its capital and cash positions and carefully manage its land acquisition costs, construction costs, cash flows and fixed charges. The Company also prefers to enter into joint venture arrangements to develop land rather than purchasing land outright, which reduces its capital requirements and can increase returns. Further, FLI intends to continue to fund development costs using medium- to long-term financing, which can help mitigate any negative effects of a sudden downturn in the Philippine economy or a sudden rise in interest rates.

Enhance the value of its newly acquired investment properties. In addition to retaining its position as one of the leading residential housing and lot developers in the Philippines, FLI will also seek to develop additional office space by capitalizing on the expected growth in the BPO business. FLI believes that it will be able to enhance its investment portfolio's competitive strengths through pro-active management, asset enhancement and expansion, and by capitalizing on its extensive real estate experience, size and access to resources, while at the same time maintaining more regular revenue streams.

Summary Financial Information

The summary financial information as of and for the years ended 31 December 2011, 2012 and 2013 set forth below have been derived from the audited consolidated financial statements audited by SyCip Gorres Velayo & Co. ("SGV & Co.") and included elsewhere in this Prospectus.

The summary financial information as of 30 September 2014 and for the nine-month periods ended 30 September 2013 and 2014 have been derived from the interim condensed consolidated financial statements, as reviewed by SGV & Co. in accordance with Philippine Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and included elsewhere in this Prospectus. Unless otherwise stated, the Company has presented its consolidated financial results for the annual periods in accordance with Philippine Financial Reporting Standards, and has presented its consolidated financial results for the interim periods in accordance with Philippine Accounting Standard 34, Interim Financial Reporting. The information is not necessarily indicative of the results of the future operations. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to the SEC Form 17-Q (3rd Quarterly Report 2014) and the relevant financial statements of Filinvest Land Inc. and Subsidiaries, including the notes thereto, included in this Prospectus.

The following table summarizes the financial highlights of FLI's consolidated financial performance:

Consolidated Statements of Income	**For the Nine Months Ended 30 September (Unaudited)**		For the Years Ended 31 December (Audited)	
(Amounts in ₱ millions, except per Share figures)	**2014**	2013	2013	2012
REVENUE				
Real estate sales	9,156.27	6,973.50	10,478.48	8,798.36
Rental services	1,651.52	1,496.13	2,034.08	1,887.09
EQUITY IN NET EARNINGS OF AN ASSOCIATE	34.88	85.93	186.37	187.30
OTHER INCOME				
Interest income	531.83	334.65	549.40	516.54
Others - net	443.48	409.18	568.77	529.53
	11,817.97	9,299.40	13,817.08	11,918.81

Consolidated Statements of Income	For the Nine Months Ended 30 September (Unaudited)		For the Years Ended 31 December (Audited)	
(Amounts in ₽ millions, except per Share figures)	**2014**	2013	2013	2012
COSTS				
Real estate sales	5,377.12	4,056.89	6,036.08	4,927.46
Rental services	386.77	350.03	491.40	473.62
OPERATING EXPENSES				
General and administrative expenses	1046.64	849.73	1,178.59	1,096.90
Selling and marketing expenses	933.58	750.69	892.48	872.25
INTEREST AND OTHER FINANCE CHARGES	654.21	469.96	474.45	412.96
	8,398.31	6,477.31	9,072.99	7,783.18
INCOME BEFORE INCOME TAX	3,419.66	2,822.09	4,744.09	4,135.63
PROVISION FOR INCOME TAX				
Current	313.84	213.41	481.99	397.47
Deferred	214.90	170.47	286.15	248.61
	528.74	383.88	768.15	646.09
NET INCOME	**2,890.92**	**2,438.20**	**3,975.95**	**3,489.54**
EARNINGS PER SHARE				
Basic / Diluted	0.12	0.10	0.16	0.14

**Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.*

Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Consolidated Statements of Financial Position

	As of 30 September (Unaudited)	As of 31 December (Audited)	
(Amounts in ₽ millions, except per Share figures)	**2014**	**2013**	**2012**
ASSETS			
Cash and Cash Equivalents	2,405.91	6,390.73	2,165.46
Contracts receivable	16,119.40	13,083.78	10,597.95
Due from related parties	216.23	204.54	194.24
Other receivables	2,891.31	3,136.74	3,100.29

	As of 30 September (Unaudited)	As of 31 December (Audited)	
(Amounts in ₽ millions, except per Share figures)	**2014**	**2013**	**2012**
Financial assets at fair value through other comprehensive income	17.85	17.85	24.63
Real estate inventories	24,638.53	24,426.96	23,677.46
Land and land development	17,627.20	18,794.69	15,368.37
Investment in an associate	4,055.44	4,018.06	3,912.09
Investment properties	25,220.69	19,592.83	15,978.51
Property and equipment	1,318.09	1,150.82	1,327.94
Deferred income tax assets - net	7.24	12.32	22.43
Goodwill	4,567.24	4,567.24	4,567.24
Other assets	3,304.71	2,700.49	1,693.38
TOTAL ASSETS	102,389.84	98,097.05	82,629.98
LIABILITIES AND EQUITY			
Accounts payable and accrued expenses	11,408.57	10,441.41	8,511.29
Income tax payable	34.55	17.24	24.14
Loans Payable	16,406.59	14,751.21	11,234.85
Bonds Payable	21,350.33	21,318.02	14,364.92
Due to related parties	132.18	209.20	183.49
Retirement Liabilities	208.35	186.82	159.76
Deferred income tax liabilities- net	2,393.56	2,187.24	1,905.58
Total Liabilities	51,934.12	49,111.13	36,384.03
Common stock	24,470.71	24,470.71	24,470.71
Preferred stock	80.00	80.00	80.00
Additional paid-in capital	5,612.32	5,612.32	5,612.32
Treasury Stock	-221.04	(221.04)	(221.04)
Retained earnings	20,067.79	18,437.40	15,683.17
Revaluation reserve on financial assets at fair value through other comprehensive income	-2.62	(2.62)	(2.62)
Remeasurement losses on retirement plan	-105.69	(105.69)	(105.69)
Share in other components of equity of an associate	361.79	361.79	361.79
Equity attributable to equity holders of the parent	50,263.26	48,632.88	45,878.65

	As of 30 September (Unaudited)	As of 31 December (Audited)	
(Amounts in ₽ millions, except per Share figures)	**2014**	**2013**	**2012**
Non-controlling interest	192.45	353.04	367.31
Total Equity	50,455.71	48,985.91	46,245.95
TOTAL LIABILITIES AND EQUITY	102,389.84	98,097.05	82,629.98

The following table summarizes FLI's Performance Indicators and Financial Soundness Indicators as of and for the six months ended 30 September 2014 and the years ended 31 December 2013 and 2012:

	For the Six Months Ended 30 June (Unaudited)	For the Years Ended 31 December (Audited)	
	2014	**2013**	**2012**
Current Ratio (1)	2.16	2.53	3.19
Quick asset Ratio (2)	0.62	0.88	0.80
Debt to Equity Ratio (3)	0.75	0.74	0.55
Debt Ratio (4)	0.51	0.50	0.44
EBITDA to total interest paid (5)	2.90 times	3.13 times	3.36 times
Interest coverage Ratio (6)	6.23	11.00	11.01
Solvency Ratio (7)	0.06	0.09	0.10
Earnings per Share (8)			
Basic	0.12	0.16	0.14
Diluted	0.12	0.16	0.14
Price Earnings Ratio (9)	13.48 times	8.81 times	10.64 times
Net profit margin (10)	0.27	0.29	0.29
Return on Equity (11)	0.06	0.08	0.08

Notes:

(1) Current Ratio is computed as current assets divided by current liabilities. In computing for the current ratio, current assets include cash and cash equivalents, contracts receivables, due from related parties, other receivables (excluding advances to joint venture partners) and real estate inventories while current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable, loans payable and bonds payables (gross of unamortized deferred charges). Determination of current accounts is based on their maturity profile of relevant assets and expenses.

(2) Quick asset Ratio is computed as current assets less Inventories divided by current liabilities

(3) Debt to Equity Ratio is computed as Notes Payable and Long-term debt divided by Total Equity

(4) Debt Ratio is computed as Total Liabilities divided by Total Assets

(5) EBITDA to total interest paid is computed as EBITDA divided by payments of interest and transaction costs

(6) Interest coverage Ratio is computed as net income plus interest and other finance charges and provision for income tax divided by interest and other financing charges

(7) Solvency ratio is computed as the sum of net income and depreciation and amortization divided by

total liabiliites

(8) Earnings per Share is annualized for June 30, 2014 results

(9) Price Earnings Ratio is computed as Closing price divided by Annualized Earnings per Share

(10) Net profit margin is computed as net income divided by total revenues and other income including other income

(11) Return on Equity is computed as net income divided by total equity

SUMMARY OF THE OFFERING

Issuer	Filinvest Land, Inc.
Issue / Issue Amount	SEC–registered Unsecured Fixed-Rate Peso-Denominated Retail Bonds (the "Bonds") in the aggregate amount of ₱5,000,000,00.00
Over-subscription Option	In the event of over-subscription, the Joint Issue Managers and Joint Bookrunners, in consultation with the the Issuer, shall have the option to increase the Issue Amount by up to ₱2,000,000,000.00
Use of Proceeds	The net proceeds of the issue shall be used for the repayment of debt and to partially finance its capital expenditure requirements for the 4th Quarter of 2014 and in 2015
Offer Price	100% of the face value.
Manner of Distribution	The Bonds will be distributed to retail and/or qualified institutional investors via public offering
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in denominations of ₱50,000.00, each as a minimum and in increments of ₱10,000.00 thereafter. Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the designated Registrar.
Offer Period	Commencing at 9:00 am on November 25 and ending at 12:00 noon on November 27 or such earlier day or later day as maybe jointly determined by the Issuer and the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters.
Issue Date	December 4, 2014
Maturity Dates	Seven Year Bonds: December 4, 2021 Ten Year Bonds: December 4, 2024 *Provided* that, if such date is declared to be a non-Business day, the Maturity Date shall be the next succeeding Business Day.
Interest Rate	Seven Year Bonds: 5.400% per annum Ten Year Bonds: 5.6389% per annum
Interest Payment	Interest on the Bonds shall be calculated on the basis of a 30/360-day basis, and shall be paid quarterly in arrears commencing on March 4, for the first Interest Payment Date and March 4, June 4, September 4, and December 4 of each year for each subsequent Interest Payment Date at which the the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest

Payment Date is not a Business Day. The last Interest Payment Date on the the Bonds shall fall on the respective Maturity Dates for the Seven Year Bonds and the Ten Year Bonds.

Final Redemption

The Bonds shall be redeemed at 100% of face value on the relevant Maturity Date, unless FLI exercises its Early Redemption Option according to the conditions therefore (see "Description of the Bonds" – "Redemption and Purchase" on page 55).

Early Redemption Option

The Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the following relevant dates. The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and (ii) the product of the principal amount of the Bonds being redeemed and the Early Redemption Price in accordance with the following schedule:

Early Redemption Option Date on Seven Year Bonds	Early Redemption Price
Five Years and Three Months (5.25) from Issue Date	102.0%

Early Redemption Option Date on Ten Year Bonds	Early Redemption Price
Seven Years (7) from Issue Date	102.0%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Early Redemption Option Date stated in such notice.

Redemption for Tax Purposes

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' prior written notice) at par, plus accrued interest.

The Bonds shall constitute the direct, unconditional, unsecured and

Status of the Bonds	unsubordinated, obligations of FLI and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of FLI, other than obligations preferred by law.
Bond Rating	PRS Aaa by PhilRatings
Listing	The Bonds are intended to be listed at the Philippine Dealing and Exchange Corp. or such other SEC-registered debt securities exchange.
Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters	BDO Capital & Investment Corporation BPI Capital Corporation First Metro Investment Corporation
Co-Lead Underwriters	Eastwest Banking Corporation, PNB Capital and Investment Corporation, and United Coconut Planters Bank
Registrar and Paying Agent	Philippine Depository & Trust Corp.
Trustee	Metropolitan Bank & Trust Company – Trust Banking Group

RISK FACTORS AND OTHER CONSIDERATIONS

GENERAL RISK WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may lose all or part of its value over time. Past performance is not a guide to future performance. The future performance of a security may defy the trends of its past performance. There might be a significant difference between the buying price and the selling price of any security. There is an inherent risk that losses may be incurred rather than profit may be realized as a result of buying and selling securities. The market price of the Bonds could decline due to any one, but not limited to the risks discussed below and all or part of an investment in the Bonds could be lost. There is an extra risk of losing money when securities are bought from smaller companies. An investor deals with a range of investments each of which investments may carry a different level of risk.

PRUDENCE REQUIRED

The declaration of risks in this Section disclosure does not purport to be a comprehensive description nor a complete disclosure of all the risks and other significant aspects of investing in these securities but is intended to give a general idea to a Prospective Bondholder on the scope of risks involved. An investor must undertake its, his or her own independent research and study on the value and worth of securities subject to this Prospectus before commencing any trading activity. Investors may request information both on the securities and Issuer thereof from the SEC which are available to the public. FLI, the Joint Issue Managers, the Joint Bookrunners, the Joint Lead Underwriters, and the Co-Lead Underwriters do not make any warranty or representation on the marketability or price on any investment in the Bonds.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading securities especially those considered to be high-risk.

RISK FACTORS

An investment in the Bonds described in this Prospectus involves great deal of foreseeable and unforeseeable risks and circumstances. A Prospective Bondholder should carefully consider the following factors, in addition to the other information contained elsewhere in this Prospectus, in making decisions on whether or not to invest in the Bonds.This Prospectus contains forward-looking statements that involve risks and uncertainties. The occurrence of any of the events described herein or other events not currently anticipated, could have a material adverse effect on FLI's business, financial condition and results of operations. FLI adopts what it considers conservative financial and operational controls and policies to manage its business risks. FLI's actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of FLI, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below.

Before an Investor decides to invest in the Bonds, he should carefully consider all the information contained in this Prospectus including the risk factors described below in the order of their importance. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risk factors. The market price of the Bonds could decline due to any one of these risks and all or part of an investment in the Bonds could be lost.

The Company regularly reviews the risks detailed below and provides, whenever possible, risk mitigation and business strategies to address such risks, however, note that there are certain risks that are beyond the control of the Company and are inherent to running a business. The means by which the Company plans to address the risks discussed herein are principally presented in the sections of this Prospectus entitled "Executive Summary" on pages 8 to 16 , "Description of Business" section on pages 76 to 103 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section on pages 116 to 128.

RISKS RELATING TO THE COMPANY AND THE INDUSTRY

Demand for, and prevailing prices of, developed land and house and lot units are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from overseas Filipino workers ("OFWs"). Demand for the Company's housing and land developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions. The Philippine residential housing industry is cyclical and is sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing.

The demand for the Company's projects from OFWs and expatriate Filipinos may decrease as a result of the following possibilities, i.e. reduction in the number of OFWs, the amount of their remittances and the purchasing power of expatriate Filipinos. Factors such as economic performance of the countries and regions where OFWs are deployed, changes in government regulations such as taxation on OFWs' income, and, imposition of restrictions by the Government/other countries on the deployment of OFWs may also affect the demand for housing requirements.

The Company's principal business is the development and sale of new residential properties in the Philippines. There are risks that some projects may not attract sufficient demand from prospective buyers thereby affecting anticipated sales. Stringent government requirements for approvals and permits may take substantial amount of time and resources. In addition, the time and the costs involved in completing the development and construction of residential projects can be adversely affected by many factors, including unstable prices and supply of materials and equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in government priorities and other unforeseen problems or circumstances. Further, the failure by the Company to substantially complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

The Company's cost of sales is affected by volatility in the price of construction materials such as lumber, steel and cement. While the Company, as a matter of policy, attempts to fix the cost of materials component in its construction contracts, in cases where demand for steel, lumber and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. As a result, rising costs for any construction materials will impact the Company's construction costs, and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products as compared to competitors' products. This could reduce the Company's real estate sales.

The Company is exposed to risks associated with the operation of its acquired investment properties, the development of its office space and retail leasing business and the integration of such investment properties with its core housing and land development business. The operations of the Company's acquired commercial real estate assets, which consist of interests in leasable office space in PBCom Tower and the Northgate Cyberzone, as well as ownership of the Festival Supermall, are subject to risks relating to their respective ownership and operation. The performance of these investment properties could be affected by a number of factors, including:

1. the national and international economic climate;
2. changes in the demand for call center and other BPO operations in the Philippines and worldwide;
3. trends in the Philippine retail industry, insofar as the Festival Supermall is concerned;
4. changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, environment, taxes and government charges;
5. the inability to collect rent due to bankruptcy of tenants or otherwise;
6. competition for tenants;
7. changes in market rental rates;
8. the need to periodically renovate, repair and re-let space and the costs thereof;
9. the quality and strategy of management; and,
10. The Company's ability to provide adequate maintenance and insurance.

The Company is subject to significant competition in connection with its acquired investment properties and leasing business.

In connection with the Company's investment properties it expects to compete with a number of commercial developers, some of which have greater financial and other resources and may be perceived to have more attractive projects. Competition from other developers may adversely affect the Company's ability to successfully operate its investment properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office and retail space. Festival Supermall competes primarily with two other major market participants, SM Prime Holdings, Inc. and Ayala Land, Inc., each of which operate neighboring shopping malls and have more experience in the shopping mall promotions and operations.

With regard to its acquired commercial office space assets, the Company expects to compete principally with Megaworld Corporation, Robinsons Land Corporation and Ayala Land, Inc., each of which has a large portfolio of commercial office space available for lease in Metro Manila's principal business districts, such as Makati City. Although the Company intends to retain the existing management and operating structures for Festival Supermall, PBCom Tower and the Northgate Cyberzone, because the Company has acquired these assets, its major competitors in the office space and retail leasing markets have greater experience and more expertise in commercial leasing operations. Consequently, the competition that the Company faces in these sectors of the property market, and its ability to compete with larger and more experienced competitors, could have a material adverse effect on the Company's results of operations or financial condition.

To ensure the competitiveness of Festival Supermall, on the other hand, the Company has attracted anchor tenants operated by some of the Philippines' largest retailers, such as the J.G. Summit group of companies (Robinsons Department Store and Handyman Do It Best), SM Investments Corporation (SaveMore Supermarket and Ace Hardware) and the Rustan's Group (Shopwise Supercenter). This is unique to Festival Supermall as these retailers are not usually co-tenants in a single mall. The over 600 retail stores and outlets within Festival Supermall, as well as amenities such as theaters and two themed amusement centers, provide customers with a wide range of choices to cater to their needs.

In addition to the strength of the Festival Supermall, the Company likewise believes that the Northgate Cyberzone's strategic location (surrounded by 2,800 hectares of built-up residential communities that provide locators a large source of labor) and campus type format provide assurance that it will remain an attractive location for BPO operations in southern Metro Manila.

A significant portion of the demand for the Company's products is from OFWs and expatriate Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are based.

The Company is reliant on OFWs and expatriate Filipinos to generate a significant portion of the demand for its housing and land development projects, particularly for its affordable and middle-income projects. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reduction in the purchasing power of expatriate Filipinos. These include:

(a) a downturn in the economic performance of the countries and regions where a significant number of these potential customers are located, such as Italy, the United Kingdom, Spain, Singapore, the Middle East, and the United States;

(b) a change in government regulations that currently exempt the income of OFWs from taxation in the Philippines;

(c) the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East; and

(d) restrictions imposed by other countries on the entry or the continued employment of foreign workers.

Any of these events could adversely affect demand for the Company's projects from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate the risk of a downturn in the demand from OFWs, the Company has structured its sales efforts so that it is not overly dependent on any one foreign market, so that a slowdown in demand in any market overseas may be compensated by the demand in other countries.

The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company believes that it has historically provided a substantial amount of in-house financing to its customers, particularly for buyers of its affordable and middle-income housing products. In cases where the Company provides in-house financing, it charges customers interest rates that are substantially higher than comparable rates for bank financing and which also provide for upward adjustments to the interest charged if bank financing rates also move upward. As a result, and particularly during periods when interest rates are relatively high, the Company faces the risk that a greater number of customers who utilize the Company's in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses, such as those relating to sales cancellations, foreclosures and eviction of occupants. There is also no assurance that the Company can re-sell any property once a sale has been cancelled. Therefore, the inability of its customers who obtain in-house financing from the Company to meet their payment obligations and a decline in the number of customers obtaining such in-house financing could also have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, the substantial level of in-house financing extended by the Company has resulted in the Company generating negative cash flows from its operations. The Company has used funds obtained from a combination of medium- and long-term debt to balance its liquidity position and to meet its customers' in-house financing requirements. There can be no assurance that the Company will continue to be able to arrange financing on acceptable terms, if at all, to cover any negative operating cash flows or to fund its in-house financing activities. In the event the Company is unable to obtain such financing, it may be compelled to scale back or even discontinue its in-house financing activities. This, in turn, could result in reduced sales as potential customers either may choose to purchase products from competitors who are able to provide in-house financing or may be unable to obtain mortgage financing from banks and other financial institutions. Further, if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derives from interest due on in-house financing. The inability of the Company to sustain its in-house financing activities could have a material adverse effect on the Company's business, financial condition and results of operations.

To minimize the credit risk, the Company conducts credit verification procedures on buyers who wish to avail of the in-house financing scheme. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk, Moreover, the Company has a mortgage insurance contract with the Home Guaranty Corporation for a retail guaranty line over a period of 20 years starting 01 October 1988 and renewable annually. As of 31 December 2012 and 2013, and 30 June 2014 the contracts covered by the guaranty line amounted to ₱1.14 billion, ₱0.58 billion, and ₱0.54 billion, respectively, including receivables sold with buy back provisions. As of 31 December 2012 and 2013, and 30 June 2014, the remaining unutilized guaranty line amounted to ₱4.67 billion, ₱4.63 billion, and ₱4.63 billion, respectively.

Some of the Company's customers rely on financing from Government-mandated funds, which may not always be available.

The residential housing industry in the Philippines has been and continues to be characterized by a significant shortage of mortgage financing, particularly in the low-cost housing sector. For example, a significant portion of the financing for purchases of the Company's socialized housing projects is provided by Government-mandated housing funds such as the Pag-IBIG Fund, which is financed primarily through mandatory contributions from the gross wages of workers and the amount of funding available and the level of mortgage financing from these sources is limited and may vary from year to year. The Company depends on the availability of mortgage financing provided by these Government-mandated funds for substantially all of its sales of socialized housing. In the event potential buyers of the Company's socialized housing products are unable to obtain financing from these Government-mandated funds, this could result in reduced sales for these products (which is a significant product segment) and this, in turn, could have a material adverse effect on the Company's business, financial condition and results of operations.

Although it is remote that Government-mandated funds may not always be available since part of these funds are earmarked for housing loans, FLI keeps its exposure to socialized housing at a manageable level wherein this segment does not account for the bulk of sales. Moreover, the Company secures on a monthly basis a commitment line with Pag-IBIG, equivalent to the estimated amount of mortgages to be taken out for the period, to ensure that funds are available.

The Company faces certain risks related to the cancellation of sales involving its residential projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of subdivision lot or house and lot sales are cancelled.

- The Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units (but excluding industrial and commercial lots). Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

  While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

- In the event the Company experiences a material number of sales cancellations, investors are cautioned that the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

  For its sales of housing units in the Company's middle - income and high-end projects, the Company occasionally begins the construction of a house even before the full amount of the required down payment is made, and thus, before the sale is recorded as revenue. Therefore, the Company risks spending cash to begin construction of the house , even before being assured that such sale will eventually be booked as revenue, particularly if the buyer is unable to complete the required down payment and the Company is unable to find another purchaser of such property.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

To mitigate the risk of sales cancellations, receivable balances are being monitored on a regular basis and subjected to appropriate actions. Moreover, before a buyer is allowed to avail of in-house financing, he undergoes credit verification procedures to ascertain his credit worthiness.

Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company and on demand for its products. For example:

- In connection with the Company's property development business, higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.

  Insofar as the Company's core residential housing and land development business is concerned, because the Company believes that a substantial portion of its customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- In connection with the Company's in-house financing activities, from time to time the Company sells receivables from customers who obtain in-house financing to financial institutions on a "with recourse" basis which requires the Company to pay interest to the financial institution purchasing the receivable. The difference between the interest rate the Company charges its customers and the interest rate it pays to these financial institutions contribute to the Company's interest income. Higher interest rates charged by these financial institutions would reduce the Company's net interest income.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- The Company's access to capital and its cost of financing are also affected by restrictions, such as single borrower limits, imposed by the BSP on bank lending. If the Company were to reach the single borrower limit with respect to any bank, the Company may have difficulty obtaining financing with reasonable rates of interest from other banks.

To manage interest rate risk, the Company's long-term loans are a combination of floating-rate and fixed-rate loans. With the global economy expected to improve, interest rates may move up, FLI is locking in the cost of some of its financing via the fixed-rate bonds. For the floating-rate loans, FLI renegotiates the interest rates with its creditors.

In its meeting last July 31, 2014, the BSP raised its benchmark interst rates by 25 basis points following earlier adjustments on the reserve requirements for banks and on the interest rate for its Special Deposit Account. BSP may continue its tightening bias for its monetary policy in the near future which may in turn negatively affect the financing costs for both the Company and its customers.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company faces risks relating to the management of its land bank, which could adversely affect its margins. The Company must continuously acquire land for replacement and expansion of land inventory within its current markets. The risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. The Company cannot assure investors that the measures it employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its Statement of Financial Position, as well as reduce the amount of property available for sale. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate the risk of fluctuating land values, FLI does not revalue its landbank and books the land at cost, plus carrying costs. Moreover, the Company takes steps to ensure that land purchases are made at reasonable prices, and at locations that are marketable for short and long-term project. Joint venture agreements with landowners also provide an alternative means of acquiring landbank without the significant carrying costs of direct purchases.

Titles over land owned by the Company may be contested by third parties.

While the Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. Although the Company conducts extensive title searches before it acquires any parcel of land, from time to time the Company has had to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. Although historically these claims have not had a material adverse effect on the Company and its business, in the event a greater number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.To mitigate the risk of land titles being contested by third parties, FLI conducts thorough title tracing and verifies the titles and ownerships of the properties the Company purchases.

The Company faces risks relating to its residential property development business, including risks relating to project cost and completion.

The Company's principal business is the development and sale of new residential properties in the Philippines. The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget.

In addition, the time and the costs involved in completing the development and construction of residential projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

To mitigate the risk of cost overruns, FLI prudently prepares cost estimates and regularly monitors them. The Company has about 150 suppliers for its construction materials, and also locks in supply contracts for certain construction materials, especially when these are viewed to rise significantly more than inflationary price increases. To mitigate the risk of projects not being completed on time, on the other hand, FLI relies on the services of its over 100 contractors for land and construction works, many of which have been providing their services to the Company for a number of years. FLI's engineering team oversees the projects to ensure that these are completed within specifications, within cost estimates and on time.

The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

Over the years, the Company believes it has established an excellent reputation and brand name in the property development business. If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its housing and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To mitigate the risk of projects not being completed on time, FLI relies on the services of its over 100 contractors for land and construction works, many of which have been providing their services to the

Company for a number of years. FLI's engineering team oversees the projects to ensure that these are completed within specifications, within cost estimates and on time. Furthermore, the Company has a Customer Service Department where customers' concerns are taken care of.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or may not complete projects on time and within budget.

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. The Company selects independent contractors principally by conducting tenders and taking into consideration factors such as the contractors' experience, its financial and construction resources, any previous relationship with the Company, its reputation for quality and its track record. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget, which could result in costs increases or project delays. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's requirements for quality. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate the risk of a contractor being unable to provide satisfactory services for a project, FLI has a pool of over 100 contractors, many of which have been providing their services to the Company for a number of years. The contractors are evaluated on each project they work. FLI's engineering team oversees the projects to ensure that these are completed within specifications, within cost estimates and on time.

The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' property development industry is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("PD 957") and Batas Pambansa Blg. 220 ("BP 220") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the Government which enforces these statutes. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;

- road access;
- necessary community facilities;
- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will not be revoked.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

To mitigate the risk of development and application regulations in the Philippines having an adverse effect on FLI's projects, the Company's Legal Department and Engineering Department ensure that all projects are compliant with Government regulations and specifications.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the DENR. For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. FLI cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to FLI's business could have a material adverse effect on its business, financial condition and results of operations.

To mitigate the risk that environmental laws may have an adverse effect on FLI's projects, the Company's Legal Department, Engineering Department and Permits and Licenses Department ensure that the projects are compliant with environmental laws.

The loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

As of the date of this Prospectus, the Company benefits from certain tax incentives and tax exemptions. In particular:

- Income from sales of subdivision lots and housing units in the Company's socialized housing projects (i.e. sales of a lot with a gross selling price of ₱160,000.00 or below or of house and lot unit with a gross selling price of ₱450,000.00 or below) are currently exempt from taxation.
- Several of the Company's assets, such as the Filinvest Technology Park-Calamba and the Northgate Cyberzone, are registered with the PEZA as Ecozones and the Company's gross income generated from these assets is subject to a preferential income tax rate of 5%.
- Income tax holidays on certain projects under the Company's affordable and middle-income categories, registered with the Board of Investments.

Once the Company's tax exemptions or incentives are revoked or are repealed, the Company's income from these sources will be subject to the corporate income tax rate, which is currently fixed at 30% of net taxable income, and the Company's tax expense increase, reducing its profitability and adversely affecting its net income. There have also been reports that the Government may in the future discontinue its policy of granting tax incentives for similar types of projects. Therefore, there is no assurance that Company will be able to obtain and enjoy similar tax incentives for future projects.

Further, sales of residential lots with a gross selling price of ₱1,919,500.00 or less and residential houses and lots or condominium units with a gross selling price of ₱3,199,200.00 or less are currently not subject to the value-added tax ("VAT") of 12.0%. In the event these sales become subject to the VAT, the purchase prices for the Company's subdivision lots and housing units will increase and this could adversely affect the Company's sales. Because taxes such as the VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

FLI requested for the cancellation of the Company's registration as a new developer of a Business Park, i.e. MSME for Asesnso Village, Gen. Trias Cavite, because the Company decided to develop the property for mass housing instead. This mass housing project, the "Castillon Homes, The Residences" was granted registration by the BOI as expanding developer of the low-cost mass housing project.

To mitigate the risk of the loss of certain tax exemptions and incentives, the Company's Legal and Tax Compliance team keeps abreast of the latest developments in taxation, submit the reportorial requirements to the Government agencies on projects covered by such incentives and have regular meetings with the Company's auditors.

The interests of joint venture partners for the Company's housing and land development projects may differ from the Company's and they may take actions that adversely affect the Company.

The Company entered into joint venture agreements with landowners and, as part of its overall land acquisition strategy and intends to continue to do so. Under the terms of its joint venture agreements, the Company takes responsibility for project development and project sales, while its joint venture partner typically supplies the project land. A joint venture involves special risks where the joint venture partner may have economic or business interests or goals inconsistent with or different from those of the Company's. The joint venture partner may also take actions contrary to the Company's instructions or requests, or in direct opposition to the Company's policies or objectives with respect to the real estate investments, or the joint venture partner may not meet its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partner could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in the project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's results of operations and financial condition.

To mitigate the risk that interest of FLI's joint venture partners may differ with that of the Company, the terms and conditions of the joint venture contracts are discussed thoroughly and joint venture partners are informed of the plans for the properties.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Further, although the Company carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Company believes are in line with general real estate industry practice in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

To mitigate the impact of natural and other catastrophes on the Company's operations, the contractors are required to get Contractor's All Risk Insurance which covers all risks, including Acts of God. Upon the completion and turnover of the units to FLI, the Company gets Commercial All Risk Insurance, which also includes acts of God, with the amount insured equivalent to the construction cost. Even when the unit is turned over to the buyer, and still under in-house financing, the unit continues to be covered by Commercial All Risk Insurance. For the properties FLI leases out, these are covered by Commercial All Risk Insurance, which include Acts of God, as well as Business Interruption Insurance wherein lost revenues due to conditions covered by the Commercial All Risk Insurance can be claimed.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

To mitigate the risk of construction defects and building-related claims, the Company's contractors are required to get Contractor's All Risk Insurance which covers all risks, including acts of God. Upon the completion and turnover of the units to FLI, the Company gets Commercial All Risk Insurance, which also includes acts of God, with the amount insured equivalent to the construction cost. Even when the unit is turned over to the buyer, and still under in-house financing, the unit continues to be covered by Commercial All Risk Insurance.

The Company is directly controlled by FDC and its affiliates, and indirectly by the Gotianun Family, and the interests of FDC and the Gotianun Family may differ significantly from the interests of the Company's other shareholders.

FDC controls and is expected to continue to control the Company. In turn, FDC is controlled by members of the Gotianun Family, who either individually or collectively have controlled FDC and FLI since its inception. Members of the Gotianun Family also serve as directors and executive officers in FDC, FLI and other companies forming part of FDC and its subsidiaries, including but not limited to, FLI, FAI and EastWest Banking Corporation (collectively, the "Filinvest Group"), and these family members may not be able to devote sufficient time and effort to the management of FLI. There is also nothing to prevent companies that are controlled by the Gotianun Family from engaging in activities that compete directly with the Company's housing and land development businesses or activities, which could have a negative impact on the Company's business. Neither can there be any assurance the Gotianun Family and FDC will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of FDC and the Gotianun Family, as the Company's controlling shareholders, may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and the Gotianun Family and FDC may vote their Shares and Preferred Shares in a manner that is contrary to the interests of the Company or of the Company's other shareholders. There can be no assurance that the Gotianun Family and FDC will exercise influence over the Company in a manner that is in the best interests of the Company or its other shareholders.

To protect minority shareholders, major decisions are subject to Board approval which includes Independent Directors. Moreover, the Company has a manual on corporate governance which it strictly adheres to.

The Company has a number of related-party transactions with affiliated companies.

The companies controlled by the Gotianun Family and by FDC have a number of commercial transactions with the Company. Amounts due from affiliated companies are primarily cash advances made by the Company to FDC to allow FDC to meet its cash requirements. In addition, the Company may also discount receivables on a without recourse basis from real estate sales with EWB, which is controlled by FDC.

In 2006, the Company acquired Festival Supermall and a 60.0% ownership interest in the common stock of each of FAC and CPI from its affiliates FDC and FAI. In 2010, FLI managed to increase its holdings in CPI to 100% after acquiring the remaining 40.0% held by Africa-Israel Properties (Phils.), Inc. The Company also has contracts with FAI to provide management services for the assets of FAC and CPI and also has a management agreement with another affiliate for Festival Supermall. FLI also entered into a 50-year lease agreement with FAI for the land on which Festival Supermall and its related assets (such as parking lots) are situated.

The Company's practice has been to enter into contracts with these affiliate companies on commercial terms which are at least as favorable as the terms available to or from non-affiliated parties.

The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with FDC and the Gotianun Family. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between FDC, the Gotianun Family and the Company in a number of other areas relating to its businesses, including:

- major business combinations involving the Company and its subsidiaries;
- plans to develop the respective businesses of the Company and its subsidiaries; and
- business opportunities that may be attractive to FDC, the Gotianun Family and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

Dealings with FLI's parent company and affiliates are done on an arms–length basis. Major decisions are subject to Board approval which includes Independent Directors, and the Company has a manual on corporate governance which it strictly adheres to.

The Company is highly dependent on certain directors and members of senior management.

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance.

Members of the Gotianun Family also fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members should they depart. Such executives include: Mercedes T. Gotianun (Chairman Emeritus), Andrew L. Gotianun(Director), Jonathan T. Gotianun (Chairman), Andrew T. Gotianun, Jr. (Vice Chairman), , Joseph M. Yap (Director) and Lourdes Josephine G. Yap (Director, President and Chief Executive Officer). Key members of management also include: Nelson M. Bona (Chief Financial Officer), Ana Venus A. Mejia (Treasurer and Deputy Chief Financial Officer) and Elma Christine T. Leogardo, Acting Corporate Secretary. If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, its business and results of operations may be adversely affected.

To mitigate the risk of FLI's dependence on certain directors and members of senior management, the Company has a succession program in place. Moreover, promotions are given to deserving employees to ensure the succession within the management team.

The Company may be unable to attract and retain skilled professionals, such as architects and engineers.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects and engineers. The Company believes that there is significant demand for such personnel not only from its competitors but also from companies outside the Philippines, particularly companies operating in the Middle East. Any inability on the part of Company in hiring and, more importantly, retaining qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require the Company to incur additional costs by having to engage third parties to perform these activities.

To mitigate the risk of the Company being unable to attract and retain skilled professionals, FLI has lined up a number of training programs to enable its employees to serve its customers better, increase productivity and improve their skills.

The Company is dependent on third-party brokers to sell its residential housing and land development projects.

The Company relies on third-party brokers to market and sell its residential housing and land development projects to potential customers inside and outside of the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operates, and there can be no assurance that they will not favor the interests of their other clients over the interests of the Company in lease or sale opportunities, or otherwise act in the Company's best interests. There is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as the Company or attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. This could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

To mitigate the risk of third-party brokers terminating or breaching their brokerage agreements with the Company, FLI offers an attractive incentive program to reward those who are able to sell the Company's projects.

A domestic asset price bubble could adversely affect the Company's business.

One of the risks inherent in any real estate property market is the possibility of an asset price bubble. This occurs when there is a gross imbalance between the supply and demand in the property market, causing an unusual increase in asset prices, followed by a drastic drop in prices when the bubble bursts. In the Philippines, the growth of the real estate sector is mainly driven by low interest rates, robust remittances from Overseas Filipino Workers, and the fast growing Business Process Outsourcing sector which is vulnerable to global economic changes.

The Company believes that the Philippine property sector is adequately protected against a domestic asset price bubble burst. The country has a very young demographic profile benefitting from rising disposable income. It likewise has one of the fastest growing emerging economies, registering Gross Domestic Product growth rates of 6.8% in 2012, 7.2% in 2013 and 6.4% in the second quarter of 2014, and the growth in the property sector is largely supported by infrastructure investments from both the public and private sectors and strong macroeconomic fundamentals.

There can be no assurance however, that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition and results of operations.

RISKS RELATING TO THE PHILIPPINES

A slowdown in the Philippines' economic growth could adversely affect the Company.

Historically, given that a significant portion of all of FLI's assets, business and operations are based in the Philippines, the Company's performance in terms of its results of operations as well as the quality and growth of the institution, among other things have been highly influenced, and will continue to be influenced, to a significant degree by the general condition and performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine Peso and the imposition of exchange controls. In addition, the strength of the Philippine economy is influenced and affected by global factors, including the performance of other world and regional economies and the global economy, in general.

The 1997 Asian Financial Crisis caused a significant devaluation of the Philippine Pesos that consequently led to the increase in interest rates and the volatility of security prices and the downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. Such adverse developments substantially and adversely affected the ability of many Philippine companies to meet their debt obligations. Still, the Philippine economy managed to register positive economic growth from 1999 up to 2007, when the Philippines managed to grow by 7.3%. However, in 2008, the Philippine economy was adversely affected when the U.S economy substantially declined due to the problems brought about by the sub-prime lending fall-out that led to a global economic crisis and eventually caused the downfall of a number of major American financial institutions. Despite such an adverse development, the Philippines managed to grow by 3.8%. However, the full effect of the global economic crisis was felt in 2009 as the economies of the U.S., Japan, United Kingdom and Singapore, among others, fell into recession. The Philippines managed to avoid a recession by registering a positive 0.9% GDP growth for

2009. In 2010, the Philippines managed to grow 7.6%, primarily due to government and election spending in the first half of 2010, a low interest rate environment and inflows of money into the emerging economies such as the Philippines. In the midst of a slow global economic recovery, the Philippines' registered economic growth of 3.7% in 2011 caused by resilient and stable economic drivers which comprise strong consumer base, growing investment and prudent fiscal management. The Philippines registered a GDP growth of 7.2% for 2013 growth continuous business expansion, high consumer and government spending and national elections. It must be noted that the Philippine economy relies significantly on overseas remittance. There can be no assurance that overseas remittances will sustain its growth in the future. There can be no further assurance that the country's economic performance can be sustained.

From 2010 to 2012, the Philippines have experienced a series of ratings upgrades noting continuing economic development and resilience amidst the global economic environment. In May 2013, Standard & Poor's ("S&P") raised the Philippines' long-term foreign currency denominated debt rating by one notch to BBB- from BB+. The rating upgrade by S&P came shortly after Fitch Ratings ("Fitch") upgraded the Philippines to BBB- from BB+ in March 2013. In their announcements, both S&P and Fitch cited improvements in governance, external finances and fiscal management for the reasons behind their decision. In October 2013, Moodys Investment Service ("Moodys") gave the Philippines with its third Investment Grade rating, with Moodys giving the Philippines a Baa3 rating, with the outlook on the rating being positive, citing the Philippines robust economy, fiscal and debt consolidation and political stability and improved governance. In May 2014, just one year after the previous upgrade, S&P again raised the Philippines' long-term rating to BBB from BBB-. There can be no assurance that the rating of the Philippine's sovereign debt will not be downgraded from its current levels.

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced political and military instability. Political instability in the Philippines occurred in the late 1980's when Presidents Ferdinand Marcos and Corazon Aquino held office. In 2000, the then-President of the Philippines, Joseph Estrada, was subject to allegations of corruption, culminating in impeachment proceedings, mass public protests in Manila, withdrawal of support by the military and his removal from office. The then-Vice President, Gloria Macapagal-Arroyo, was sworn in as President on 2001. On 2003, a group of 70 officers and over 200 soldiers from the Philippine Army, Navy and Air Force expressed their grievances against the present administration and ultimately attempted a *coup d'etat* against the Arroyo administration**.** The attempt was not successful as it failed to capture the sentiment of the Filipinos and the military. As such, the event which would be later known as the "Oakwood" Mutiny ended after 20 hours of negotiation between the group and the Government. Certain individuals identified with the administration of former President Estrada have been implicated as supporters of the failed *coup d'etat*.

In 2004, the Philippines held presidential elections as well as elections for the Senate and the House of Representatives. President Arroyo was elected to a six-year term. However certain opposition candidates, including defeated presidential candidate Fernando Poe, Jr., questioned the election results, alleging fraud and disenfranchisement of voters. Allegations of fraud committed during the 2004 election have intensified mid-2005 in light of revelations that President Arroyo had spoken with an official from the independent Commission on Elections during the counting of votes. Since that time, several additional impeachment complaints have been filed against President Arroyo. President Arroyo has denied the allegations contained in the impeachment complaints.

There have been media reports of military plots to remove President Arroyo from office. In 2006, President Arroyo issued Proclamation 1017, which declared a state of national emergency in response to reports of an alleged attempted *coup d'etat*. In connection with the proclamation, a number of opposition members were arrested or threatened with arrest. On 3 March 2006, President Arroyo lifted the state of national emergency. On the same year, the Supreme Court ruled that certain acts committed by law enforcement officials in furtherance of Proclamation 1017 were unconstitutional.

On 2007, a Philippine Senator and former lieutenant, Antonio Trillanes IV, led a group of military officers in walking out of a trial for the occupation of the Oakwood Premier Ayala Center and seizing a hotel in Makati to demand President Arroyo's resignation. The group peacefully surrendered after a 6-hour standoff with government forces.

In 2010, Benigno Aquino III was elected as President, amidst a successful National Elections, as characterized by a transparent and quick vote counting and minimal violence. The election of a new President also brought about a boost in investor and business confidence, brought about by a renewed optimism in the changes that will be made to the present government. On 13 May 2013, mid-term elections were held for national and local positions which resulted in President Aquino's administration getting majority seats in the Senate as well as the House of Congress, evidencing the support of the electorate for the administration's structural reforms to be carried out for the remainder of his term. There can be no guarantees that the Administration would be able to sustain investor and business confidence and that Political instabilities as discussed herein will no longer occur within the present Administration.

There can be no assurance that events similar to those discussed will no longer occur in the future. Furthermore, there is no assurance that the future administrations will adopt economic policies conducive to sustaining economic growth. Any future economic, political or social instability in the Philippines could adversely affect FLI's business, financial condition or results of operations.

Terrorist activities in the Philippines could destabilize the country, adversely affecting its businesses.

The Philippines has been subject to a number of terrorist attacks since 2000. The Philippine military has been in conflict with the Abu Sayyaf organization which has been identified as being responsible for kidnapping and terrorist activities in the Philippines. Recently, there has been a series of bombings in the Philippines, mainly in cities in the southern part of the country. Although no one has claimed responsibility for these attacks, it is believed that the attacks are the work of various separatist groups, possibly including the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network. An increase in the frequency, severity or geographic reach of terrorist acts could destabilize the Philippines, increase internal divisions within the Government as it evaluates responses to that instability and unrest and adversely affect the country's economy. Festival Supermall may be particularly vulnerable to and adversely affected by terrorist attacks because of the large numbers of people and general public access to shopping malls. The occurrence of a terrorist attack at Festival Supermall, in particular, could lead to a significant loss of business and have a material adverse effect on the Company's business. There can be no assurance that the Philippines will not be subject to further acts of terrorism in the future, and violent acts arising from, and leading to, instability and unrest may have a material adverse effect on the Company and its financial condition, results of operations and prospects.

In addition, the communist New People's Army ("NPA") is active in some of the provinces where the Company's housing and land development projects are located. Companies who operate businesses in the areas where the NPA is active have, in the past, been approached by members of the NPA who attempt to collect "revolutionary taxes" from such companies and the business activities of companies that have either refused to pay such "taxes" or failed to pay the required amount have been disrupted. For example, equipment may be sabotaged and workers harassed by NPA members. While the Company has never been approached by the NPA in the past and has not had any of its projects disrupted by the NPA, there can be no assurance that this will not occur in the future, particularly as the Company continues to expand its activities to regions of the Philippines outside of Metro Manila and its immediately surrounding provinces.

RISKS RELATING TO THE BONDS

Liquidity Risk

The Philippine debt securities markets, particularly the market for corporate debt securities are substantially smaller, less liquid and more concentrated than othersecurities markets. The Company cannot guarantee whether an active trading market for the Bonds will develop or if the liquidity of Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEx, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, adverse business developments in the Company and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

Pricing Risk

The market price of the Bonds will be subject to market and interest rate fluctuations, which may result in the investment being appreciated or reduced in value. The Bonds when sold in the secondary market will be worth more if interest rates decrease since the Bonds will have a higher interest rate, relative to similar debt instruments being offered in the market, further increasing demand for Bonds. However, if interest rates increase, the Bond might be worth less when sold in the secondary market. Thus, a Bondholder could face possible losses if he decides to sell in the secondary market.

Reinvestment Risk

Prior to the relevant Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the relevant Early Redemption Option Dates (see "Description of the Bonds – Redemption and Purchase (a) Optional Redemption"). In the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re- invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Retention of Ratings Risk

There is no assurance that the rating of the bonds will be retained throughout the life of the bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Bonds have no Preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by FLI is notarized, such that no other loan or debt facility to which FLI is a party shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities have waived the right to the benefit of any such preference or priority. However, should any bank or bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then FLI shall at FLI's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.

Other Considerations

On 27 May 2003, Filinvest Development Corporation, the parent company of the Issuer, was the respondent to an administrative complaint filed by the Compliance and Enforcement Department (CED) of the SEC before the Commission En Banc for the alleged violation of Section 27 of the Securities Regulation Code. Other that the fact that: (i) the Issuer is a subsidiary of the respondent, FDC, (ii) has common directors with respondent, FDC and (iii) the administrative compliant against FDC involves shares of the Issuer owned by FDC, the Issuer not in any way involved, nor as a respondent, in the aid administrative complain. In the event of an adverse decision against FDC, FLI has existing contingency measure (such as the Business Continuity Program which includes a Succession Plan) to address the reputational and other risks, if any, that may arise as a result thereof. The Issuer believes that the complaint and any decision is not material from its perspective.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

TAXATION OF INTEREST

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20%. Generally, interest on the Bonds received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident foreign individuals not engaged in trade or business is taxed at the rate of 25%. Interest income received by domestic corporations and resident foreign corporations is taxed at the rate of 20%. Interest income received by non-resident foreign corporations is subject to a 30% final withholding tax. The tax withheld constitutes a final settlement of Philippine income tax liability with respect to such interest.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

TAX-EXEMPT STATUS

Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents. Said Bondholder shall submit the following requirements to the Registrar, or to the Joint Issue Managers, Joint Bookrunners, and Joint Lead Underwriters or the Co-Lead Underwriters (together with their completed Application to Purchase) who shall then forward the same to the Registrar: (i) certified true copy of the tax exemption certificate issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in prescribed form, declaring and warranting its tax-exempt status, undertaking to immediately notify FLI of any suspension or revocation of the tax exemption certificate and agreeing to indemnify and hold FLI free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities; provided further that, all sums payable by FLI to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption or reasonable evidence of such exemption to the Registrar.

Bondholders may transfer their Bonds at anytime, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Register of Bondholders after the Bonds are listed on PDEx shall be allowed between non tax exempt and tax-exempt entities without restriction and observing the tax exemption of tax exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEx and PDTC.

A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under the Section entitled *"Payment of Additional Amounts; Taxation,"* within three days of such transfer.

VALUE-ADDED TAX

Gross receipts arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities and lending investors shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less cost of the securities sold.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less	5%
Maturity period is more than five years	1%

In case the maturity period referred above is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.00 for each ₱200, or fractional part thereof, of the offer price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by FLI for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds unless the transfer carries with it a renewal and reissuance of the Bonds in the name of the transferee. In the event that there renewal and reissuance of the Bonds to replace the old Bonds, the transfer will be subjected to DST.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

The holder of the Bonds will recognize gain or loss upon the sale or other disposition (including a redemption at maturity) of the Bonds in an amount equal to the difference between the amount realized from such disposition and such holder's basis in the Bonds. Such gain or loss is likely to be deemed a capital gain or loss assuming that the holder has held Bonds as capital assets.

Under the Tax Code, any gain realized from the sale, exchange or retirement of securities, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such securities, debentures or other certificates of indebtedness) shall not be subject to income tax.

Therefore, any gains realized by a holder on the trading of Bonds shall be exempt from income tax.

In case of an individual taxpayer, only 50% of the capital gain or loss is recognized upon the sale or exchange of a capital asset if it has been held for more than 12 months.

Any gains realized by non-residents on the sale of the Bonds may be exempt from Philippine income tax under an applicable tax treaty or if they are sold outside the Philippines.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at progressive rates ranging from 5% to 20%, if the net estate is over ₱200,000. A Bondholder shall be subject to donor's tax on the transfer of the Bonds by gift at either (i) 30%, where the donee or beneficiary is a stranger, or (ii) at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed ₱100,000 and where the donee or beneficiary is not a stranger. For this purpose, a "stranger" is a person who is not a: (a) brother, sister (whether by whole or half-blood), spouse, ancestor and lineal descendant; or (b) relative by consanguinity in the collateral line within the fourth degree of relationship.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

USE OF PROCEEDS

Following the offer and sale of the Offer, without the Over-subscription option and after deduction of commissions and expenses, will amount to approximately ₱4,936,629,901.88 . If FLI fully excercises the over-subscription option, net proceeds would approximately amount to ₱6,917,672,912.63 after fees, commissions and expenses.

Net Proceeds from the Bonds are estimated to be as follows (in ₱ and absolute amounts):

For a ₱5 billion issuance:

		Total
Estimated proceeds from the sale of Bonds		₱ 5,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax	₱ 25,000,000	
SEC Registration Fee and Legal Research	2,335,625	
Publication Fee	100,000	
Underwriting and Other Professional Fees	35,304,473	
Listing Application Fee	100,000	
Printing Cost	350,000	
Trustee Fees	105,000	
Registry and Paying Agency Fees	75,000	
Estimated net proceeds the Issue		**₱ 4,936,629,902**

For a ₱7 billion issuance:

		Total
Estimated proceeds from the sale of Bonds		₱ 7,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax	₱ 35,000,000	
SEC Registration Fee and Legal Research	2,335,625	
Publication Fee	100,000	
Underwriting and Other Professional Fees	44,261,462	
Listing Application Fee	100,000	
Printing Cost	350,000	
Trustee Fees	105,000	
Registry and Paying Agency Fees	75,000	
Estimated net proceeds the Issue		**₱ 6,917,672,913**

** Note that the above expenses include Gross Receipts Tax and VAT which are for FLI's account.*

Aside from the foregoing one-time costs, FLI expects the following annual expenses related to the Bonds:

1) PhilRatings annual monitoring fee ₽450,000
2) PDEx annual listing maintenance fee of ₽150,000 per tranche
3) PDTC registration and statement generation fees ₽260,000 per tranche
4) PDTC paying agency fee and credit advices ₽120,000

Net Proceeds from the Offering will be used by FLI for debt re-financing of about ₽4.95 billion and the remaining portion will be used to partially fund the Company's capital expenditure requirements in 2014.

TIMING AND USE OF PROCEEDS

For the Bonds to be issued

The net proceeds of the Bonds will be utilized to refinance the Company's ₽4.95 billion bonds and debt expiring from 4Q 2014 to 2Q 2015 while the remainder will be used to partially finance the Company's Funding Expenditure requirements.

Use of Proceeds	TOTAL	4Q 2014	1Q 2015	2Q 2015
Debt Refinancing	4,950.00	4,725.00	-	225.00
Capital Expenditure	2,196.49	261.65	957.83	977.01
Total Funding requirement	**7,146.49**	**4,986.65**	**957.83**	**1,202.01**

Breakdown of debt refinancing under the Use of Proceeds are as follows (in ₽ millions):

Debt Refinancing	Date Availed	Maturity	Interest Rate (p.a.)	4Q2014	1Q215	2Q215	Total
Fixed-Rate Retail Bonds due November 2014	11/19/2009	11/20/2014	8.4615%	4,500.00			4,500.00
International Finance Corp. Peso Loans	10/21/2005	6/15/2015	7.72%	112.50		112.50	225.00
International Finance Corp. Peso Loans	7/27/2007	6/15/2015	7.90%	112.50		112.50	225.00
Total				**4,725.00**	**-**	**225.00**	**4,950.00**

The retail bonds amounting to ₽ 4,500.00 million were acquired in November 2009 and carry an interest rate of 8.4615% per annum. The retail bonds will mature on 20 November 2014. While the loans with the International Finance Corporation ("IFC") which was acquired in October 2005 and in July 2007 will require amortization payments of ₽225.00 million each on June 15, 2014 and June 15, 2015. The outstanding IFC loan of ₽ 225.00 million and ₽ 225.00 million carries an interest rate of 7.72% per annum and 7.9% per annum respectively.

Breakdown of Capital Expenditure under the Use of Proceeds are as follows (in ₱ millions): **Project**	**Location**	**Est. % of Completion**	**Est. date of Completion**	**Total**	**4Q 2014**	**1Q 2015**	**2Q 2015**
I. HRB Projects							
Studio Zen	Pasay City	80%	4Q2014	31.60	31.60		
100 West	Makati City	-	4Q2016	418.41	59.77	179.32	179.32
One Spatial Bldg. 3	Pasig City	30%	4Q2015	20.67	2.95	8.86	8.86
One Spatial Bldg. 4	Pasig City	56%	3Q2015	32.57	4.65	13.96	13.96
One Spatial Bldg. 5	Pasig City	-	2Q2016	59.12		29.56	29.56
One Spatial Bldg. 6	Pasig City	-	4Q2015	72.08	10.30	30.89	30.89
Studio City, Tower 2	Filinvest City,	-	4Q2017	77.84	11.12	33.36	33.36
Studio City, Tower 3	Filinvest City	-	3Q2017	70.30		35.15	35.15
The Levels, Bldg. Anaheim	Filinvest City	85%	1Q2015	43.90	43.90		
The Levels, Bldg. Burbank	Filinvest City	-	4Q2017	234.50		117.25	117.25
II. MRB Projects							
Sorrento Oasis, Bldg. J	Pasig City	-	1Q2016	78.24		39.12	39.12
The Signature, Bldg. 1	QC	-	1Q2017	148.73	21.25	63.74	63.74
The Signature, Bldg. 2	QC	-	2Q2018	49.75			49.75
Bali Oasis Ph 2, Bldg. Banjar	Pasig City	-	3Q2016	134.44		100.83	33.61
Maui Oasis Bldg. 4	Manila	65%	1Q2016	139.18	19.88	59.65	59.65
Maui Oasis Bldg. 5	Manila	-	1Q2017	39.00			39.00

Breakdown of Capital Expenditure under the Use of Proceeds are as follows (in ₱ millions): **Project**	**Location**	**Est. % of Completion**	**Est. date of Completion**	**Total**	**4Q 2014**	**1Q 2015**	**2Q 2015**
One Oasis Cebu, Bldg. 3	Cebu City	87%	2Q2015	14.05	2.34	7.03	4.68
One Oasis Cebu, Bldg. 5	Cebu City	-	1Q2016	122.50	17.50	52.50	52.50
Amalfi Oasis, Bldg. 3	Cebu	88%	4Q2014	20.22	20.22		
8 Spatial Davao, Bldg. 1	Davao City	-	2Q2015	97.02		48.51	48.51
Kembali Horizons, Bldg. 4	Davao	-	4Q2015	21.60		10.80	10.80
Kembali Horizons, Bldg. 5	Davao	-	4Q2015	21.60		10.80	10.80
One Oasis Cagayan de Oro, Bldg. 1	CDO	-	1Q2016	113.17	16.17	48.50	48.50
One Spatial Iloilo, Bldg. 1	Iloilo City	-	2Q2016	136.00		68.00	68.00
Total				2,196.49	261.65	957.83	977.01

The relevant permits and licenses for the projects are in place. The Company is also in the process of acquiring the required permits and licenses for new projects.

In addition to the net proceeds of this Offering, the Company also intends to utilize internally generated funds considering that the projected total funding requirement for 4Q2014 to 2015 is greater than the net proceeds of the Offering.

In the event of any substantial deviation/adjustment in the planned uses of proceeds, the Company shall inform the Securities and Exchange Commission and the stockholders within 30 days prior to its implementation.

EXPENSES

The estimated fees and expenses relating to the issue are detailed in the table contained in page 45 under this section on “Use of Proceeds”. Expenses in the said table include the SEC registration fees, underwriting fees, legal fees, account fees, ratings agency fees, listing fees, marketing and printing and other estimated expenses for the issuance of the Bonds.

DETERMINATION OF OFFER PRICE

The Bonds shall be issued at 100% of the principal amount or face value.

PLAN OF DISTRIBUTION

THE OFFER

On 04 September 2014, FLI filed a Registration Statement with the Securities and Exchange Commission, in connection with the offer and sale to the public of debt securities with an aggregate principal amount of an aggregate amount of ₱7,000,000,000.00 in Unsecured Fixed Rate Retail Bonds.

However, there can be no assurance in respect of: (i) whether FLI would issue such debt securities at all; (ii) the size or timing of any individual issuance or the total issuance of such debt securities; or (iii) the specific terms and conditions of such issuance. Any decision by FLI to offer such debt securities will depend on a number of factors at the relevant time, many of which are not within FLI's control, including but not limited to: prevailing interest rates, the financing requirements of FLI's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general. In the event, however, that the Over-subscription option is not exercised, the same shall be deemed cancelled and filing for the Over-subscription option shall be deemed forfeited.

THE JOINT LEAD UNDERWRITERS OF THE OFFER

BDO Capital & Investments Corporation, BPI Capital Corporation, and First Metro Investment Corporation (the "Joint Lead Underwriters"), pursuant to an Underwriting Agreement with FLI executed on November 21, 2014 (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the Bonds at the Offer Price. The Joint Lead Underwriters have also committed to underwrite an aggregate principal amount of Five Billion Pesos (₱5,000,000,000.00) on a firm basis with a ₱2,000,000,000.00 Over-subscription option subject to the satisfaction of certain conditions and in consideration of certain fees and expenses.

The Joint Lead Underwriters have committed to underwrite the entire Offer amount allocated to the each Joint Lead Underwriter as follows (in ₱):

Bank	Amount
BPI Capital	1,667,500,000.00
First Metro Investment	1,667,500,000.00
BDO Capital	1,665,000,000.00
Total	**5,000,000,000.00**

The underwriting fee is based on the final nominal principal amount of the Bonds issued. There is no arrangement for the Joint Lead Underwriters to return to FLI any unsold Bonds. The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to FLI. There is no arrangement as well giving the Joint Lead Underwriters the right to designate or nominate member(s) to the Board of Directors of FLI.

The Joint Lead Underwriters are all duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Joint Lead Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business for FLI or other members of the Filinvest Group of which FLI forms a part.

BDO Capital is the wholly-owned investment-banking subsidiary of BDO Unibank Inc. BDO Capital is a full-service investment house primarily involved in securities underwriting, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 2008, BDO Capital commenced operations in March 1999.

BPI Capital Corporation is the wholly-owned subsidiary of Bank of Philippine Islands. BPI Capital is an investment house focused on corporate finance and securities distribution business. It began operations in December 1994. BPI Capital Corporation has an investment house license.

First Metro Investment Corporation is the investment banking arm of Metropolitan Bank and Trust Company. Incorporated in 1972, First Metro Investment is engaged primarily in equity and debt underwriting, financial and investment advisory, loan syndication, private equity, government and fixed income securities trading and stock brokerage.

None of the Joint Lead Underwriters has any relation with FLI in terms of ownership and has any right to designate or nominate any member of the board of directors of FLI.

THE CO-LEAD UNDERWRITERS

FLI has appointed Eastwest Banking Corporation, PNB Capital and Investment Corporation, and United Coconut Planters Bank as Co-Lead Underwriterss to the Offer.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Joint Issue Managers, the Joint Bookrunners, the Joint Lead Underwriters and the Co-Lead Underwriters who shall sell and distribute the Bonds to third party buyers/investors. The Joint Issue Managers, the Joint Bookrunners and the Joint Lead Underwriters may appoint other underwriters and/or selling agents to distribute and sell the Bonds. Nothing herein shall limit the rights of the Joint Issue Managers, the Joint Bookrunners, the Joint Lead Underwriters and the Co-Lead Underwriters from purchasing the Bonds for their own respective accounts.

The obligations of each of the underwriters will be several, and not solidary, and nothing in the Underwriting and Issue Management Agreement shall be deemed to create a partnership or a joint venture between and among any of the underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by an underwriter to carry out its obligations thereunder shall neither relieve the other underwriters of their obligations under the same Underwriting Agreement, nor shall any underwriter be responsible for the obligation of another underwriter.

There are no persons to whom the Bonds are allocated or designated. The Bonds shall be offered to the public at large and without preference.

OFFER PERIOD

The Offer Period shall commence on November 25, 2014 and end on November 27, 2014 or such earlier day or later day as may be determined by FLI and the Joint Issue Managers, the Joint Bookrunners, and the Joint Lead Underwriters.

APPLICATION TO PURCHASE

During the Offer Period, FLI, through the Joint Lead Underwriters and the Co-Lead Underwriters, shall solicit subscriptions to the Bonds from Prospective Bondholders. Applicants may purchase the Bonds during the Offer Period by submitting to the Joint Lead Underwriters and/or the Co-Lead Underwriters properly completed Applications to Purchase, together with all required attachments therein, including but not limited to, two signature cards, and the full payment of the purchase price of the Bonds in the manner provided in said Application to Purchase.

Individual applicants are required to submit, in addition to accomplished Application to Purchase and its required attachments, a photocopy of any one (1) of the identification cards (ID) as mentioned in BSP Circular No. 608, Series of 2008, subject to verification with the original ID, such as but not limited to the following: passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID.

Corporate and institutional applicants must also submit, in addition to the foregoing, a copy of their SEC Certificate of Registration, Articles of Incorporation, By-Laws, and the appropriate authorization by their respective boards of directors and/or committees or bodies relative to the purchase of the Bonds and designating the authorized signatory(ies) thereof as well as the identification cards of such authorized signatories.

A corporate and institutional investor who is exempt from or is not subject to withholding tax shall be required to submit the following requirements to the Registrar, subject to acceptance by FLI as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify FLI of any suspension or revocation of the duly-accepted tax exemption certificates and agreeing to indemnify and hold FLI free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities; provided that, all sums payable by FLI to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar.

All applicants are required to provide a valid Tax Identification Number ("TIN") as part of the Application to Purchase.

Only Applications to purchase which are accompanied by deposits, check payments or covered by appropriate debit instructions or other instructions acceptable to the Joint Lead Underwriters and the Co-Lead Underwriters shall be accepted. Completed Applications to purchase must reach the Joint Lead Underwriters and/or Co-Lead Underwriters prior to the end of the Offer Period, or as such earlier date as may be specified by Joint Lead Underwriters and the Co-Lead Underwriters. Acceptance by the Joint Lead Underwriters and the Co-Lead Underwriters of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by FLI. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of Fifty Thousand Pesos (₱50,000.00) shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of Ten Thousand Pesos (₱10,000.00).

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the availableBonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice to FLI's exercise of its right to the acceptance of applications as set out below.

ACCEPTANCE OF APPLICATIONS

FLI, together with theJoint Lead Underwriters and the Co-Lead Underwriters reserve the right to accept, reject, scaledown or reallocate any Bond applied for and in case of over-subscription, allocate the Bonds available to the applicants in a manner they deem appropriate. If any application is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the Joint Lead Underwritersand/or Co-Lead Underwriters.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate unused portion thereof shall be returned without interest to such applicant through the Joint Lead Underwriters and/or Co-Lead Underwriters with whom such application to purchase the Bonds was made.

PAYMENTS

The Paying Agent shall open and maintain a Payment Account, which shall be operated solely and exclusively by said Paying Agent in accordance with the Registry and Paying Agency Agreement, provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the relevant interest and principal on each Payment Date.

The Paying Agent shall maintain the Payment Account for six (6) months from Maturity Date or date of early redemption. Upon closure of the Payment Account, any balance remaining in such Payment Account shall be returned to FLI and shall be held by FLI in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments.

PURCHASE AND CANCELLATION

FLI may at any time purchase any of the Bonds at any price in the open market or by tender or by contract at any price, without any obligation to purchaseBonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form and shall be registered in the electronic Register of Bondholders maintained by the Registrar. Master Certificates of Indebtedness representing the Seven Year and Ten Year Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders.

Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the Registrar. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable prevailing Philippine selling restrictions. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all subsequent transfers of Bonds shall be entered in the Register of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the electronic Register of Bondholders.

DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations or privileges of the Bonds. Some rights, obligations or privileges may be further limited or restricted by other documents. Prospective Bondholders are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of FLI, the information contained in this Prospectus, the Trust Agreement, Underwriting Agreement, and other agreements relevant to the Offer. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the issuedBonds.

The Board of Directors of Filinvest Land, Inc. authorized, through a resolution unanimously passed and approved the issuance of an aggregate of up to ₽7,000,000,000.00 principal amount of Unsecured Fixed-Rate Retail Peso Bonds. The Bonds are comprised of 5.400% per annum Seven Year Bonds and 5.6389% per annum Ten Year Bonds. The Bonds shall be constituted by a Trust Agreement (the "Trust Agreement") executed on November 21, 2014 between FLI and Metropolitan Bank and Trust Company – Trust Banking Group (the "Trustee"), which Trustee shall, wherever the context permits, include all other persons or companies acting and recognized as trustee or trustees under the said Agreement. The description of and the terms and conditions of the Bonds as set out below is subject to the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement executed on November 21, 2014 (the "Registry and Paying Agency Agreement") in relation to the Bonds between FLI and the Philippine Depository & Trust Corp. as registrar and paying agent (the "Registrar and Paying Agent").

The Bonds shall mature on December 4, 2021 or seven (7) years from Issue Date for the Seven Year Bonds and/or December 4, 2024 or ten (10) years from Issue Date for the Ten Year bonds, unless earlier redeemed by FLI pursuant to the terms thereof and subject to the provisions on redemption and payment as detailed below.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar. The holders of the Bonds (the "Bondholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency and Agreement applicable to them.

The Bonds shall be offered and sold through a public offering in the Philippines. The Bonds shall be issued in minimum principal amounts of Fifty Thousand Pesos (₽50,000.00) and in multiples of Ten Thousand Pesos (₽10,000.00) thereafter, and shall be traded in denominations of Ten Thousand Pesos (₽10,000.00) in the secondary market.

The Registrar and Paying Agent have no interest in or relation to FLI which may conflict with its role as registrar and paying agent for the Offer. The Trustee has no interest in or relation to FLI which may conflict with the performance of its functions as trustee for the Bonds, nor does it have any relation to or interest in the Joint Issue Managers, Joint Bookrunners, Joint Lead Underwriters and the Co-Lead Underwriters.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Bonds are in scripless form, and shall be issued in denominations of Fifty Thousand Pesos (₱50,000.00) each as a minimum and in integral multiples of Ten Thousand Pesos (₱10,000.00) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

(b) *Title*

Legal title to the Bonds shall be shown in the Register of Bondholders (the "Register of Bondholders") maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Register of Bondholders maintained by the Registrar. Settlement with respect to such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) *Bond Rating*

The Philippine Rating Services Corporation ("PhilRatings") has assigned a PRS Aaa rating to FLI's proposed issuance of up to ₱7.0 Billion in fixed-rate bonds, inclusive of the ₱2.0 Billion Over-subscription Option, having considered FLI's business plans, growth prospects and cashflow. PhilRatings likewise maintained in a PRS Aaa rating for FLI's outstanding bond issues amounting to ₱21.50 billion, composed of ₱4.5 billion bonds due in 2014, ₱3.0 billion bonds due in 2016, ₱3.0 billion bonds due in 2019, ₱4.3 billion bonds due in 2020, and ₱2.7 billion bonds due in 2023. PRS Aaa is the highest rating available. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. FLI's capacity to meet its financial commitment on the obligation is extremely strong.

The rating assigned reflects the following key considerations: healthy growth of FLI's real estate and leasing operations resulting in strong income generation; sound debt position and financial flexibility. The rating also reflects the following factors which were considered when the PRS Aaa rating was assigned to the proposed issuance and maintained for FLI's outstanding bond issue duringthe most recent monitoring: FLI's diversified portfolio; established brand name; and favorable economic and industry conditions. PhilRatings' ratings are based on available information and projections at the time that the rating review is on-going. PhilRatings shall continuously monitor developments relating to FLI and may change the rating at any time, should circumstances warrant a change.

The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. After Issue Date, the Trustee shall likewise monitor compliance by the Issuer with certain covenants in relation to the Bonds through regular annual reviews.

2. Transfer of Bonds

(a) *Register of Bondholders*

FLI shall cause the Register of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all transfers of Bonds shall be entered in the Register of Bondholders. As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any and/ or all requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of Bonds may be made during the period commencing on a Record Date as defined in the section on "Interest Payment Date."

(b) *Transfers; Tax Status*

Bondholders may transfer their Bonds at anytime, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with non-tax exempt entities shall be treated as non-tax exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Register of Bondholders after the Bonds are listed on PDEx shall be allowed between non tax exempt and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guideline of PDEx and PDTC. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified below under *"Payment of Additional Amounts; Taxation",* within three days of such transfer.

(c) *Secondary Trading of the Bonds*

FLI intends to list the Bonds in PDEx for secondary market trading. Secondary market trading and settlement in PDEx shall follow the applicable PDEx rules,conventionsand guidelines, including rules, conventions and guidelines governing trading and settlement between bondholders of different tax status, and shall be subject to the relevant fees of PDEx and PDTC.

3. Ranking

The Bonds constitute direct, unconditional, unsecured and unsubordinated Peso denominated obligations of the Issuer and shall rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by the law.

4. Interest

(a) *Interest Payment Dates*

The Seven Year Bonds bears interest on its principal amount from and including Issue Date at the rate of 5.400% p.a., payable quarterly in arrears, commencing on March 4, 2014, for the first Interest Payment Date and March 4, June 4, September 4, and December 4 of each year or the subsequent Business Day without adjustment to the amount of interest to be paid,if such Interest Payment Date is not a Business Day.

The Ten Year Bonds bears interest on its principal amount from and including Issue Date at the rate of 5.6389% p.a., payable quarterly in arrears, commencing on March 4, 2014, for the first Interest Payment Date and March 4, June 4, September 4, and December 4 of each year or the subsequent Business Day without adjustment to the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

For purposes of clarity, the last Interest Payment Date on the Bonds shall fall on the respective Maturity Dates, or on December 4, 2021 for the Seven Year Bonds and/or on December 4, 2024 for the Ten Year Bonds.

The cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due shall be the second (2^{nd}) Business Day immediately preceding the relevant Interest Payment Date (the "Record Date"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(b) *Interest Accrual*

Each Bond shall cease to bear interest from and including the Maturity Date, as defined in the discussion on *"Final Redemption",* below, unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see *"Penalty Interest"* below) shall apply.

(c) *Determination of Interest Amount*

The interest shall be calculated on the basis of a 30/360-day basis, consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

5. Redemption and Purchase

(a) *Optional Redemption*

The Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the following relevant dates. The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and (ii) the product of the principal amount of the Bonds being redeemed and the Early Redemption Price in accordance with the following schedule:

Early Redemption Option Date on Seven Year Bonds	Early Redemption Price
Five Years and Three Months (5.25) from Issue Date	102.00%

Early Redemption Option Date on Ten Year Bonds	Early Redemption Price
Seven Years (7) from Issue Date	102.00%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Bonds on the Early Redemption Date stated in such notice.

(b) *Final Redemption*

Unless previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of face value on December 4, 2021 for the Seven Year Bonds and/or December 4, 2024 for the Ten Year Bonds. However if the Maturity Date is not a Business Day payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment in computation as to the amount of interest payable, on the succeeding Business Day.

(c) *Redemption for Tax Reasons*

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' notice to the Trustee and the Registrar and Paying Agent) at par plus accrued interest computed up to the date when the Bonds shall be redeemed earlier than its maturity date.

(d) *Change in Law or Circumstance*

If any provision of the Trust Agreement or any of the related documents is or shall become for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Bonds, including all accrued interest and other chargers thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without and pre-payment penalty , notwithstanding anything in the Trust Agreement or in the Bonds to the contrary.

(e) *Purchase and Cancellation*

The Issuer may at any time purchase any of the Bonds at any price in the open market or by tender or by contract at any price, without any obligation to purchase Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

6. Payments

The principal of, interest on, and all other amounts payable on the Bonds shall be paid by FLI through the Paying Agent to the Bondholders by crediting the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos. FLI shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds. In the event the Paying Agent shall be unable or unwilling to continue to act as such, FLI shall appoint a qualified financial institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

7. Payment of Additional Amounts - Taxation

Interest income on the Bonds is subject to a final withholding tax at rates between 20% and 30% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of FLI; provided howeverthat, FLI shall not be liable for the following:

(a) Income tax on any gain by a holder of the Bonds realized from the sale, exchange or retirement of the Bonds;

(b) The applicable final withholding tax on interest earned on the Bonds prescribed under the Tax Reform Act of 1997, as amended and its implementing rules and regulations as maybe in effect from time to time. Interest income on the Bonds is subject to a final withholding tax at rates between 20% and 30% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by FLI as being sufficient in form and substance: (i) certified true copy of the valid/revalidated tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify FLI of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold FLI and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, which shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to FLI that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by FLI to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

(c) Gross Receipts Tax under Section 121 of the Tax Code;

(d) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and

(e) Value Added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337. Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for FLI's account.

8. Financial Covenant

The Issuer shall maintain the following financial ratios, with testing to be done on an annual basis, the calculations of which shall be done using the Issuer's year-end audited consolidated financial statements:

(a) FLI shall maintain a Debt-to-Equity Ratio of not more than 2.00:1.00. Debt-to-Equity ratio is computed as total Financial Indebtedness divided by Total Equity.

(b) FLI shall maintain a minimum Current Ratio of 2.00:1.00. Current Ratio means the ratio of Current Assets to Current Liabilities.

(c) FLI shall maintain a Debt Service Coverage Ratio of not less than 1.00:1.00. Debt Service Coverage Ratio means the ratio of EBITDA to total Debt Service by reference to the immediately preceding twelve (12) months.

For clarity, the foregoing ratios shall be computed using the following definitions:

"Current Assets" represents cash, receivables, inventories and other assets that are likely to be converted into cash, sold, exchanged, or expensed in the normal course of business within one (1) year.

"Current Liabilities" represents debt, payables, or other obligations that are coming due within one (1) year.

"Debt Service" means all amounts payable by FLI under any Financial Indebtedness, including all principal, interest, fees, commissions, costs and expenses.

"EBITDA" represents net income after adding provisions for income tax, depreciation and amortization and interest expense.

"**Financial Indebtedness**" means any outstanding indebtedness of FLI and/ or any or all of its subsidiaries for or in respect of:

(i) monies borrowed, which, in accordance with GAAP, shall be treated as loans payable, notes payable, bonds payable, or other similar borrowing;

(ii) any amount raised by acceptance under any acceptance credit facility;

(iii) any obligation in respect of a standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution;

(iv) receivables sold or discounted other than receivables to the extent they are sold on a non-recourse basis;

(v) any amount of any liability (other than trade accounts payable, accrued expenses, and unearned revenues) under an advance or deferred purchase agreement if one of the primary reasons behind entering into that agreement is to raise finance or that agreement is in respect of the supply of assets or services;

(vi) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(vii) any currency swap, or interest rate swap, cap or collar arrangement or any other derivative instrument;

(viii) any amount raised by the issue of redeemable shares or preferred shares;

(ix) any amount raised under any other transaction having the commercial effect of a borrowing; and/or

(x) Any guarantee or indemnity or other assurance against financial loss of any person.

"**Total Equity**" means equity attributable to equity holders of the Company (excluding minority interest in a consolidated subsidiary).

9. Negative Pledge

For as long as any of the Bonds remain outstanding, FLI covenants that it shall not, without the prior written consent of the Bondholders holding more than 50% of the principal amount of the Bonds then outstanding (the "Majority Bondholders"), permit any indebtedness for borrowed money to be secured by or to benefit from Security in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of Security, the benefit of which is extended equally and ratably among them to secure the Bonds; provided however that, this restriction shall not prohibit the following:

(a) Any Security over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by FLI in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefor) incurred for the purpose of financing the purchase, lease or development of such asset; or (iv) the normal rediscounting of receivable activities of FLI made in the ordinary course of business.

(b) Any Security created for the purpose of paying current Taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof.

(c) Any Security to secure, in the normal course of the business of FLI or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases.

(d) Any Security: (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledge or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to FLI, a similar right of set- off.

(e) Any Security in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by FLI under a governmental program under which creation of a security is a prerequisite in order to obtain such financing, and which cover assets of FLI which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding six percent (6%) of FLI's total assets based on the most recent interim financial statements.

(f) Any Security established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets.

(g) Any Security existing on the date of the Trust Agreement which is disclosed in writing by FLI to the Trustee prior to the execution of the Trust Agreement.

(h) Any Security to be constituted on the assets of FLI after the date of the Trust Agreement which is disclosed in writing by FLI to the Trustee prior to the execution of the Trust Agreement and any with an aggregate loan accommodation not exceeding the equivalent of five percent (5%) of the market value of the consolidated assets of FLI as reflected in the latest appraisal report submitted by an independent and reputable appraiser.

10. Events of Default

FLI shall be considered in default under the Bonds and the Trust Agreement in case any of the following events (each an "Event of Default") shall occur and is continuing:

(a) *Payment Default*

FLI fails to pay when due and payable any amount which FLI is obliged to pay to the Bondholders under the Trust Agreement and the Bonds in the manner, at the place, and in the currency in which it is expressed to be payable.

(b) *Representation/Warranty Default*

Any representation and warranty of FLI hereof or any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than seven (7) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Bondholders through the Trustee to that effect.

(c) *Other Default*

FLI fails to perform or violates any other provision, term of the Trust Agreement and the Bonds, and such failure or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation; provided that, the Events of Default constituting a payment default, expropriation, insolvency or closure default, or a violation of a negative covenant shall not be remediable.

(d) *Cross Default*

FLI and / or any of its Subsidiaries / Affiliate fails to pay or defaults in the payment of any installment of the principal or interest, or fails to comply or commits a breach or violation of any term, condition or stipulation, of any other agreement, contract or document with its lenders or any third party to which FLI is a party or privy or under which the Borrower acts as a guarantor or surety, including any agreement similar or analogous thereto, whether executed prior to or after the date of the issuance of the Bonds, if the effect of the failure to observe or perform such term, covenant or agreement is to cause such obligation to become due prior to its stated maturity.

(e) *Insolvency Default*

FLI or any of its Subsidiaries becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, reorganization (other than a labor or management reorganization), winding-up, suspension of payment or liquidation proceeding, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors; (iv) the admission in writing by FLI of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of FLI or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of FLI or a substantial portion of its property or assets.

(f) *Closure Default*

FLI voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of 30 calendar days except in the case of strikes or lockouts or when necessary to prevent business losses or when due to fortuitous events or force majeure.

(g) *Expropriation Default*

The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or the substantial portion of the operations of FLI and to condemn, seize, nationalize or appropriate (either with or without compensation) FLI or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by FLI.

(h) *Cancellation of Licenses, Permits, etc.*

Any of the licenses, permits, rights, options, or privileges presently or hereafter enjoyed, utilized or required in the conduct of the business or operations of FLI shall be revoked, cancelled, or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in each case in such manner as to materially and adversely affect the ability of FLI to meet its obligations under the Trust Agreement and the Bonds, or any similar events that occur which materially and adversely affect the ability of FLI to meet its obligations under the Trust Agreement and the Bonds.

(i) *Judgment Default*

Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of ₱500,000,000 or its equivalent in any other currency is entered against FLI and the enforcement of which is not stayed, and is not paid, discharged or duly bonded within thirty (30) calendar days after the date when payment of such judgment, decree or award is due under the applicable law or agreement.

(j) *Writ and Similar Process Default*

Any judgment, writ, warrant of attachment, injunction, stay order, execution or similar process shall be issued or levied against any material part of FLI's assets, business or operations and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within 30 calendar days after its issue or levy.

(k) *Non-Payment of Taxes*

Non-payment of any Taxes, or any assessments or governmental charges levied upon it or against its properties, revenues and assets by the date on which such Taxes, assessments or charges attached thereto, which are not contested in good faith by FLI, or after the lapse of any grace period that may have been granted to FLI by the Bureau of Internal Revenue or any other Philippine tax body or authority.

11. Consequences of Default

Subject to the terms of the Trust Agreement, the Trustee shall, within 10 Business Days after receiving notice, or having knowledge of, the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it unless the same shall have been cured before the giving of such notice.

The written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification.

If any one or more of the Events of Default shall have occurred and be continuing without the same being cured within the periods provided in the Trust Agreement and in these Terms and Conditions, the Trustee may on its own, or, if upon the written direction of persons holding more than 50% of the aggregate principal amount of the issued Bonds (the "*Majority Bondholders*"), shall, by notice in writing delivered to FLI, with a copy furnished the Paying Agent, Receiving Bank, and Registrar, declare the principal of the Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable (the "*Accelerated Amounts*"), and upon such declaration the same shall be immediately due and payable.

All the unpaid obligations under the Bonds, including accrued Interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by FLI.

12. Notice of Default

The Trustee shall, within ten (10) days after the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default under Section 10 above, the Trustee shall immediately notify the Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in the Philippines for two consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

13. Penalty Interest

In case any amount payable by FLI under the Bonds, whether for principal, interest, fees due to Trustee or Registrar or otherwise, is not paid on due date, FLI shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 12% p.a. (the “Penalty Interest”) from the time the amount falls due until it is fully paid.

14. Payment in the Event of Default

FLI covenants that upon the occurrence of any Event of Default, FLI shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto, FLI shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee.

15. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: *first,* to the payment to the Trustee, the Paying Agent and the Registrar, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without negligence or bad faith; *second,* to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest; *third,* to the payment of the whole amount then due and unpaid upon the Bonds for principal, and interest, with Penalty Interest; and *fourth,* the remainder, if any shall be paid to FLI, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

16. Prescription

Claims with respect to principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

17. Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion below on *"Ability to File Suit".*

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from FLI hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee for 60 days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

19. Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and on behalf of the Bondholders to waive any past default, except the events of default specified in Sections 10 (a), (d), (e), (f), and (g) above. In case of any such waiver, FLI, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

20. Trustee; Notices

(a) *Notice to the Trustee*

All documents required to be submitted to the Trustee pursuant to the Trust Agreement and this Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	Metropolitan Bank and Trust Company – Trust Banking Group
Attention:	Ms. Lalaine C. Sta. Ana
Subject:	Filinvest Land Inc. ₱7.0 Billion Retail Bonds due 2021 and 2024
Address:	18/F GT Tower International, 6813 Ayala Avenue cor. H.V. Dela Costa St., Makati City
Facsimile:	(632) 858 8010

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

(b) *Notice to the Bondholders*

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Register of Bondholders. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Register of Bondholders. The Trustee shall rely on the Register of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication or (iv) on date of delivery, for personal delivery.

(c) *Binding and Conclusive Nature*

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on FLI and all Bondholders. No liability FLI, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement resulting from the Trustee's reliance on the foregoing.

21. Duties and Responsibilities of the Trustee

(a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by FLI with all its representations and warranties, and the observance by FLI of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with FLI.

(b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, exercise in the management of their own affairs.

(c) None of the provisions contained in this Agreement or Prospectus shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

22. Resignation and Change of Trustee

(a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to FLI and to the Bondholders of such resignation.

(b) Upon receiving such notice of resignation of FLI, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a *bona fide* holder for at least six months (the "*bona fide* Bondholder") may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.

(c) A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such.

(d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then FLI may within thirty (30) days from there remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the successor trustee. If FLI fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

(e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to FLI of the required evidence of the action in that regard taken by the Majority Bondholders.

(f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions the Trust Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement (a) (the "Resignation Effective Date") provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed (the "Holdover Period"), the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by FLI.

23. Successor Trustee

(a) Any successor trustee appointed shall execute, acknowledge and deliver to FLI and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of FLI or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, FLI shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

(b) Upon acceptance of the appointment by a successor trustee, FLI shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If FLI fails to notify the Bondholders within 10 days after the acceptance of appointment by the trustee, the latter shall cause the Bondholders to be notified at the expense of FLI.

24. Reports to the Bondholders

(a) The Trustee shall submit to the Bondholders on or before 28 February of each year from the relevant Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

(i) The property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and

(ii) Any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

(b) The Trustee shall submit to the Bondholders a brief report within 90 days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.

(c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

(i) Trust Agreement

(ii) Registry and Paying Agency Agreement

(iii) Articles of Incorporation and By-Laws of the Company

(iv) Registration Statement of the Company with respect to the Bonds

25. Meetings of the Bondholders

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

(a) *Notice of Meetings*

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct the Trustee in writing to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to FLI and to each of the registered Bondholders not earlier than forty five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Agreement. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by FLI within ten (10) days from receipt of the duly supported billing statement.

(b) *Failure of the Trustee to Call a Meeting*

In case at any time FLI or the holders of at least twenty five percent (25%) of the aggregate outstanding principal amount of the Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then FLI or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) *Quorum*

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

(d) *Procedure for Meetings*

(i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by FLI or by the Bondholders, in which case FLI or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.

(ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) *Voting Rights*

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of FLI and its legal counsel.

(f) *Voting Requirement*

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement (please refer to the preceding discussion on "Quorum"). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided in the Trust Agreement shall be binding upon all the Bondholders and FLI as if the votes were unanimous.

(g) *Role of the Trustee in Meetings of the Bondholders*

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

26. Amendments

FLI and the Trustee may, without notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

FLI and the Trustee may amend the Terms and Conditions of the Bonds without notice to every Bondholder but with the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Bonds). However, without the consent of each Bondholder affected thereby, an amendment may not:

(a) reduce the amount of Bondholder that must consent to an amendment or waiver;

(b) reduce the rate of or extend the time for payment of interest on any Bond;

(c) reduce the principal of or extend the Maturity Date of any Bond;

(d) impair the right of any Bondholder to receive payment of principal of and interest on such Holder's Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;

(e) reduce the amount payable upon the redemption or repurchase of any Bond under the Terms and Conditions or change the time at which any Bond may be redeemed;

(f) make any Bond payable in money other than that stated in the Bond;

(g) subordinate the Bonds to any other obligation of FLI;

(h) release any security interest that may have been granted in favor of the Bondholders;

(i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of the Terms and Conditions or the Waiver of Default by the Bondholders; orMake any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Condition becomes effective, FLI shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the section entitled “Notices”.

27. Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

28. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of FLI on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature with respect to its obligations under the Trust Agreement, except for its gross negligence or wilful misconduct.

29. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law.

INDEPENDENT AUDITOR AND COUNSEL

LEGAL MATTERS

All legal opinion/matters in connection with the issuance of the Bonds, which are subject to this Offer shall be passed upon by Picazo, Buyco, Fider, Tan & Santos, for the Joint Issue Managers, the Joint Bookrunners and the Joint Lead Underwriters. Picazo, Buyco, Fider, Tan & Santos has no direct or indirect interest in FLI. Picazo, Buyco, Fider, Tan & Santos may, from time to time be engaged by FLI to advise in its transactions and perform legal services to the same basis that Picazo, Buyco, Fider, Tan &Santos provides such services to other clients.

FLI'S LEGAL SERVICES DIVISION

FLI's legal services division provided the legal opinion/matters with the issuance of the Bonds, which are subject to this offer for the Company. The members of FLI's legal services division are employed by the Company and as such received salary and benefits from the Company.

INDEPENDENT AUDITORS

SGV & Co., independent auditors, audited the Company's consolidated financial statements without qualification as of and for the years ended 31 December 2011, 2012 and 2013. SGV & Co. has acted as the Company's independent auditors since 1996. There has neither been a termination nor change in the said appointment. For the year ended 31 December 2013, Ms. Dhonabee B. Señeres, a Partner in SGV & Co. signed FLI's audited financial statements. For the year ended 31 December 2012, Ms. Cyril Valencia, a Partner in SGV & Co., signed FLI's audited financial statements, while for the year ended 31 December 2011, Mr.Michael Sabado, also a Partner in SGV & Co., signed FLI's audited financial statements.

The Company has not had any disagreements on accounting and financial disclosures, or auditing scope or procedure, with its current independent auditors for the same periods or any subsequent interim period.

SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the independent auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the independent auditors are not in conflict with their functions as independent auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations. The following table sets out the audit and audit related fees billed for each of the last two years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

(In ₱ Thousands)	2011	2012	2013
Audit and Audit-Related Fees:			
Fees for services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements of the Company	1,009.25	1,077.18	1,120.90
Total	**1,009.25**	**1,077.18**	**1,120.90**

SGV & Co. does not have any direct or indirect interest in the Company. The above-mentioned fees were approved by the Audit Committee.

DESCRIPTION OF BUSINESS

Description of the Business

Filinvest Land, Inc. ("FLI" or the "Company") is one of the Philippines' leading real estate developers, providing a wide range of real estate products to customers, namely: socialized, affordable, middle-income and high-end residential lots and housing units, medium-rise and high-rise residential buildings, condotel, industrial parks, leisure development such as farm estates, a residential resort development and a private membership club. Historically, FLI's business has focused on the development and sale of socialized, affordable and middle-income residential lots and housing units to lower and middle-income markets. In recent years, FLI has begun to develop and sell residential subdivisions and housing units across all income segments in the Philippines. FLI has also begun to develop themed residential projects with a leisure component, such as farm estates and developments anchored by sports and resort clubs. In 2006, FLI acquired three strategic investment properties, Festival Supermall and a 60.0% ownership interest in each of Filinvest Asia Corp. and Cyberzone Properties, Inc. In 2010, FLI was able to increase its ownership in CPI to 100.0% after acquiring the remaining 40.0% from AIPPI. CPI thus became a wholly-owned subsidiary of FLI.

Festival Supermall is a four-story regional shopping complex situated on a total land area of 10 hectares and is located within Filinvest City, a development of Filinvest Alabang, Inc. Festival Supermall is approximately 15 kilometers south of the Makati City central business district and is near the juncture of three major road networks – the South Expressway, the old National Highway and the Alabang-Zapote Road which links the South Expressway to the Coastal Road that connects Metro Manila to Cavite province. Its location allows it to attract customers from offices located in the Filinvest City, the subdivision developments of southern Metro Manila such as the high-end Ayala Alabang subdivision, and from nearby provinces such as Batangas, Cavite and Laguna.

FLI has leased from FAI the 10 hectares of land on which the mall and its adjoining structures (such as parking lots) are situated. The lease is for a term of 50 years from 01 October 2006, renewable for another 25 years, with FLI required to pay monthly rent equivalent to 10.0% of the monthly gross rental generated by the mall. Festival Supermall was designed to allow the construction of an additional wing to the current two-wing structure on two adjacent hectares of land available for development, which would increase the mall's GFA by up to 57,000 sq.m. The lease between FAI and FLI allows FLI to construct additions or extensions to the current mall structure, which will revert to FAI upon termination of the lease. As of the date of this Prospectus, FLI has no plans to acquire any additional shopping mall. However, in order to strengthen the mall's position as southern Manila's biggest mall that offers the most diverse shops and services, construction is ongoing to expand the mall wherein an additional GLA of 57,000 sq.m.will be added to the approximately 133,178 sq.m. Construction is targeted to be completed in phases, from the fourth quarter of 2013. The Company also completed the design stage of the expansion, which is expected to occupy an additional tenhectares of land adjacent to the existing mall. The additional leasable space is intended to cater to the Broad C (lower end) market, while also providing an enclave for affluent communities in southern Metro Manila.

Festival Supermall has a GFA of approximately 200,000 sq.m., with a GLA of approximately 133,178 sq.m. FLI believes that Festival Supermall is one of the largest shopping malls in the southern Metro Manila area in terms of GFA and caters to a variety of market segments.

Festival Supermall's current anchor tenants include stores operated by some of the Philippines' largest retailers, such as the J.G. Summit group of companies (Robinsons Department Store and Handyman Do It Best), SM Investments Corporation (SaveMore Supermarket and Ace Hardware) and the Rustan's Group (Shopwise Supercenter). Festival Supermall also has a group of tenants that are well-known international and domestic retailers, restaurant chains and service companies, such as Bose, Levi's, Bench, Giordano, The Body Shop, National Bookstore, McDonald's, Jollibee and KFC. In addition, in 2010, Festival Supermall was able to open several new fashion stores, including Payless Shoue Source, Terranova, 101 New York, DC Shoes, Hot Flopzz, Res-Toe-Run, Free Tag, Banana Peel, Sandugo, Pinoy Lab, Lavish Lashes and Etude House, among others. Festival Supermall currently has a total of 789 tenants.

In addition to having over 700 retail stores and outlets, Festival Supermall also features amenities such as a ten-theater movie multiplex with digital surround sound systems and two themed amusement centers. The mall also has exhibit, trade and music halls which are leased out to organizers of events such as trade fairs sponsored by the Philippine Department of Trade and Industry.

FAC owns 50.0% of the PBCom Tower (believed to be one of the tallest buildings in the Philippines), a 52 floor, Grade A, PEZA-designated I.T./office building in Ayala Avenue, Makati City, Metro Manila. FLI earns 60% of revenues from the roughly 36,000 sq.m. leasable space in this building. At present, Citigroup Business Process Solutions, Daksh eServices, EastWest Banking Corporation, ESS Manufacturing Co., Sony Life Insurance, The Nomad Offices (Phils), Inc. and New York Life Insurance are among its major tenants. Day-to-day operations are handled by FAI, pursuant to an existing agreement.

CPI owns and operates the IT buildings in Northgate Cyberzone; a PEZA registered BPO Park within Filinvest City. FLI earned 60.0% of revenues from leasable space for 2008 and 2009 prior to FLI's acquisition of the 40.0% interest of AIIPI in 2010. Among others, Northgate's major tenants are Convergys, APAC, GenPact Services LLC, e-Telecare Global Solutions, ICICI Bank Limited, Flour Daniel and Infosys. Its day-to-day operations are now handled by FAI. A significant amount of leasable space is planned to be made available so as to meet some of the significant demand of the BPO industry in the next few years. Vector One was completed in 2010, while Vector Two was completed in October 2011. With the addition of Filinvest One Building (formerly Filinvest Building Alabang), Plaz@E, Filinvest Building, EDSA Ortigas and two more buildings in Northgate Cyberzone willincrease the number of operational BPO office buildings within the Northgate Cyberzone to sixteen (16) with a total GLA 212,000 sq.m.

In addition to the acquisition of these three strategic investments, FLI also entered into a joint venture agreement with Africa-Israel Investments (Phil.) Inc. to jointly develop the Timberland Sports and Nature Club ("TSNC") and approximately 50 hectares of land comprising Phase 2 of FLI's Timberland Heights township project. AIIPI is an affiliate of Africa-Israel Investment (Phil.) Limited, ("AIIPL"), which is FLI's joint venture partner in CPI. TSNC started its commercial operations in October 2008. In 2010, FLI acquired the remaining 40.0% interest of AIIPI to obtain full ownership of the previous Joint Venture undertaken.

Going forward, FLI expects to remain focused on its core residential real estate development business. FLI is targeting significant growth in the next few years due to the expansion of its existing townships and the launching of additional projects in new areas. FLI already undertook the construction of medium-rise building projects in Metro Manila and regional cities. For the year 2013, FLI launched 17 new projects and phases totaling equivalent to about ₱7.48 billion worth of sales.For the first half of 2014, FLI launched 9 new projects and phases with an estimated sales value of P8.42 billion. The Company is not and has never been a subject of any bankruptcy, receivership, or similar proceedings. As aforementioned, there were significant amounts of assets purchased by the Company as part of the transactions which were consummated in 2006.

Form and Date of Organization

FLI was incorporated in the Philippines on 24 November 1989 as Citation Homes, Inc. and later changed its name to FLI on 12 July 1993. It started commercial operations in August 1993 after Filinvest Development Corporation, the Parent Company, spun off its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI.

As of 30 June 2014, FDC owns 57.3% of Common Stock and 100.0% of Preferred Stock of FLI. FDC is the holding company for real estate and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr., and his family in 1955. The shares of FDC and FLI are both listed in the Philippine Stock Exchange.

In February 2007, the Company had a follow-on offering where it listed up to 3.7 billion new common shares at the Philippine Stock Exchange. The follow-on offering was more than five times oversubscribed, raising around $204 million from both the primary and secondary offerings. The offering raised additional funds for the Company's capital expenditure budget for the fast track development of targeted projects.

Subsidiaries

Eight (8) of the Company's nine (9) Subsidiaries are wholly owned. These subsidiaries are engaged in real estate development, marketing and sales, property management, leasing and waterworks and sewerage system operations. Details of these Subsidiaries are as follows:

Subsidiaries	Nature of Business	Ownership	Date of incorporation
Filinvest AII Philippines, Inc. ("FAPI")	Real estate developer	100%	04 February 2014
Cyberzone Properties, Inc. ("CPI")	Leasing	100%	14 January 2002
Homepro Realty Marketing, Inc. ("Homepro")	Marketing	100%	16 May 2003
Property Maximizer Professional Corp. ("Promax")	Marketing	100%	03 October 1997
Property Specialist Resources, Inc. ("Prosper")	Property management	100%	10 June 2002
Leisurepro, Inc. ("Leisurepro")	Marketing	100%	21 April 2004
Countrywide Water Services, Inc. ("CWSI")	Waterworks and sewerage system operator	100%	18 May 2012
Filinvest Cyberparks, Inc. ("FCI")	Leasing	100%	04 February 2014
Filinvest Asia Corporation ("FAC")	Leasing	60%	02 January 1997

Promax, HomePro and Prosper & Leisurepro are licensed real estate brokers and exclusively market and sell the Company's socialized, affordable, middle income, high-end and farm estate property development projects, its leasing operations and other real estate products of the Filinvest group. In addition, Prosper also operates Quest Hotel which is owned by Filinvest Land, Inc.

FLI's revenue generating acitivities are complemented by its operating Subsidiaries, mentioned in the paragraph above, which have contributed an average of 11.23% of the Company's revenues from 2011 to 2013. The table below shows the Net Income/Total Revenue contribution of the FLI and its Subsidiaries from 2011 to 2013:

	2013	2012	2011
FLI – Parent [(1)]	24.57%	25.38%	27.46%
CPI	4.83%	4.91%	4.94%
FAC	1.16%	1.37%	1.76%
Others [(2)]	1.22%	1.00%	0.77%

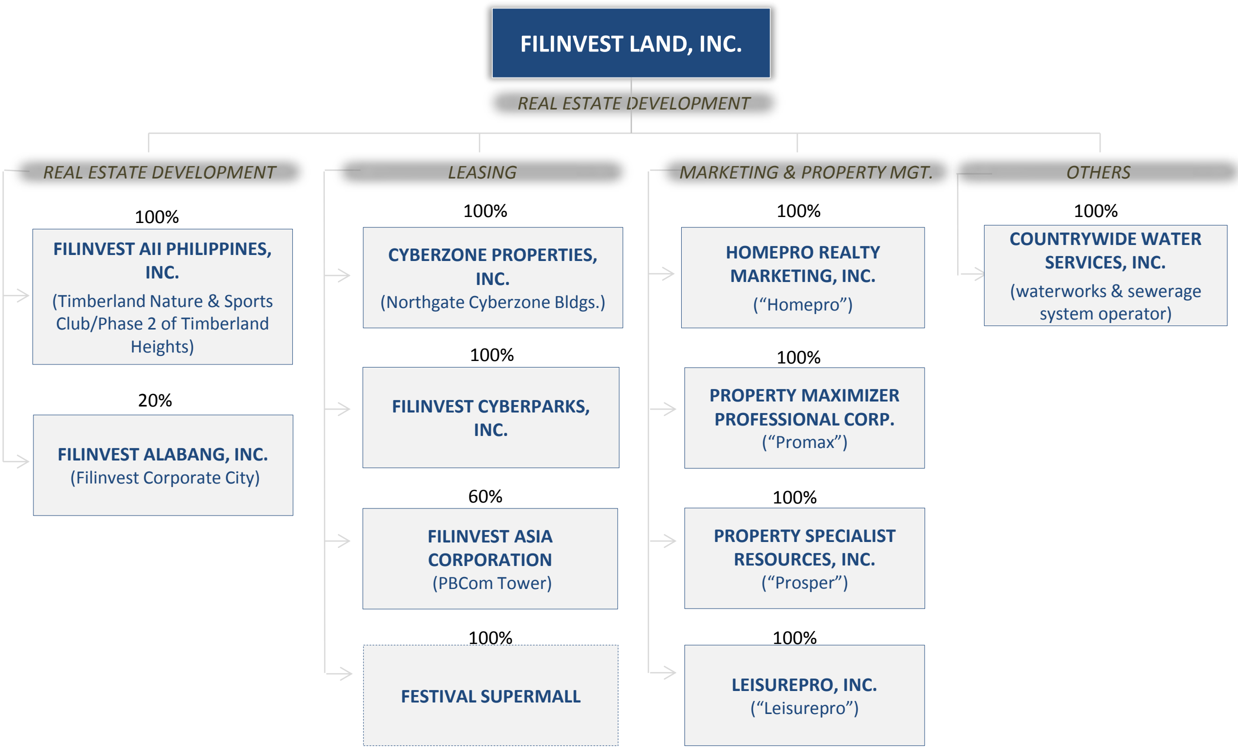
Note:

(1) FLI – Parent operations are based on the solo operations of FLI

(2) Others are composed of Promax, Homepro, Leisurepro, Prosper, FAIPI, CWSI and FCI

(3) Cyberzone Properties, Inc.

The organizational structure of the Company and its Subsidiaries are as follows:



CPI was incorporated on 14 January 2000 and began commercial operations on 01 May 2001. On 08 February 2010, FLI acquired the 40% interest in CPI from Africa-Israel Properties (Phils.), Inc. to ultimately obtain full ownership to the previous joint venture. CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5.0% tax on its modified gross income in lieu of payment of national income taxes. CPI is also entitled to zero percent value-added tax on sales made to other PEZA-registered enterprises.Currently, FLI is one of the largest BPO office space providers in the country.

CPI operates the Northgate Cyberzone, which is located on a 10-hectare parcel of land within Filinvest City owned by FLI. Of the 10 hectares, approximately fourhectares are available for future development. CPI's current buildings are as follows:

- IT School: This is a three-storey building with an approximate GFA of 3,297 sq.m. and an approximate GLA of 2,594 sq.m. Its major tenant is currently Genpact Services LLC.

- Plaz@ A: This is a six-storey building with an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza A was completed in June 2006 and was substantially fully leased to GenPact Services LLC and eTelecare Global Solutions, Inc.
- Plaza B and Plaza C: Plaza B and Plaza C are four-storey buildings, each with an approximate GFA of 7,150 sq.m. and an approximate GLA of 6,487 sq.m. and 6,540, respectively, for a combined GLA of 13,027 sq.m. Plaza B and Plaza C are both completed in 2001. Plaza B and Plaza C are substantially fully leased. Tenants for Plaza B include goFluent, AMS Express, Team Asia, Outboundphil, APPCO Direct Int'l., Treadyne and Seven Seven Global Services, Inc. All of Plaza C has been leased by APAC Customer Services, Inc..
- Plaza D: This is a six-storey building with the same specifications as Plaza A and with an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza D had been leased to ICICI First Source Ltd., a 100% owned subsidiary of India's largest private sector bank, and Verizon Communications Phils Inc, the Philippine branch of Verizon Business solutions, a leading communications company in the United States of America.
- Plaza E: This is a nine-storey building, situated between Plaza A and Plaza D, with approximate GFA of 16,281 sq.m. and an approximate GLA of 14,859 sq.m. The building was completed in December 2012 and currently has an occupancy rate of 46%. EXL Service Phils. and Hinduja are the two tenants of this building.
- Convergys Building: This is a three-storey building with an approximate GFA of 6,466 sq.m. and an approximate GLA of 6,399 sq.m. Completed in 2004, it was one of the first buildings completed in the Northgate Cyberzone and was "built-to-suit" ("BTS") to meet the requirements of Convergys. Recently Convergys signed a contract to extend the lease for another five years.
- HSBC Building: This is another building that was constructed on a BTS basis to meet the requirements of HSBC. Completed in 2005, the HSBC building has an approximate GLA of 18,000 sq.m.
- Building 5132: This is a six-storey building with an approximate GFA of 10,560 sq.m. and an approximate GLA of 9,408 sq.m. Building 5132 has been fully taken up by GenPact Services LLC.
- iHub I and iHub II: This is a two-tower complex (one with six storeys and the other with nine storeys) iHub I has an approximate GLA of 9,480 sq.m. and has been leased out to numerous tenants which includes GenPact, HSBC, W.R. Grace Philippines and Lattice Semiconductor. iHub II has an approximate GLA of 14,181 sq.m. and has been leased out primarily to Convergys and Integra.
- Vector One : an 11-storey building with an approximate GFA of 19,545 sq.m. and an approximate GLA of 17,951 sq.m. It was completed in 2010. Filinvest Alabang, Inc. (FAI) was its first tenant, occupying the fifth to seventh floors for its corporate headquarters. Other tenants of the building are Convergys and Flour Daniel
- Vector Two: This building has the same configuration as with Vector One. It is also 11 storeys high with an approximate GLA of 17,914 sq.m. It was completed in October 2011. Tenants of the building include Infosys and Flour Daniel.
- Filinvest One (formerly called AZ Building) : This is a 10-storey building with a GLA of approximately 19,637 sq.m. Tenants of the building include HSBC, Ford Philippines, Denso Phil., AMEC Services, and PHL Center.

With about four hectares of land available for the construction of additional buildings within the Northgate Cyberzone, FLI expects to be able to provide an additional 195,510 sq.m. of leasable office space to accommodate expected increase in demand from BPO companies. These BPO companies usually require significant amounts of office space for their operations. FLI, through CPI, plans to focus on attracting their businesses, including custom-designed office space with call center and BPO design requirements in mind.

Before completion of a new building, CPI evaluates whether the anticipated demand for office space among BPO firms is likely to allow it to lease out space in the building while it is being constructed. For example, office space at Plaz@ A and Plaz@ D were tendered for lease after construction began on these buildings but before completion. FLI expects to continue this practice.

Office space leases at the Northgate Cyberzone are typically for periods ranging from three to five years, although HSBC has entered into a ten-year lease. The lease agreements generally require tenants to make a three-month security deposit. Rent is paid on a fixed per square meter basis, depending on unit size and location.

CPI has already started construction of its first BPO building at the 1.2 hectare joint venture project with the Provincial Government of Cebu. The first building will have a GLA of approximately 19,937 sq.m.. When completed, the project, which will be called Filinvest Cebu Cyberzone, is projected to have four (4) buildings with a GLA of over 100,000 sq.m. Target completion is October 2014. Currently, FLI is one of the largest BPO office space providers in the country.

Filinvest AII Philippines, Inc.

FAPI was incorporated on 25 September 2006 a joint venture corporation with Africa Israel Investments (Phil.), Inc to develop the Timberland Nature & Sports Club and Phase 2 of Timberland Heights. On 08 February 2010, FAPI became a wholly-owned subsidiary of FLI with FLI's acquisition of the 40.0% interest of AIIPI and obtained full ownership from the previous joint venture. Under the previous joint venture agreement, FLI owned 60% of FAPI while AIIPI ownedthe remaining 40%. FLI acquired 60.0% ownership interest in FAPI by contributing 50 hectares of land for Phase 2 of Timberland Heights, all of the Class "A" member shares in the Timberland Sports and Nature Club held by FLI and development costs of approximately ₱100 million. Previously, AIIPI contributed ₱250.0 million to FAPI to have a 40.0% ownership interest in FAPI. FLI also granted AIIPI a five-year option to participate in the development of the remaining areas of Timberland Heights but this has since lapsed with the purchase of FLI of AIIPI's stake.

Timberland Heights is a 677 hectare township project anchored by the Timberland Sport and Nature Club which is designed to be a world-class family country club in a mountain resort setting. Timberland Heights is situated at an elevation of 320 meters above sea level and provides panoramic views of the north of Metro Manila. The current projects within the development include Mandala Farm Estates (I and II), Banyan Bridge, The Ranch, Banyan Crest, The Leaf, a condotel project, the Glades, the first middle-income housing subdivision and Timberland Sports and Nature Club. The master plan for Timberland Heights includes Banyan Ridge, a middle income subdivision; Mandala Farm Estates; the Ranch, a high end subdivision; and, a 50 hectare linear greenway that straddles the entire development which will provide a large outdoor open space for residents. The project is wholly-owned by FLI after its acquisition of the remaining stake held by its previous Joint Venture Partner, AIIPI and is anchored by Timberland Sports and Nature Club. FLI has been able to develop approximately 100 hectares of the master-planned project.

Filinvest Asia Corporation

FAC was incorporated on 22 January 1997 and as of the date of this report is 60.0%-owned and controlled by FLI and 40.0%-owned by Reco Herrera Pte.Ltd. ("RHPL"). FAC is now accounted for as a subsidiary due to adoption of *PFRS 10, Consolidated Financial Statements*. RHPL is a corporation organized under the laws of Singapore, and is 100% beneficially-owned by Government of Singapore Investment Corporation Pte. Ltd ("GIC"). FAC owns 50.0% of the 52-story PBCom Tower which is strategically located at the corner of Ayala Avenue and Herrera Street in the Makati City Central Business District and is believed one of the tallest buildings in the Philippines. FAC owns roughly 36,000 sq.m. of leasable office space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications.

The PBCom Tower is designated as an information technology building by PEZA and, as a result, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5.0% tax on modified gross income in lieu of the regular corporate income tax of 35%. PBCom Tower's occupancy rate reached 95.0% and 100.0% as of end-2013 and for the first half of 2014, respectively. FAC's principal tenants include Citibank N. A., Citigroup Business Process Solutions Pte. Ltd., East West Banking Corporation, FDC Utilities, Inc., Thiacom, Stellent Services, Linde Gas, IBM Daksh Eservices, Bayer Philippines, Huawei Technology, Diversified Technology Systems and Chartis Technology.

Leases at the PBCom Tower are typically for periods ranging from three years, with the lease agreements generally requiring tenants to supply a three-month security deposit. Rent is paid on a fixed rate per square meter basis depending on unit size and location.

Equity Investment

Filinvest Alabang, Inc. ("FAI")

FAI was incorporated on 25 August 1993 and started commercial operations in October 1995. FLI has a 20.0% equity interest ownership in FAI. The primary project of FAI is the Filinvest City ("FC"), a 244-hectare development project which has been designed as a satellite city using modern, ecological, urban planning and design. The said project is under a joint venture agreement with the Government. Located at the southern end of Metro Manila and adjacent to the South Expressway, Filinvest City is surrounded by over 2,800 hectares of developed high-end and middle-income residential subdivisions and commercial developments. Other developments in FC include residential condominiums, a driving range, sports club, office buildings, low-density retail developments and medical centers.

Business Groups, Product Categories, Target Markets and Revenue Contribution

As a result of the recent business developments, FLI is now composed of two business segments with corresponding product categories, target markets and revenue contributions as follows:

Real Estate Segment

FLI's main real estate activity since it started operations has been the development and sale of residential property, primarily housing units and subdivision lots; in certain cases, provision of financing for unit sales.

Residential Projects

FLI is able to tap the entire residential market spectrum with the following range of housing units catering to various income segments:

(a) *Socialized housing*: These developments are marketed and sold under FLI's Pabahay brand and consist of projects where lots typically sell for ₱160,000.00 or less per lot and housing units typically sell for ₱450,000.00 or less per unit. FLI's socialized housing comprises large-scale, mass-housing projects that have historically ranged in size from approximately six to fifty five (55) hectares and have been developed in phases typically comprising 1,000 lots of 35 to 50 sq.m each, organized in clusters of from-expandable row houses with supporting amenities and facilities. Buyers for these projects are eligible to obtain financing from the Government-mandated Pag-IBIG Fund. Maximum sale prices for the Company's specialized housing products do not exceed the Government-mandated ceilings of ₱450,000.00 per unit. Any income realized from the development and improvement of socialized housing cites are exempt from taxation.

(b) *Affordable housing*: These developments are marketed and sold under FLI's Futura Homes brand and consist of projects where lots are typically sold at prices ranging from above ₱160,000.00 to ₱750,000.00 and housing units from above ₱450,000.00 to ₱1,500,000.00. FLI's affordable housing developments typically range from two to 26 hectares and have been developed in phases typically comprising approximately 300 lots each, with the houses typically having a floor area of approximately 40 sq.m., with a lot size generally between 80 to 150 sq.m. FLI designs and constructs homes in this sector with the capacity and structural strength to give the owner the option to place an additional storey, which can double the available floor area. Affordable housing projects are typically located in provinces bordering Metro Manila, including Bulacan, Laguna, Batangas and Cavite, and in key regional cities such as Tarlac, Cebu and Davao. Construction of a house in this sector is usually completed approximately six months from the completion of the required down payment.

(c) *Middle-income housing*: These developments are marketed and sold under FLI's Filinvest Legacy brand and consist of projects where lots are typically sold at prices ranging from above ₱750,000.00 to ₱1,200,000.00 and housing units from above ₱1,500,000.00 to ₱4,000,000.00. Historically, FLI's middle-income housing have ranged in size from approximately five to 46 hectares and gave been developed in phases typically comprising approximately 150 lots of 150 to 300 sq.m. each. Middle-income projects are typically located within Metro Manila, nearby provinces such as Rizal, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, and Davao and Zamboanga.

(d) *High-end housing*: Marketed under Filinvest Premiere brand, these developments consist of projects where lots are sold at prices above ₱1,200,000.00 and housing units for above ₱4,000,000.00 FLI's high-end projects have been located both within Metro Manila and in areas immediately outside Metro Manila.

Other Real Estate Projects

In order to achieve product and revenue diversification, FLI has added the following projects so as to cater to other market niches:

(a) *Entrepreneurial Communities*

Because of the anticipated growth of small and medium-sized businesses as well as the Government support for entrepreneurial programs, FLI has launched two entrepreneurial communities under its "Asenso Village" brand. One project is in Laguna province, which forms part of the Company's Ciudad de Calamba township development, and another in Cavite province.

Each Asenso Village currently consists of three phases, with its land being “dual-zoned” to allow both residential and commercial use. The Company has also cooperated with the Government by providing venues for various livelihood and small business seminars and programs conducted by government agencies in each Asenso Village. At present, sales in each Asenso Village consist of subdivision lot sales as well as shophouses that incorporate living quarters and an area for buyers to set up and operate their small enterprises and home-based businesses. Subject to market conditions, FLI plans to develop additional “Asenso Villages” in other locations. In February 2014, FLI requested for the cancellation of the Company's registration as a new developer of a Business Park, i.e. MSME for Asenso Village, Gen. Trias Cavite, because the Company decided to develop the property for mass housing instead. This mass housing project, the "Castillon Homes, The Residences" was granted registration by the BOI as expanding developer of the low-cost mass housing project.

(b) *Townships*

Townships are master-planned communities to include areas reserved for the construction of anchor facilities and amenities. FLI believes that these facilities and amenities will help attract buyers to the project and will serve as the nexus for the township’s community. Anchor developments could include schools, hospitals, churches, commercial centers police stations, health centers and some other government offices; or in the case of Timberland Heights, a private membership club.

FLI has also master-planned and developed the *Ciudad de Calamba, Timberland Heights and Havila (formerly, Filinvest East County) township projects* which are respectively located along the southern, northern and eastern boundaries of Metro Manila. In 2010, FLI launched *Città di Mare,* a seaside township project, spanning 50.6 hectares at Cebu’s South Road Properties as part of a Joint Venture Agreement between FLI and the Cebu Government. Each township development is designed to include a mix of residential subdivisions from the affordable to the high-end sectors.

Ciudad de Calamba

Ciudad de Calamba is a 350-hectare development, that features themed residential communities and industrial and comercial components, located in Calamba, Laguna. This township project is a PEZA-registered special economic zone anchored by the Filinvest Technology Park-Calamba which provides both industrial-size lots and ready-built factories to domestic and foreign enterprises engaged in light to medium non-polluting industries. The project is wholly-owned by FLI. As of 30 June 2014, 14 companies had either purchased lots or leased factories in the Filinvest Technology Park-Calamba. FLI also donated to the city government of Calamba a parcel of land located within the Ciudad de Calamba which will be used for a city health center and police station. The Company also intends to develop the Ciudad de Calamba Commercial Center as part of this township project. The master plan for Ciudad de Calamba includes a mix of affordable and middle-income subdivisions as set out below:

- *Aldea Real*, an affordable subdivision project which has a total developed area of approximately 16.9 hectares. Development for Phase 1 & 2 has been completed.
- *Montebello***,** a middle-income subdivision project which is expected to have a total developed area of approximately 12.9 hectares. Three phases have been launched and developed.

- *Punta Altezza*, an affordable subdivision project consisting of 3 phases has a total developed area of approximately 9.7 hectares. Development has been completed.
- *Vista Hills*, an affordable subdivision project which has a total developed area of approximately 5.2 hectares. Development work for Vista Hills has been completed.
- FLI's first **"***Asenso Village***"** entrepreneurial community development will be located within the Ciudad de Calamba and has a total developed area of approximately 20 hectares. Development of this Project is almost complete.
- *La* Brisa *Townhomes*, La Brisa, which literally means "The Breeze" in Spanish, is located at Brgy. Punta, Calamba City. With its Spanish Mediterranean theme, La Brisa is the first townhouse development at Ciudad De Calamba that offers not just an affordable and quality home to families but also a worthy investment for those who would like to establish a "House for Rent" business. La Brisa is very accessible to industrial estates operating in the vicinity, definitely a valuable venture for companies that provide housing privilege to employees.
- *Puebo Solano* is a 68 hectare portion of Ciudad de Calamba that has been earmarked for low-affordable and socialized housing. Valle Dulce will offer low-affordable housing units and the first phase will cover 12.4 hectares. Valle Alegre will offer socialized housing units and the first phase will cover 10.6 hectares. Land development is ongoing at Pueblo Solano.

Havila (formerly, Filinvest East County)

Havila, or formerly, Filinvest East County is a 335-hectare township along the eastern edge of Metro Manila which traverses the municipalities of Taytay, Antipolo and Angono. It is anchored by two educational institutions: San Beda College – Rizal and the Paref – Rosehill School. Havila is master-planned for a mix of affordable, middle-income and high-end subdivisions in Rizal province overlooking Metro Manila under development pursuant to joint venture arrangements between FLI and various landowners. This project can be divided into three primary areas:

- *Mission Hills* is located in the municipality of Antipolo and consists of seven subdivision projects which are expected to have a total developed area of approximately 77.7 hectares. Three subdivisions (Santa Barbara, Santa Monica and Santa Catalina) are being developed as high-end projects while another three (Santa Isabel, Santa Cecilia and Santa Clara) have been developed as middle-income projects. Development works for all six subdivisions have been completed. The newest addition to the Mission Hills community, Sta. Sophia, a mid-income development was launched in July 2008.
- Three subdivision projects are being developed in the municipality of Taytay which is expected to have a total developed area of approximately 56.1 hectares. Development work has been completed for Highlands Pointe, ahigh-end subdivision, and Villa Montserrat, an affordable-segment subdivision. In 2010, FLI expanded Havila, with its launching of the Phase 3 of the Villa Montserrat. Development work for a Manor Ridge, a middle-income subdivision, is also completed. The newest project in Highlands Pointe*, The Terraces* was launched in October 2008. The Terraces is a middle-income development which targets young couples starting a family.

- *Forest Farms Residential Resort and Farm Estate*, which is situated in the municipality of Angono, is a farm estate subdivision project which has a total developed area of 39.2 hectares. In 2010, FLI completed the construction of the Forest Farms clubhouse and swimming pool. Land development in Forest Farms is already 100% complete.

Timberland Heights

Timberland Heights is a 677-hectare township project anchored by the Timberland Sport and Nature Club. It is located in the municipality of San Mateo, Rizal, which is just across the Marikina River from Quezon City, and has been designed to provide residents with leisure facilities and resort amenities while being located near malls, hospitals and educational institutions located in Quezon City. In addition to the Timberland Sports and Nature Club, Timberland Heights currently includes:

- *BanyanRidge*, a middle-income subdivision which has a total developed area of approximately 6.4 hectares.
- *Mandala IFarmEstates*, a farm estate subdivision which has a total developed area of approximately 39.7 hectares.
- *Mandala II Farm Estates* is a farm estate subdivision with a total area of 19.8 hectares. Land development has been completed.
- *TheRanch*, a high-end subdivision which has a total developed area of approximately 5.8 hectares.
- *Banyan Crest,* a 14.8 hectare high-end subdivision. Land development has been completed.
- *The Glades*, a Middle Income subdivision with a total land area of 6 hectares was launched in November 2012.
- *The Leaf,* a condotel*,* located right across the Timberland Sports and Nature Club, was launched in November 2012. It coversapproximately 4,718 sq.m. of land.

Città di Mare

In August 2010, FLI gave Cebu a preview of its most ambitious seaside development when it launched Città di Mare at the Grand Ballroom of Crimson Resort and Spa in Mactan, CebuIt is a master-planned development composed of three different zones catering to a wide array of lifestyles and activities - Il Corso, the 10.6 hectare waterfront lifestyle strip, the 40-hectare residential clusters and The Piazza, nestled at the heart of the residential enclaves, puts lifestyle essentials such as a school, church, shops and restaurants within the neighborhood. Città di Mare is envisioned to be a destination in itself, takes full advantage of the coastal ambience featuring seaside shopping, dining, beach and water sports and more, right by the water's edge.

In late 2011, FLI started the land development of the first two phases of Il Corso, covering seven hectares. Phase 1, which is targeted for partial completion by the end of 2013, with have a GLA of approximately 22,506 sq.m. Phase 2, which is targeted for completion in 2014, will have a GLA of approximately 12,680 sq. m.

Città di Mare has four resort-themed residential enclaves inspired by world-class resorts, with each 10-hectare development flaunting a distinct architectural character. With over

65% of the property allocated for wide, open areas and landscaped greens, Città di Mare provides the generous amenity of breathing space and a refreshing dose of nature throughout the site. Residences are spread out over the sprawling development, maximizing the abundant sunlight and allowing the invigorating sea air to circulate freely.

- Amalfi Oasis features clusters of five-storey buildings with luxuriant gardens, resort-style amenities and pedestrian-friendly environs, bask in fresh air, radiant sunshine and charming landscapes. The first building was completed in October2012, while the second building was completed in March 2013. The construction of the third building is ongoing and is about 76% complete and is scheduled for completion within first half of 2015 . Amalfi Oasis will have a total of 9 buildings.
- San Remo Oasis, the second recently opened residential enclave in Città di Mare involves the development of 3.4 hectares of land with well –planned living spaces with numerous choice units to suit anyone’s lifestyle.San Remo Oasis already completed the construction of five (5) buildings as of 30 June 2013. San Remo Oasis will have a total of 8 buildings.

(c) *Leisure projects*

FLI’s leisure projects consist of its residential farm estate developments, private membership club and residential resort development.

Residential farm estates

In 2003, FLI began marketing its residential farm estate projects which may serve as alternative primary homes near Metro Manila to customers, after the Company’s market research revealed that there is a demand among customers, such as retirees and farming enthusiasts for such. For this Project, customers can purchase lots (with a minimum lot size of 750 sq.m.) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farm development, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers being responsible for the construction of residential units on their lots. To help attract buyers, FLI personnel are available on site to provide buyers with technical advice on farming as well as to maintain demonstration farms.

At present, FLI has three residential farm estates:

- *Nusa Dua Farm Estate (“Nusa Dua”)* located in Cavite province just south of Metro Manila. The amenities at the Nusa Dua development include a two-storey clubhouse and a 370 square meter swimming pool. 90.0% of the first two phases had been sold. Its third phase is now open for sale.
- *Mandala Residential Farm Estate (“Mandala”)* located in Rizal province as part of the FLI’s Timberland Heights township project. It offers hobby farmers generous lot cuts and Asian-inspired homes that complement the mountain lifestyle. Around 60 hectares have already been opened in response to the strong market demand.
- *Forest Farms Residential Farm Estate (“Forest Farms”)* located in Rizal province and which forms part of Company’s Havila township project. It is an exclusive mountain retreat and nature park, nestled between the hills of Antipolo and forested area of Angono. Sales are still on-going.

Private membership club

FLI, through FAPI, developed the Timberland Sports and Nature Club and Phase 2 of Timberland Heights in 2006. In 2010, FLI acquired the remaining 40.0% interest of AIIPI in FAPI. This Club includes sports and recreation facilities, fine dining establishments and function rooms that can be used to host corporate and social events. FLI expects that the sales of subdivision lots in the high-end subdivision components of Timberland Heights, such as Mandala II Farms Estate might be tied to Timberland Sports and Nature Club, with lot buyers acquiring membership shares as part of the purchase price for their lots. Sales of future projects may also be tied to memberships at the Timberland Sports and Nature Club.

- *The Timberland Sports and Nature Club* is a world-class family country club in a mountain resort setting. The club aims to become a social hub with 2,000sq.m. of full-range of indoor sports, nature oriented amenities, spa, dining, banquet and room facilities with world class standard club management on an 8-hectare elevated and rolling terrain. It started commercial operations in October 2008.

Residential resort development

In 2007, FLI entered the high-end residential resort market with its launching Laeuna de Taal project, located along Tagaytay Ridge Batangas and the Kembali project in Samal Island, Davao. The residential resorts projects of FLI is intended to capture the growing demand for second homes and leisure and retirement destinations of the high-end market segment.

Laeuna de Taal, provides scenic views of the Taal lake. On March 2010, FLI started its construction of the Arista residential enclave at Laeuna de Taal and will also be the first mid-rise condominium project within the lakeside resort community. In addition, Laeuna de Taal expanded its residential offerings with the launching of the Phase 2 of the Orilla enclave.

Kembali Coast on Samal Island, Davao is a beachfront residential resort development. This 50-hectare Asian-Balinese inspired island getaway offers low-density exclusivity and comes with a 1.8 km beachfront that offers unobstructed view of the sea. Just a scenic boat ride from Davao, Kembali Coast features amenities such as water sports, forest parks, campsites and beach activity areas. Three overnight facilities were completed in 2008 while land development for the first two residential phases is in full swing. To enable buyers and guests to enjoy the facilities at an early stage, a multi-purpose hall, changing and shower areas, welcome huts and the guard house have been constructed. Kembali Horizons, three-story residential buildings, are currently being offered.

(d) *Medium Rise Buildings*

Medium Rise Building projects are five-story to ten-story buildings clustered around a central amenity area. Marketed under the "Oasis" brand, FLI's MRBs are intended to provide a quiet environment within the urban setting. The buildings occupy 30.0% to 35.0% of the land area, providing a lot of open spaces.

- *One Oasis Ortigas* is FLI's first MRB project, located along Ortigas Extension in Pasig City. FLI acquired the 4.4 hectare property in August 2007, and by February 2012, it had completed the construction of 13 buildings within this master planned community.

- FLI currently has sixteen (16) ongoing MRB projects in Luzon, Visayas and Mindanao. In 2014, FLI intends to retain its dominant position as one of the market leaders in MRB projects by launching five (5) more MRB projects nationwide and three additional buildings of existing projects with an estimated value of ₱3.90 billion. This will bring the Company's total MRB projects to 20. These new MRB projects are part of the total ₱17.41 billion estimated sales value of new projects slated for launch by FLI in 2014.

Below is a list of FLI's ongoing MRB projects:

Project Name	Location
Metro Manila	
One Oasis Ortigas	Pasig City
Bali Oasis	Pasig City
Maui Oasis	Sta. Mesa, Manila
Capri Oasis	Pasig City
Sorrento Oasis	Pasig City
One Spatial	Pasig City
Bali Oasis 2	Pasig City
Asiana Oasis	Paranaque City
Girin Oasis	Cainta, Rizal
Fortune Hill	San Juan City
The Signature	Balntawak, Quezon City
Visayas	
One Oasis Cebu	Mabolo, Cebu City
Amalfi Oasis	Città di Mare, Cebu
San Remo Oasis	Città di Mare, Cebu
Mindanao	
One Oasis Davao	Davao City
One Oasis Cagayan de Oro	Cagayan de Oro

(e) *High-Rise Buildings*

The Linear

FLI started to develop in 2009 The Linear, a master-planned residential and commercial hub in Makati City. Two-L-shaped towers, each 24 storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals. The construction of Tower 1 is ongoing and is scheduled for completion in 2014, while Tower 2 is expected to be delivered in 2014.

Studio City

Studio City is a community composed of five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the nearby Madrigal Business Park. Since it is located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions. The development consists of 18 stories per building with commercial units at the ground floor. All residential floors will have 25 studio units per floor. Site development works are on-going and the first building is targeted for completion in 2014.

The Levels

Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with its four towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens. The first building “Anaheim”, is expected to be completed in 2014.

Vinia Residences

Vinia is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and just steps away from the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to yuppies and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city.

Studio Zen

Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently and a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area.

Studio A

Studio A is a single tower 34-storey high-rise residential condominium located in Loyola Heights in Quezon City. A community conveniently situated near premier universities, the LRT 2 line and other commercial establishments.

100 West

100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is beside the Makati Business District and accessible to both north and south of Metro Manila.

Grand Cenia

The Grand Cenia Hotel and Residences, a 25-story development located along Archbishop Reyes Avenue in Banilad, Cebu, on the 4,211 sq.m. property strategically located close to the Cebu Business Park, a joint venture project of FLI, as developer, and Gotianun Family-owned GCK Realty Corporation, as landowner. Starting November 2011, units were turned over to the condotel buyers for preparation for hotel operations. In January 2012, the hotel started operating as the Quest Hotel and Conference Center, a three-star hotel complete with business and conference facilities. The 25-story structure has 432 condotel rooms and 119 residential condominium units. One and a half floors have been earmarked for BPO office space with a GLA of 3,227 sq.m.

Analysis of Real Estate Sales

The table below shows a comparative breakdown of FLI's journalized real estate sales into various product categories for the six months ended 30 June 2014 and for the years ended 31 December 2012 and 2013 (in ₱ millions, except for percentages).

Category	30 June				31 December			
	2014		2013		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Residential Lots and House & Lot Packages								
Socialized	125.39	2.05%	68.21	1.45%	243.72	2.33%	220.34	2.50%
Affordable	647.69	10.57%	473.84	10.08%	1,119.67	10.68%	778.75	8.85%
Middle income	4,852.95	79.16%	3,816.90	81.18%	8,439.35	80.54%	7,136.36	81.11%
High end and others	175.91	2.87%	99.51	2.12%	261.65	2.50%	320.71	3.65%
Industrial Lots	186.03	3.03%	148.13	3.15%	256.87	2.45%	199.95	2.27%
Residential Farm Lots	137.39	2.24%	88.36	1.88%	140.12	1.34%	131.49	1.50%
Leisure	5.08	0.08%	6.55	0.14%	17.10	0.16%	10.76	0.12%
Total	**6,130.45**	**100.00%**	**4,701.50**	**100.00%**	**10,478.48**	**100.00%**	**8,798.36**	**100.00%**

Sales to Overseas Filipinos accounted for 44.0%, 38.0%, and 27% for the years ended 31 December 2011, 2012, and 2013 respectively. The table below illustrates the breakdown of effective share of sales to Overseas Filipinos (direct & indirect) to the total real estate sales of FLI.

	31 December		
	2011	2012	2013
Americas	1.8%	1.8%	0.9%
Europe	29.0%	26.2%	9.8%
Asia/Asia Pacific/Oceania	5.7%	9.5%	11.4%
Middle East	3.1%	0.4%	5.3%
Others	4.3%	0.1%	0.0%
Total	**44.0%**	**38.0%**	27.4%

The table below illustrates the breakdown of sales to Overseas Filipinos (direct & indirect) per major market region for the years ended 31 December 2011, 2012 and 2013.

	31 December		
	2011	2012	2013
Americas	4.1%	4.7%	2.4%
USA	3.3%	3.9%	2.4%
Canada	0.8%	0.8%	0.0%
Europe	65.9%	68.9%	31.6%
Asia/Asia Pacific/Oceania	13.1%	25.0%	52.3%

	31 December		
	2011	**2012**	**2013**
Middle East	7.1%	1.1%	13.7%
Others	9.8%	0.3%	0.0%
Total	**100.0%**	**100.0%**	100%

Analysis of Cost of Sales

The table below shows a comparative breakdown of FLI's journalized cost of sales into various categories for the six months ended 30 June 2014 and for the years ended 31 December 2013, and 2012 (in ₱ millions, except for percentages) :

	31 December		30 June
	2012	**2013**	**2014**
Land acquisition cost	1,044.27	1,251.42	764.95
Land development and construction cost	3,779.03	4,627.34	2,766.71
Housing construction cost	102.01	157.06	98.96
Cost of club share	2.14	0.26	0.0
Total	**4,927.46**	6,036.08	3,630.62

Leasing Segment

Starting 2007, FLI's acquired investment properties, which are categorized as retail and office, started to generate rental revenues for a full year operations.

Festival Supermall

Festival Supermall is a four-story regional shopping complex situated on a total land area of 10 hectares and is located within Filinvest City, a development of Filinvest Alabang, Inc. (FAI). FLI has leased from FAI the 10 hectares of land on which the mall and its adjoining structures (such as parking lots) are situated. The lease is for a term of 50 years from 01 October 2006, renewable for another 25 years, with FLI required to pay monthly rent equivalent to 10.0% of the monthly gross rental generated by the mall. Festival Supermall has a GFA of approximately 200,000 sq.m., with a GLA of approximately 133,178 sq.m. FLI believes that Festival Supermall is one of the largest shopping malls in the southern Metro Manila area in terms of GFA and caters to a variety of market segments.

Festival Supermall was designed to allow the construction of an additional wing to the current two-wing structure. The lease between FAI and FLI allows FLI to construct additions or extensions to the current mall structure, which will revert to FAI upon termination of the lease. As of the date of this Prospectus, FLI has no plans to acquire any additional shopping mall. However, in order to strengthen the mall's position as southern Manila's biggest mall that offers the most diverse shops and services, plans are currently being finalized by FLI to expand the mall wherein an additional GLA of 44,000 sq.m.will be added to the approximately 133,178 sq.m. To strengthen the mall's position as southern Manila's biggest mall that offers the most diverse shops and services, FLI has started the development of the mall's expansion on another 10 hectares of land wherein an additional 57,000 sq.m. of Gross Leasable Area ("GLA") will be added to the current mall's 133,178 sq. m. Land development on the expansion started in late 2011 and construction is expected to be completed in stages, starting in 2014. Plans were also finalized to renovate the existing mall in phases and should be completed before end-2016.

Day-to-day operations at Festival Supermall are currently managed by Festival Supermall Inc. ("FSI"), a, wholly owned subsidiary of FAI, pursuant to management contract that entitles FSI to a management fee of ₱262,500.00 per month, subject to annual increases. The contract does not have a specific expiration date but can be terminated by either party upon 90 days' written notice. FLI also pays for the salaries and benefits of FSI's officers and employees, assigned to manage Festival Supermall. Engineering, maintenance, security and janitorial services for the mall are outsourced to reputable third-party service providers on an annual contractual basis. These contracts can usually be terminated at any time, such as if the contractor fails to perform at an acceptable level.

Festival Supermall's current anchor tenants include stores operated by some of the Philippines' largest retailers, such as the J.G. Summit group of companies (Robinsons Department Store and Handyman Do It Best), SM Investments Corporation (SaveMore Supermarket and Ace Hardware) and the Rustan's Group (Shopwise Supercenter). Festival Supermall also has a group of tenants that are well-known international and domestic retailers, restaurant chains and service companies, such as Bose, Levi's, Bench, Giordano, The Body Shop, National Bookstore, McDonald's, Jollibee and KFC.

In addition to having over 700 retail stores and outlets, Festival Supermall also features amenities such as a ten-theater movie multiplex with digital surround sound systems and two themed amusement centers. The mall also has exhibit, trade and music halls which are leased out to organizers of events such as trade fairs sponsored by the Philippine Department of Trade and Industry.

*PBCom T*ower

The PBCom Tower, the tallest building in the Philippines, is a 52 floor, Grade A, PEZA-designated I.T. office building in Ayala Avenue, Makati City, Metro Manila. FLI owns part of the PBCom Tower thru Filinvest Asia Corporation. FLI earns 60% of revenues from the roughly 36,000 sqm. leasable space owned by Filinvest Asia Corp. in this building.

Colliers International had been hired to provide day-to-day property management services for PBCom Tower. In addition, pursuant to a management agreement, FAI provides the following services: general management services, accounting services, operations, legal review and documentation, office rental services and recruitment and training services.

Northgate Cyberzone

- Northgate Cyberzone is a PEZA registered BPO park within Filinvest City. It was 60.0% owned by FLI until FLI acquired the remaining stake from its former joint venture partner, AIPPI. FLI currently derives 100.0% (60.0% only in 2007 to 2009) of its revenues from approximately 113,000 sq. m. with the start of commercial operations of Vector One in the fourth quarter of 2010. Vector Two, the twelfth building at Northgate Cyberzone, will start contributing to revenues in 2012. Out of the ten hectares of Northgate Cyberzone, five hectares are still available for future development. Below are the descriptions of the BPO office buildings at Northgate Cyberzone:

- *IT School:* This three-story building with an approximate Gross Floor Area (GFA) of 3,297 sq.m. andan approximate Gross Leasable Area (GLA) of 2,898 sq.m. Its major tenant is currently Genpact Services LLC.

- *Plaz@ B and Plaz@ C:* Plaz@ B and Plaz@ C are four-story buildings, each with an approximate GFA of 7,150 sq. m. and an approximate GLA of 6,540 each for a total combined GLA of 13,080 sq.m. Both were completed in 2001. Plaz@ B is leased out to various tenants which include goFluent, AMS

Express, Team Asia, Outboundphil, APPCO Direct Int'l., Treadyne and Seven Seven Global Services, Inc. All of Plaz@ C has been leased by APAC Customer Services, Inc.

- *Convergys Building:* This is a three-story building with an approximate GFA of 6,466 sq.m. and an approximate GLA of 6,399 sq. m. Completed in 2004, it was "built-to-suit" to meet the requirements of Convergys. Recently, Convergys signed a contract to extend the lease for another five years.
- *HSBC Building:* This is another "built-to-suit" building, constructed to meet the needs of HSBC. Completed in 2005, the building has an approximate GLA of 18,000 sq.m.
- *Plaz@ A:* This is a six-story building with an approximate GFA of 11,575 and an approximate GLA of 10,860 sq. m. Plaz@ A was completed in June 2006. It is currently leased out to Genpact Services LLC and eTelecare Global Solutions, Inc.
- *Plaz@ D:* This is a six-story building with an approximate GFA of 11,575 sq. m. and GLA of 10,860 sq. m. It is lease out to ICICI First Source Ltd., a fully-owned subsidiary of India's largest private sector bank, and Verizon Communications Phils., Inc., the Philippine branch of Verizon Business Solutions, a leading communications company in the United States of America.
- *Building 5132:* This is a six-story building with an approximate GFA of 10,560 sq. m. and GLA of 9,409 sq. m. It was completed in 2007 and is fully leased out to GenPact Service LLC.
- *iHub 1 and iHub 2:* These form a two-tower complex which was completed in 2008. iHub 1 has an approximate GLA of 9,474 sq. m. and has been leased out to numerous tenants which include GenPact, HSBC, W.R. Grace Philippines and Lattice Semiconductor. iHub 2 has an approximate GLA of 14,166 and has been leased out primarily to Convergys and Integra.
- *Vector One:* This is an 11-story building with an approximate GFA of 19,545 sq.m. and GLA of 17,951 sq.m. It was completed in 2010. Filinvest Alabang, Inc. (FAI) was its first tenant, occupying the fifth to seventh floors for its corporate headquarters. Other tenants of the building are Convergys and Flour Daniel.
- *Vector Two:* This building has the same configuration as Vector One and has an approximate GLA of 17,914. It was completed in October 2011. Tenants of the building include Infosys and Flour Daniel.
- *AZ Building*: This building is located within Northgate Cyberzone and is 10 Storys high. It has a GLA of 19,637Sq.m.and was completed in 2012. The building is already committed to tenants.

Construction is ongoing for Plaz@ E located in Northgate Cyberzone.Plaz@ E is situated between Plaz@ A and Plaz@ D. It has nine floors of office space and three floors of parking, and a GLA of approximately 15,351 sq. m.

Construction of the first BPO building has started at the 1.2 –hectare joint venture project with the Provincial Government of Cebu. The first building will have a GLA of over 19,000 sq.m.. When completed, the project, which will be called Filinvest Cebu Cyberzone, is projected to have four (4) buildings with a GLA of over 100,000 sq.m.. Currently, FLI is one of the largest BPO office space providers.

Office space leases at the Northgate Cyberzone are typically for periods ranging from three to five years, although HSBC has entered into a ten-year lease. The lease agreements generally require tenants to make a three-month security deposit. Rent is paid on a fixed per square meter basis, depending on unit size and location.

The table below shows a breakdown of FLI's recorded gross leasing revenues for the six months ended 30 June 2014 and 2013 and for the years ended 30 December 2013 and 2012 (in ₱ millions, except for percentages).

	30 June				31 December			
	2014		2013		**2013**		2012	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Festival Supermall	**433.62**	**41.27%**	433.49	44.00%	**867.95**	**42.67%**	853.74	45.24%
Northgate Cyberzone	**431.41**	**41.06%**	395.85	40.17%	**831.99**	**40.90%**	722.76	38.30%
PBCom Tower	**156.62**	**14.91%**	129.74	13.17%	**272.26**	**13.39%**	274.41	14.54%
Others	**28.97**	**2.76%**	26.19	2.66%	**61.87**	**3.04%**	36.18	1.92%
Total	**1,050.62**	**100.00%**	985.27	100.00%	**2,034.08**	**100.00%**	1,887.09	100.00%

Marketing and Sales

Real Estate Segment

The Company develops customer awareness through marketing and promotion efforts and referrals from satisfied customers. The Company has a real estate marketing team and a network of sales offices located in the Philippines, Italy and Japan, as well as accredited agents in other parts of Europe, Singapore, HongKong and the Middle East. FLI's marketing personnel, together with in-house sales agents and accredited agents, gather demographic and market information to help assess the feasibility of new developments and to assist in future marketing efforts for such developments.

The Company conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers, and brochures designed specifically for the target market. Advertising and promotional campaigns are conceptualized and conducted by FLI's marketing personnel and by third-party advertising companies. These campaigns are complemented with additional advertising efforts, including booths at shopping centers, such as Festival Supermall, and other high traffic areas, to promote open houses and other events.

The Company also believes that the OFW population, as well as expatriate Filipinos, who constitute a significant portion of the demand for affordable and middle-income housing either directly or indirectly by remitting funds to family members in the Philippines to purchase property. To this end, the Company has appointed and accredited independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, the United Kingdom and the Middle East. These brokers act as the Company's marketing and promotion agents in these territories to promote the Company and its products. The Company also sponsors road shows to promote its projects, including road shows in Europe, targeting the OFW and Filipino expatriate markets. FLI also markets its properties on the Internet.

Sales for FLI's housing and land development projects are made through both in-house sales agents and independent brokers. Both FLI's in-house sales agents and independent brokers are compensated through commissions on sales. In-house sales agents also receive a monthly allowance and are provided administrative support by FLI, including office space and expense allowances.

In addition to in-house sales agents and independent brokers, FLI also employs representatives who staff its sales offices and provide customers with information about FLI's products, including financing and technical development characteristics. FLI also assigns each project a sales and operations coordinator who will provide customers with assistance from the moment they make their sales reservation, during the process of obtaining financing, and through the steps of establishing title on their new home. FLI also has personnel who can advise customers on financing options, collecting necessary documentation and applying for a loan. FLI also helps design down payment plans for its low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, FLI has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

Leasing Segment

Various professional, multinational commercial real estate leasing agents (including, but not limited to Jones Lang LaSalle, CB Richard Ellis and Colliers) are accredited to find tenants for its PBCom Tower and Northgate Cyberzone office space. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease.

FLI also maintains, through its subsidiaries, an in house sales team to market its office & commercial spaces.

Customer Financing for Real Estate Projects

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of FLI's housing and land development business. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 90.0% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. FLI also provides a significant amount of in-house financing to qualified buyers.The interest rates charged by FLI for in-house financing typically range from 13.5% per annum to 19.0% per annum, depending on the term.

In-house financing

FLI offers in-house financing to buyers who chose not to avail of Government or bank financing. FLI typically finances 80.0% of the total purchase price, which is secured primarily by a first mortgage over the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five (5) to ten (10) years. The interest rates charged by FLI for in-house financing typically range from 13.5% per annum to 19.0% per annum, depending on the term of the loan.

Pag-IBIG Fund

A substantial number of buyers of the Company's socialized housing units, as well as some affordable housing units, finance their purchasers through the Home Development Mutual Fund or Pag-IBIG Fund. To provide a liquidity mechanism to private developers, the Pag-IBIG Fund has instituted a take-out mechanism for conditional sales contract receivables and mortgages and repurchases receivables from housing loans of its members.

In April 2009, Pag-IBIG announced an increase in the maximum loan amount for socialized housing units to ₱400,000.00 per unit from ₱300,000.00 per unit, at an interest rate of 6% per annum, fixed over a 30-year term. Pag-IBIG also recently increased the maximum loan amount for housing loans to ₱6 million per unit from ₱3.0 million previously, at an interest rate of 4.5% to 12.5% per annum, depending on the loan amount and the term of the loan which can be fixed over a maximum of 30 years. In 2003, HUDCC adjusted the loan ceiling of Socialized Housing Package from P 400,000.00 to P 450,000.00.

Mortgage loans

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by each bank and who are able to comply with each bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("HGC"). To assist prospective buyers obtain mortgage financing from commercial banks, FLI also has arrangements with several banks to assist qualified customers to obtain financing for housing unit purchases.

Deferred cash purchases

In recent years, in addition to the aforementioned financing arrangements, FLI has offered so-called "deferred cash" purchases, particularly for its high-end and leisure developments. Under this arrangement, the entire purchase price is amortized in equal installments over a fixed period, which is typically 24 to 36 months. Title to the property passes to the buyer only when the contract price is paid in full or when the buyer executes a real estate mortgage in favor of the Company which can be annotated on the title to the property.

Real Estate Development

FLI's real estate development activities principally include the purchase of undeveloped land or entering into joint venture agreements covering undeveloped land, the development of such land into residential subdivisions or other types of development projects, the sale of lots, the construction and sale of housing units and the provision of financing for some sales.

The development and construction work is contracted out to a number of qualified independent contractors on the basis of either competitive bidding or the experience FLI has had with a contractor on prior project. FLI weighs each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. FLI maintains relationships with over 100independent contractors and deals with them on an arm's length basis.

FLI does not enter into long-term arrangements with contractors and construction contracts typically cover the provision of contractor's services in relation to a particular project or phase of a project. FLI also provides, in certain cases financial guarantees of payment to FLI-specified suppliers for purchases of construction materials. Progress payments are made to contractors during the course of a project development upon the accomplishment of pre-determined project performance milestones. Generally, FLI retains 10.0% of each progress payment in the form of a guarantee bond or cash retention for up to one year from the date the contracted work is completed and accepted by FLI to meet contingency costs.

FLI is not and does not expect to be dependent upon one or a limited number of suppliers or contractors. Its agreements with its contractors are in the nature of supply of labor and materials for the development and/or construction of its various real estate projects.

In 2011, FLI launched ₱12.10 billion worth of projects, 17.0% more than the value of projects launched in 2010. FLI launched 11 new projects and 22 additional phases of existing projects, equivalent to 6,503 units, across all segments nationwide. Among the new projects were six affordable housing projects located in

Batangas, Bulacan, Cavite, Pampanga and Rizal. FLI also launched two new mid-rise building projects, Bali Oasis 2 in Pasig City, and Asiana Oasis in Paranaque City. The Company also announced two new high-rise buildings, Studio Zen in Pasay City, and Vinia Residences + Versaflats along EDSA, Quezon City.

In 2012, FLI launched 20 new projects and phases totaling 3,454 housing units equivalent to around ₱ 7.64 billion worth of sales located in Rizal, Laguna, Pasig City, Cebu, Quezon City, Makati City, Palawan and Davao City.

During 2013, FLI launched 17 new projects with an estimated sales value of ₱7.48 billion. This brought the number of ongoing projects to 129 as at year end 2013.

As of 30 June 2014, FLI launched nine (9) new projects and phases with a sales value amounting to around ₱8.40 billion located in Pasig, Sta. Mesa, Rizal, Cebu, Makati, and Taytay.

Expenses on site development for the years ended 31 December 2011, 2012 and 2013 were ₱450.98 million, ₱421.89 million and P 1,112.98 million respectively. Relation of site development expenses to revenue for the years ended 31 December 2011, 2012 and 2013 were 6.5%, 4.8% and 10.6%, respectively.

Suppliers

The major raw materials used by the Company for the development and construction of its projects are cement and steel bars as well as the finishing materials. These materials are sourced from local suppliers.

The Company has about 150 suppliers. The major ones include the following:

Material supplied	Company
Cement	Apo Cement Corporation and Holcim Phils., Inc.
Steel Bars	Capitol Steel Corporation, Pag-asa Steel Works, Inc., Universal Steel Smelting Co., Inc.,Steel Asia and Cebu Steel Corporation
Tiles	Lepanto Ceramics, Inc., Mariwasa Siam Ceramics, and Cebu Oversea Hardware Co., Inc.
PVC Pipes, Cast Iron Materials	Philippine Valve Manufacturing Co.
Plumbing Materials	Cebu Oversea Hardware Co., Inc. and Co Bian Kiat Hardware, Amici Mercantile, Inc.

The Company uses over 100 contractors for land development and construction works. These include the following contractors: Longridge Construction, Inc., CE Construction, Megawide Builders, RvabKonstruct Inc., RGL Construction, Primavera Construction and Nippon Formworks & Construction Corp.

Competition

Real Estate Segment

Real estate development and selling is very competitive. The Company believes it is strongly positioned in the socialized, affordable to middle-income residential subdivision market, as well as in mid-rise buildings and in the farm estates. Success in these markets depends on acquiring well-located land at attractive prices often in anticipation of the direction of urban growth. The Company believes the name and reputation it has built in the Philippine property market contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land project developers in the Philippines, particularly in the socialized to middle-income housing sectors, including mid-rise buildings. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete on the basis of the pricing of its products, which encompasses products for different market sectors, as well as its brand name and its track record of successful completed quality projects.

The Company directly competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on a specific market segment and geographic coverage. Its competitors include Ayala Land Inc. ("ALI"), Vista Land Inc. ("Vista"), Megaworld Corp. ("Megaworld"), Empire East Land Holdings Inc. ("Empire") and Robinsons Land Corporation ("Robinsons"). The following table shows the real estate sales of FLI and real estate companies FLI considers as competitors for the six months ended 30 June 2014 and years ended 31 December 2013 and 2012 (in ₱ millions):

	30 June	**31 December**	
Company	**2014**	**2013**	**2012**
Ayala Land, Inc.	42,965	76,337	54,705
Megaworld Corp.	12,010	20,251	18,173
Vista Land, Inc.	11,030	20,025	16,336
Robinsons Land Corp.	1,953	5,301	4,105
Filinvest Land, Inc.	6,130	10,478	8,798
Empire East Land Holdings Inc.	909	1,706	1,381

Note: Based latest disclosures in the PSE

The Company faces significant competition in the Philippine property development market. In particular, the Company competes with other developers in locating and acquiring, or entering into joint venture arrangements to develop, parcels of land of suitable size in locations and at attractive prices. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines.

The Company focuses on market segments (i.e. first time buyers of affordable and middle-income housing) which are perceived to be more resilient in the face of economic volatilities. The Company's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. Based on the Company's current development plans, the Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

Leasing Segment

With regard to the Company's acquired assets dedicated to office space leasing and shopping mall operations, the Company competes with property companies such as Ayala Land, Inc. and SM Prime

Holdings. In office space leasing, particularly to call centers and other BPO operators, the Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc. and Megaworld Corporation which have leasing operations via its subsidiaries.

Intellectual Property and Trademarks

The "Filinvest" name was registered with the Intellectual Property Office on 15 September 2011 and will expire on 15 September 2021. "Filinvest" is the brand FLI uses for the names of certain of its real estate products and for trademarks relating to the "FLI" brand.

The Company has pending applications with the Intellectual Property Office for the following trademarks:

- Artisans' Business Park;
- Artisans' Village;
- Cottage Industry Center;
- Cottage Industry Community;
- Cottage Industry Village;
- Craftsmen's Village;
- Entrepinoy Village;
- Entrepreneurs' Village;
- Micro Business Community;
- MSME Business Center;
- MSME Business Community; and
- MSME Business Park.

The Company continues to monitor the pending applications for any additional requirements and process from the Intelectual Property Office.

TRADEMARK	FILING DATE	DATE OF REGISTRATION	DATE OF EXPIRATION
Filinvest Land Incorporated Logo	2 January 2007	3 September 2007	3 September 2017
One Oasis Ortigas & Design	14 May 2009	10 December 2009	10 December 2019
One Oasis Ortigas (Word Mark)	14 May 2009	10 December 2009	10 December 2019
One Oasis (Word Mark)	14 May 2009	10 December 2009	10 December 2019
We Build the Filipino Dream (Slogan)	14 May 2009	10 December 2009	10 December 2019
The Linear Makati & Design	26 August 2009	12 August 2010	12 August 2020

Government and Environmental Regulations

The real estate business in the Philippines is subject to significant government regulations over among other things, land acquisition, development planning and design, construction and mortgage financing and refinancing.

After the project plan for subdivision is prepared, FLI applies for a development permit with the local government. If the land is designated agricultural land, FLI applies with the Department of Agrarian Reform (DAR) for a Certificate of Conversion or Exemption, as may be proper. Some parcels of FLI's existing land bank are subject to the DAR conversion process.

Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Approvals must be obtained at both the national and local levels, and the Company's results of operations are expected to continue to be affected by the nature and extent of the regulation of its business, including the relative time and cost involved in procuring approvals for each new project, which can vary from project to project.

The Company is also subject to the application of the Maceda Law, which gives purchasers of real property purchased on an installment basis certain rights regarding cancellations of sales and obtaining refunds from developers.

FLI believes that it has complied with all applicable Philippine environmental laws and regulations. FLI's compliance with environmental laws is dictated by and in accordance with the environmental laws and regulations applicable to specific and individual projects. Compliance with such laws, in FLI's opinion, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position. The cost of such compliance is not significant and FLI does not keep a separate account thereof.

Employees and Labor

As of 30 June 2014, FLI had a total of 903 employees including 7 consultants.The permanent, full-time employees consist of 175 executives and managers, 148 supervisors and 573 support staff.

Management believes that FLI's current relationship with its employees is generally good and neither FLI nor any of its subsidiaries have experienced a work stoppage or any labor related disturbance as a result of labor disagreements. None of FLI's employees or any of its subsidiaries belongs to a union. FLI currently does not have an employee stock option plan.

There are no significant arrangements between FLI and its significant employees to assure that these persons will remain with FLI and not compete with it upon their termination. FLI, however, relies on its good relationship with its senior managers and significant employees to ensure loyalty. FLI likewise provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to enhance skills, to improve productivity, to develop leadership and to prepare employees for future assignments. These programs range from the orientation of new employees to technical training for engineers and customer service. FLI has also provided a mechanism through which managers and staff are given feedback on their job performance, which FLI believes will help to ensure continuous development of its employees. FLI also offers employees benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees.

FLI does not anticipate any substantial increase in the number of its employees for the remainder of 2014.

Research and Development

Although the Company engages in research and development activities focusing on the types of construction materials used for its housing units, construction methodology, value-engineering for its projects and quality assurance, the expenses incurred by the Company in connection with these activities are not material.

Related-Party Transactions

The Company is a member of the Filinvest Group. The Company and its subsidiaries, in their ordinary course of business, engage in transactions with FDC and its subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

The Company's major related-party transactions include:

- FDC has guaranteed the FLI's obligations under a ₽2.25 billion credit facility extended by the International Finance Corporation. As of 30 June 2013, the Company had fully availed of this facility.
- Interest and non-interest bearing cash advances made to and received from FDC, FAI, FAPI, CPI and other affiliates in order to meet liquidity and working capital requirements. Interest rates on these cash advances are determined on an arm's-length basis and are based on market rates.
- Sharing jointly with other members of the Filinvest Group, expenses relating to common facilities and services used by each member of the Filinvest Group, such as payroll services, supplies and utilities.
- A 50-year lease agreement with FAI for the 10-hectare property on which the Festival Supermall and its related structures are located.
- FAC and CPI have each entered into contracts with FAI pursuant to which FAI provides accounting, business development and other management services to FAC and CPI.
- The Company has a contract with FSI, which provides services relating to the operation of the Festival Supermall. Under the terms of the contract, FSI is entitled to receive monthly management fees.
- Savings and current account and time deposits are with EWB, a member of the Filinvest Group. EWB leases from an FLI subsidiary, Filinvest Asia Corporation a total of approximately 2,800 sq.m.of office space in the PBCom Tower in Makati City.
- A development agreement with GCK Realty Corporation ("GCK") in which a member of the Gotianun Family has shareholdings, for the development by FLI of a medium-rise condominium building on certain parcels of land owned by GCK in Barrio Camputhaw, Cebu City.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

There was no transaction during the last two years or any proposed transaction, to which FLI was or is to be a party, in which any director or officers of FLI, any nominee for election as a director, any security holder or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have direct or indirect material interest.

The Group previously leased an FDC land and building located at San Juan City for its head office for a monthly rental of ₽3.76 million in 2011 and ₽3.27 million in 2010. On 30 October 2012 FLI transferred to its new corporate headquarters located along EDSA, Mandaluyong City effectively ending the lease on FDC land

and building in San Juan. On 29 September 2006, FLI entered into a series of transactions with FDC, pursuant to which it acquired ownership interests in FAC, CPI and Festival Supermall.

Aside from the abovementioned transactions, the Group also enters into transactions with FDC, FAI and other related parties consisting mainly of interest-bearing and noninterest-bearing cash advances and share in various expenses such as payroll, supplies, and utilities provided by the Group.

Transactions entered into by the Group with related parties are at arm's length and have terms equivalent to the transactions entered into with third parties.

The details of the accounts with related parties are as follows (as of and for the periods ended 30 June 2014 and 2013, in ₱ millions):

	Rental Income (Expense)		**Management and Marketing Fee Income**		**Due from Related Parties**		**Due to Related Parties**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
AL Gotianun, Inc.	-	-	-	-	0.90	-	-	519.59
Parent - FDC	-	-	0.67	0.45	3.31	-	64.75	83.67
Associate - FAI	(51.18)	(48.58)	(5.48)	(1.53)	-	-	33.60	44.50
Other affiliates	-	-	-	-	198.02	187.28	71.35	37.71
	(51.18)	(48.58)	(4.81)	(1.08)	202.23	187.28	169.70	685.47

Note: AL Gotianun, Inc. owns at least 88.87% of FDC as of 30 June 2014

Due from Related Parties as of 30 June 2014 and 2013 amounted to ₱202.23 million and ₱187.28 million, respectively. These are non-interest bearing and payable on demand.

DESCRIPTION OF PROPERTIES

Land Bank

Since its incorporation, the Company has invested in properties situated in what the Company believes are prime locations across the Philippines for existing and future housing and land development projects. It is important for the Company to have access to a steady supply of land for future projects. In addition to directly acquiring land for future projects, the Company has also adopted a strategy of entering into joint venture arrangements with land owners for the development of raw land into future project sites for housing and land development projectsto allow FLI to reduce its capital expenditures for land and to substantially reduce the financial holding costs resulting from owning land for development.

Under the joint venture agreements, the joint venture partner contributes the land free from any lien, encumbrance, tenants or informal settlers and the Company undertakes the development and marketing of the products. The joint venture partner is allocated either the developed lots or the proceeds from the sales of the units based on pre-agreed distribution ratio.

Potential land acquisitions and participation in joint venture projects are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market, the suitability or the technical feasibility of the planned development. The Company identifies land acquisitions and joint venture opportunities through active search and referrals.

As of 30 June 2014, the Company had a land bank of approximately 2,346.61 hectares of raw land for the development of its various projects, including approximately 324.44 hectares of land under joint venture agreements, which the Company's management believes is sufficient to sustain at least several years of development and sales. Details of the Company's raw land inventory as of 30 June 2014 are set out in the table below (area in hectares).

Location	Company Owned	Under Joint Ventures	Total	% to Total
Luzon				
Metro Manila	73.12	-	73.12	3.11%
Rizal	777.17	86.22	863.39	36.78%
Bulacan	234.78	-	234.78	10.00%
Pampanga	-	59.19	59.19	2.52%
Cavite	361.18	88.99	450.17	19.18%
Laguna	282.13	1.31	283.44	12.07%
Batangas	140.63	43.42	184.05	7.84%
Palawan	-	6.00	6.00	0.26%
Sub-total	**1,869.02**	**285.14**	**2,154.16**	**91.76%**
Visayas				
Cebu	5.06	31.65	36.71	1.56%
Iloilo	0.92	-	0.92	0.04%
Sub-total	**5.98**	**31.65**	**37.63**	**1.60%**
Mindanao				
General Santos	99.56	-	99.56	4.24%

Location	Company Owned	Under Joint Ventures	Total	% to Total
Cagayan de Oro City	2.78	-	2.78	0.12%
Davao	43.77	7.65	51.42	2.19%
Dumaguete	2.14	-	2.14	0.09%
Sub-total	**148.25**	**7.65**		**6.64%**
Total	**2,023.25**	**324.43**	**2,347.69**	**100.00%**
% to Total	**86.18%**	**13.82%**	**100.00%**	

The Company does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business.

Current Development Projects

The following table sets out FLI's projects with ongoing housing and/or land development as of 30 June 2014.

Category / Name of Project	Location
SOCIALIZED	
Belleview Meadows	Tanza, Cavite
Belmont Hills	Gen. Trias, Cavite
Belvedere Townhomes	Tanza, Cavite
Blue Isle	Sto. Tomas, Batangas
Sunrise Place	Tanza, Cavite
Castillion Homes	Gen. Trias, Cavite
Melody Plains	San Jose del Monte, Bulacan
Mistral Plains	Gen. Trias, Cavite
Sunrise Place Mactan	Mactan, Cebu
Sandia Homes Ph 1	Tanauan, Batangas
Southern Heights	San Pedro, Laguna
Sunny Brooke	Gen. Trias, Cavite
AFFORDABLE	

Category / Name of Project	Location
Alta Vida Expansion	San Rafael, Bulacan
Bluegrass County	Sto. Tomas, Batangas
Brookside Lane	Gen. Trias, Cavite
Crystal Aire	Gen. Trias, Cavite
Fairway View	Dasmarinas, Cavite
Palmridge	Sto. Tomas, Batangas
Springfield View	Tanza, Cavite
Summerbreeze Townhomes	Sto. Tomas, Batangas
Westwood Place	Tanza, Cavite
Woodville	Gen. Trias, Cavite
Aldea Real	Calamba, Laguna
Costas Villas (Ocean Cove 2)	Davao City
Primrose Hills	Angono, Rizal
The Glens at Park Spring	San Pedro, Laguna
Sommerset Lane	Tarlac City
Claremont Village	Mabalacat, Pampanga
Westwood Mansion Expansion	Tanza, Cavite
Tierra Vista	San Rafael, Bulacan
Aldea del Sol	Mactan, Cebu
Raintree Prime Residences	Dasmarinas, Cavite
La Brisa Townhomes	Calamba, Laguna
Alta Vida Prime	San Rafael, Bulacan
Amare Homes	Tanauan, Batangas
Anila Park	Taytay, Rizal
Anila Park Townhomes	Taytay, Rizal
Austine Homes	Pampanga
The Residences @ Castillon Homes	Tanza, Cavite
Valle Dulce Ph1	Tanza, Cavite
Primrose Hills	Angono, Rizal
Primrose Townhomes	Angono, Rizal
East Bay Palawan	Puerto Princesa, Palawan
Meridian Place	Gen. Trias, Cavite
Savannah Fields	Gen. Trias, Cavite
Parkspring	San Pedro, Laguna
Villa Mercedita	Davao City
Villa Montseratt Expansion	Taytay, Rizal
Futura Homes – San Pedro	San Pedro, Laguna
The Villas	Taytay, Rizal
MIDDLE-INCOME	

Category / Name of Project	Location
Corona Del Mar	Talisay, Cebu
Filinvest Homes- Tagum	Tagum City, Davao
Fuente de Villa Abrille	Davao City
NorthviewVillas	Quezon City
Ocean Cove	Davao City
Orange Grove	Davao City
Spring Country	Batasan Hills, Quezon City
Spring Heights	Batasan Hills, Quezon City
Southpeak	San Pedro, Laguna
The Pines	San Pedro, Laguna
Villa San Ignacio	Zamboanga City
Highlands Pointe	Taytay, Rizal
Manor Ridge at Highlands	Taytay, Rizal
Ashton Fields	Calamba, Laguna
Montebello	Calamba, Laguna
Hampton Orchards	Bacolor, Pampanga
The Enclave at Filinvest Heights	Quezon City
Escala (La Constanera)	Talisay, Cebu
West Palms	Puerto Princesa, Palawan

Category / Name of Project	Location
Filinvest Homes - Butuan	Butuan, Agusan Del Norte
La Mirada of the South	Binan, Laguna
Tamara Lane (formerly Imari)	Caloocan City
Viridian at Southpeak	San Pedro, Laguna
Nusa Dua (Residential)	Tanza, Cavite
The Tropics	Cainta, Rizal
Princeton Heights	Molino, Cavite
The Glades	Timberland Heights, San Mateo, Rizal
One Oasis Ortigas	Pasig City, Metro Manila
One Oasis Davao	Davao City
Bali Oasis 1	Pasig City, Metro Manila
One Oasis Cebu	Mabolo, Cebu City
Maui Oasis	Sta. Mesa, Manila
Capri Oasis	Pasig City, Metro Manila
Sorrento Oasis	Pasig City, Metro Manila
Amalfi Oasis	South Road Properties, Cebu
San Remo Oasis	South Road Properties, Cebu
The Linear	Makati City
Studio City	Filinvest Corporate City, Alabang
The Levels	Filinvest Corporate City, Alabang
Somerset Lane, Ph 2	Tarlac City
Asiana Oasis	Paranaque, Metro Manila
Bali Oasis 2	Pasig City, Metro Manila
Studio Zen	Pasay City, Metro Manila
Vinia Residences & Versaflats	Edsa, Quezon City
The Terraces Ph 1B & Ph 2	Taytay, Rizal
The Enclave at Highlands Pointe	Taytay, Rizal
Studio A	Quezon City
One Spatial	Pasig City, Metro Manila
One Oasis Cagayan de Oro	Cagayan de Oro City
HIGH-END	

Category / Name of Project	Location
Brentville International	Mamplasan, Binan, Laguna
Woodmore Spring A	Mamplasan, Binan, Laguna
Sunshine Place	Mamplasan, Binan, Laguna
The Meridien	Mamplasan, Binan, Laguna
Prominence 2	Mamplasan, Binan, Laguna
Village Front	Mamplasan, Binan, Laguna
Mission Hills - Sta. Catalina	Antipolo, Rizal
Mission Hills - Sta. Isabel	Antipolo, Rizal
Mission Hills - Sta Sophia	Antipolo, Rizal
Banyan Ridge	San Mateo, Rizal
The Ranch	San Mateo, Rizal
The Arborage at Brentville Int'l	Mamplasan, Binan, Laguna
Banyan Crest	San Mateo, Rizal
Arista	Talisay, Batangas
Orilla	Talisay, Batangas
Bahia	Talisay, Batangas
Highlands Pointe	Taytay, Rizal
Kembali Arista	Samal Island, Davao
Fortune Hill	San Juan City
The Signature	Quezon City
LEISURE - FARM ESTATES	
Forest Farms	Angono, Rizal
Mandala Residential Farm	San Mateo, Rizal
Nusa Dua	Tanza, Cavite
LEISURE - PRIVATE MEMBERSHIP CLUB	
Timberland Sports and Nature Club	San Mateo, Rizal
Category / Name of Project	Location
LEISURE - RESIDENTIAL RESORT DEVELOPMENT	
Kembali Coast	Samal Island, Davao
Laeuna De Taal	Talisay, Batangas
INDUSTRIAL/COMMERCIAL	
Filinvest Technology Park	Calamba, Laguna
The Mercado	Taytay, Rizal
CONDOTEL	
Grand Cenia Hotel & Residences	Cebu City
The Leaf	San Mateo, Rizal

On-going developments of the abovementioned projects are expected to require additional capital expenditures but FLI believes that it will have sufficient financial resources for these anticipated requirements.The Company does not have properties that are mortgaged or encumbered.

Investment in foreign securities

The Company does not have any investment in foreign securities.

Investment Properties

FLI's acquisition of major assets and equity interests in September 2006 involved three strategic investment properties, namely: Festival Supermall, PBCom Tower and Northgate Cyberzone.

Rental and Others

FLI is renting office spaces located at San Juan, Metro Manila with an aggregate floor area of 4,369 sq.m. for its head office. The term of the lease is 5 years, subject to renewal upon mutual agreements between FLI and the lessors. On 30 October 2012 FLI transferred to its new corporate headquarters located along EDSA, Mandaluyong City effectively ending the lease on FDC land and building in San Juan.FLI is also renting spaces for its sales offices in Alabang, Quezon City, Pasig City, Rizal, Laguna, Pampanga, Tarlac, Palawan, Cebu City, Davao City, Butuan, Tagum and Zamboanga City. The term of the leases is usually for one year, and thereafter, the term of the lease shall be on a month-to-month basis, or upon the option of both parties, a new contract is drawn. Total rental expense for the years ended 31 December 2012, 2013 and for the year ended 30 June 2014 amounted to ₱78.05 million, ₱35.35 million, and ₱18.75 million, respectively. The Company does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business

CERTAIN LEGAL PROCEEDINGS

FLI is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. Except for cases described below, FLI is not involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past five years, nor have they been found by judgment or decree to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities. However, FLI does not believe that the lawsuits or legal actions to which it is a party will have a materialimpact on its financial position or result of operations.

Following are the cases involving certain properties of FLI that may have impact on its financial position, but which it believes will be eventually resolved in its favor:

(a) FLI vs. Abdul Backy, et al., G.R. No. 174715, Supreme Court

This is a civil action for the declaration of nullity of deeds of conditional and absolute sales of certain real properties located in Tambler, General Santos City executed between FLI and the plaintiffs' patriarch, Hadji Gulam Ngilay. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of properties. On appeal, the Court of Appeals rendered a decision partly favorable to FLI but nullified the sale of some properties involved. FLI's petition for review on *certiorari* to question that portion of the decision that is unfavorable to FLI, is still pending with the Supreme Court.

(b) Emelita Alvarez, et al. vs. FDC, DARAB Case No. IV-RI-010-95
Adjudication Board, Department of Agrarian Reform

On or about 15 March 1995 certain persons claiming to be beneficiaries under the Comprehensive Agrarian Reform Program (CARP) of the National Government filed an action for annulment/cancellation of sale and transfer of titles, maintenance of peaceful possession, enforcement of rights under CARP plus damages before the Regional Agrarian Reform Adjudicator, Adjudication Board, Department of Agrarian Reform. The property involved, located in San Mateo, Rizal, was purchased by FDC from the Estate of Alfonso Doronilla. A motion to dismiss is still pending resolution.

(c) Republic of the Philippines vs. Rolando Pascual, et al.
Civil Case No. 7059, Regional Trial Court

The National Government, through the Office of the Solicitor General filed on 5 February2002 a suit against Rolando Pascual, Rogelio Pascual and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares of rawland are not alienable and disposable being part of the forest lands. The case was dismissed by the RTC of General Santos City (Br. 36) on 16 November 2007 for lack of merit. The Office of the Solicitor General has appealed the dismissal to the Court of Appeals. The case is not ripe for decision pending filing by the parties of their briefs.

(d) *FLI vs Eduardo Adia, et al, G.R. 192929 Supreme Court*

Various CLOA holders based in Brgy. Hugo Perez, Trece Martirez City filed a complaint with the RTC of Trece Martirez against FLI for recovery of possession with damages, claiming that in 1995 they surrendered possession of their lands to FLI so that the same can be developed pursuant to a joint venture arrangement allegedly entered into with FLI. They now seek to recover possession of said lands pending the development thereof by FLI. The RTC rendered a decision ordering FLI to vacate the subject property. FLI appealed the decision to the Court of Appealswhich affirmed the RTC decision.

FLI filed a petition for review on *certiorari* before the Supreme Court. On 10 January 2011, the Supreme Court granted FLI's motion to admit a supplemental petition and required respondent to comment on the supplemental petition within 10 days from notice.

(e) Antonio E. Cenon and Filinvest Land, Inc. vs. San Mateo Sanitary Landfill, Mayor Jose Rafael Diaz, Brgy. Chairman of Brgy. Maly, Brgy. Guinayang, Brgy. Pintong Bukawe, Director Julian Amador and the Secretary, Department of Environment and Natural resources
Civil Case No. 2273-09

On 9 February 2009, FLI filed an action for injunction and damages against the respondents to stop and enjoin the construction of a 19-hectare landfill in a barangay in close proximity to Timberland Heights in San Mateo, Rizal. FLI sought preliminary and permanent injunctive reliefs and damages and is seeking the complete and permanent closures of the dump site.Trial for this case is still ongoing.

FLI is not aware of any other information as to any other legal proceedings known to be contemplated by government authorities or any other entity. Furthermore, FLI is not aware of any pending material legal proceedings involving its subsidiaries and/or affiliates.

MARKET PRICE OF AND DIVIDENDS ON FLI'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common shares were listed on the PSE in 1993. The following table shows, for the periods indicated, the high, low and period end closing prices of the shares as reported in the PSE.

Period		High	Low	Close
2014	2nd Quarter	1.74	1.47	1.63
	1st Quarter	1.53	1.23	1.44
2013	4th Quarter	1.75	1.18	1.41
	3rd Quarter	1.93	1.18	1.41
	2nd Quarter	1.48	1.44	1.47
	1st Quarter	2.07	1.49	1.98
2012	4th Quarter	1.66	1.34	1.49
	3rd Quarter	1.37	1.24	1.36
	2nd Quarter	1.44	1.17	1.28
	1st Quarter	1.34	1.00	1.29

The shares of the registrant as reported by the PSE on 29 August 2014 was traded at the range of ₱1.55 to ₱1.61 and closed at ₱1.55 per share. The price per share closed at ₱1.60 on 24 September 2014.

Common shares outstanding as of 30 June 2014 were 24,249,759,506 shares.

The top 20 Stockholders (preferred and common shares) as of 30 June 2014:

Preferred Shares:

1. Filinvest Development Corporation 8,000,000,000 100.00%

Common Shares:

	Name	No. of Shares	% to Total
1.	Filinvest Development Corporation	14,017,205,735	57.28%
2.	PCD Nominee Corporation (Non-Filipino)	6,831,582,583	27.92%
3.	PCD Nominee Corporation (Filipino)	3,103,495,354	12.68%
4.	Phil. Int'l Life Insurance	50,000,000	0.20%
5.	Michael Gotianun	11,235,913	0.05%
6.	Lucio W. Yan &/or Clara Y. Yan	10,687,500	0.04%
7.	Joseph M. Yap &/or Josephine G. Yap	7,694,843	0.03%
8.	Berck Y. Cheng	7,000,000	0.03%
9.	Joseph M. Yap	6,444,115	0.02%
10.	R Magdalena Bosch	4,877,928	0.02%
11.	Luis L. Fernandez	4,064,940	0.02%
12.	Luis L. Fernandez or Veronica P. Fernandez ITF Marco	4,064,940	0.02%

Name	No. of Shares	% to Total
13. Enrique P. Fernandez	4,064,940	0.02%
14. Luis Rodrigo P. Fernandez	4,064,940	0.02%
15. Luis L. Fernandez or Veronica P. Fernandez ITF Carlo	4,064,940	0.02%
16. Veronica P. Fernandez	4,064,940	0.02%
17. Emily Benedicto	3,468,750	0.01%
18. Alberto Mendoza &/or Jeanie C. Mendoza	3,349,871	0.01%
19. Filinvest Capital Inc.	2,890,625	0.01%
20. Lucio Yan	2,890,625	0.01%

Note: Excludes Treasury Shares held by FLI amounting to 220,949,000 shares or 0.90% of total outstanding shares

No securities were sold within the past three years which were not registered under the Revised Securities Act and/or Securities Regulation Code.

Dividends

On 08 January 2007, the Board of Directors approved an annual cash dividend payments ratio for the Company's issued shares of twenty percent (20%) of its consolidated net income of the preceding fiscal year, subject to compliance with applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends, including, but not limited to, when Company undertakes major projects and developments requiring substantial cash expenditures, or when the Company is restricted from paying cash dividends by its loan covenants, if any. The Board of Directors may at any time modify such dividend payout ratio depending on the results of operations, future projects and plans of the Company.

On 30 June 2008, the Company paid cash dividend of ₱0.02 a share or a total of ₱485.72 million to all shareholders of record as of 15 June2008. This is equivalent to 28.5% of the ₱1.70 billion in net income generated in 2007.

On 09 June 2009, FLI paid a cash dividend of ₱0.033 per share or a total of ₱800.24 million to all shareholders of record as of 14 May 2009. This is equivalent to 42.9% of the ₱1.87billion net income reported in 2008.

On 09 June 2010, FLI paid a regular cash dividend of ₱0.017 and special cash dividend of ₱0.016 per share or total of ₱800.24 million to all shareholders on record as of 18 May2010. This is equivalent to 39.7% ₱2.02 billion net income reported in 2009.

On 07 June 2011, FLI paid a regular cash dividend of ₱0.0196 and special cash dividend of ₱0.0196 per share or total of ₱950.59 million to all shareholders on record as of 13 May 2011. This is equivalent to 39.2% the net income attributable to equity holders of the parent of ₱2.43 billion (excluding gains from business combination) reported in 2010.

On 21 June 2012, FLI paid a regular cash dividend of P0.0237 and special cash dividend of P0.0237 per share or total of P1.15billion to all shareholders on record as of 25 May 2012. This is equivalent to 39.2% the net income attributable to equity holders of the parent P2.94 billion reported in 2011.

On 03 July 2013, FLI paid a regular cash dividend of ₱0.028 and special cash dividend of ₱0.020 per share or total of ₱1.16billion to all shareholders on record as of 07 June 2013. This is equivalent to 33.8% of the net income attributable to equity holders of the parent of ₱3.43 billion reported in 2012.

On 02 July 2014, FLI paid a regular cash dividend of ₽0.032 and special cash dividend of ₽0.018 per share or total of ₽1.21billion to all shareholders on record as of 06 June 2014. This is equivalent to 30.9% of the net income attributable to equity holders of the parent of ₽3.92 billion reported in 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PLAN OF OPERATIONS FOR 2014

FLI's business strategy has placed emphasis on the development and sales of affordable and middle-market residential lots and housing units to lower and middle-income markets throughout the Philippines.

FLI expects to remain focused on its core residential real estate development business which now includes newly developed innovative concepts such as mid-rise buildings, high-rise condominium projects, residential farm estates, entrepreneurial communities and leisure developments in response to the demands of the Philippine market. The Company is also expanding its retail and BPO office building portfolio to generate recurring revenues.

New projects include new affordable housing projects in Cavite, Rizal, and Laguna, ten middle income subdivisions, seven MRB projects in Taguig, Pasig, Sta. Mesa, Valenzuela, Cebu, Iloilo, and Davao, one high rise project in Makati.

FLI has set ₱20.0 billion worth of capex for projects to be launched in 2014, about 2.6 times % more than the amount spent in 2013. The bulk is earmarked for the construction of the various projects of FLI, covering all market segments.

Also, the Filinvest Building along EDSA near Ortigas, Mandaluyong City has been completed and has been turned over to the tenant for fit out. This five-story BPO building has approximately 7,000 sq.m. of GLA. This is FLI's first BPO office building outside Northgate Cyberzone.

Construction of the first BPO building has started at the 1.2 –hectare joint venture project with the Provincial Government of Cebu. The first building will have a GLA of over 19,000 sq.m.. When completed, the project, which will be called Filinvest Cebu Cyberzone, is projected to have four (4) buildings with a GLA of over 100,000 sq.m.. Currently, FLI is one of the largest BPO office space providers in the country.

Meanwhile, land development has commenced on the expansion of Festival Supermall at Filinvest City. The expansion project will add over 57,000 sq. m. of GLA, and is targeted to be completed in phases, from the fourth quarter of 2013. Within 2012, FLI also plans to start renovating the existing mall in phases, which is targeted to be completed in 2016.

Additional retail space will also come from the Il Corso lifestyle strip of Città di Mare, in the South Road Properties in Cebu. The first two phases covering 7 hectares will have over 35,000 sq. m. of GLA. Land development started in late 2011.

On March 26, 2012 FLI and the Cebu Province entered into a Build Transfer and Operate Agreement on a parcel of land owned by the Cebu province with a total area of 12,290 Sq. m. wherein FLI shall cause the design, development, construction and completion of Business Process Outsourcing Complex on the property. Upon completion, FLI shall transfer the ownership of the developed property to the Cebu Province, at the same time of the transfer, Cebu Province shall convey and transfer to FLI the right to operate, manage and administer the premises for the entire term of the agreement of 25 years, with option to extend for another 25 years.

Basis for Consolidation

The consolidated financial statements include the financial statements of the FLI and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the FLI using consistent accounting policies.

The consolidated financial statements include the accounts of Filinvest Land, Inc. and the following subsidiaries:

	30 September 2014	31 December 2013	2012
Subsidiaries[1]:		**% of Ownership**	
Property Maximizer Professional Corp.	100	100	100
Homepro Realty Marketing, Inc.	100	100	100
Property Specialist Resources, Inc.	100	100	100
Leisurepro, Inc.	100	100	100
Cyberzone Properties Inc. [2*]	100	100	100
Filinvest AII Philippines, Inc. [3*]	100	100	100
Countrywide Water Services, Inc. [4]	25	100	100
Filinvest Cyberparks, Inc. [5]	100	-	-
Filinvest Asia Corporation [6]	60	60	60

[1]Promax, HomePro, Prosper & Leisurepro are licensed real estate brokers and exclusively market and sells all real estate products of the Filinvest group. In addition, Prosper also operates Quest Hotel which is owned by Filinvest Land, Inc.

[2]CPI operates the Northgate Cyberzone in Filinvest City in Alabang, Muntinlupa City.

[3]FAPI develops the Timberland Sports and Nature Club and approximately 50 hectares of land comprising Phase 2 of FLI's Timberland Heights township project in San Mateo, Rizal.

[4]CWSI intends to provide water services nationwide. On September 26, 2014, FDC subscribed the remaining unsubscribed shares of CWSI.

[5]FCI was incorporated in February 2014. It intends to develop properties to be leased out for office use.

[6]FAC owns fifty percent (50%) of the PBCom Tower in Makati City.

In line with the FLI's adoption of PFRS 10, effective January 1, 2013, FLI determined that it has control over FAC, as FLI has the power to direct the relevant activity of FAC despite the existence of a contractual arrangement which grants the other investor rights over certain activities of FAC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 COMPARED TO THE NINE MONTHS ENDED 30 SEPTEMBER 2013

Results of operations for the 9-month period ended September 30, 2014 compared to 9-month period ended September 30, 2013

For the nine months ended September 30, 2014, FLI's net income from its business segments registered a year-on-year growth of 18.57% or an increase of ₱452.72 million from ₱2,438.20 million in 2013 to ₱2,890.92 million in 2014.

Revenues

Total consolidated revenues went up by 27.61% to ₱10,807.79 million during the first nine months of 2014 from ₱8,469.64 million for the same period last year. The increase resulted from the continued robust real estate sales that reached ₱9,156.27 million (up by ₱2,182.77 million or by 31.30%) and rental revenue of ₱1,651.52 million (higher by ₱155.39 million or 10.39%). Real estate sales booked during the current period broken down by product type are as follows: Middle Income 78% (inclusive of Medium-Rise Buildings and High-Rise Buildings); Affordable 11%; High-End 3%; Farm Estate 2%; Socialized and others 6%. Major contributors to the good sales performance during the period included the launching of new MRB's and House and Lot projects in diverse new locations, intensive marketing activities and attractive pricing. The increase in rental revenues from the mall and office spaces was brought about mainly by higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from higher take up rate of "Filinvest One" in 2013. Other sources of revenue from rental services include the ready-built-factories in Filinvest Technology Park in Calamba, Laguna, commercial lots in Tagaytay City, and commercial and office spaces in Alabang, Muntinlupa City and Makati City.

Interest income for the nine months ended September 30, 2014 increased by 58.92% to ₱531.83 million from ₱334.65 million during the same period in 2013. The increase was due to higher interest generated from installment contracts receivable and bank deposits. Other income increased by 7.77% to ₱441.84 million from ₱409.99 million or by ₱31.85 million due to the increase in income from various fees charged to buyers, other lease-related activities, and processing fees. The Company's equity in net earnings of associates decreased from ₱85.93 million in 2013 to ₱34.88 million in 2014 or by 59.41% due to lower earnings recorded by Filinvest Alabang, Inc. (FAI) for the period. FLI has a 20% equity interest in FAI. In addition, CWSI reported a net loss in its unaudited balances as of September 30, 2014. FLI has a 25% equity interest in CWSI as of end of the nine months period.

The Company also registered a foreign exchange gain of ₱1.64 million for the nine months in 2014 compared to foreign exchange loss of ₱0.80 million in 2013 due to the recent strength of the Japanese yen against our local currency in the foreign exchange markets.

Cost of real estate sales

Cost of real estate sales increased from ₱4,056.89 million in 2013 to ₱5,377.12 million in 2014 mainly due to higher amount of sales booked during the current period as well as the increased share of sales of MRBs and HRBs which historically had carried relatively lower profit margins. Revenues from MRBs and HRBs significantly grew by ₱987.20 million or by 21.22% from ₱4,652.48 million during the nine months ended September 30, 2013 to ₱5,639.68 million for the same period of 2014.

Expenses

General and administrative expenses increased by ₱196.91 million during the nine months of 2014 or by 23.17%, from ₱849.73 million in 2013 to ₱1,046.64 million in 2014. The increase was due to higher salary and wages, professional fees, rental, subdivision and property repairs, and other representation expenses recorded for the current period. Likewise, selling and marketing expenses also went up by ₱182.88 million or by 24.36% due to higher incentives, commissions and service fees paid to brokers and other sellers as a consequence of higher sales.

Provision for income tax increased by 37.73% or by ₱144.86 million to ₱528.74 million for the nine months of 2014 from ₱383.88 million for the same period in 2013.

Provision for current income tax increased to ₱313.84 million in 2014 from ₱213.42 million in 2013 or an increase of ₱100.43 million or by 47.06% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax increased by ₱44.43 million or by 26.07% from ₱170.47 million in 2013 to ₱214.90 million in 2014 due to higher capitalized borrowing cost.

Financial Condition as of September 30, 2014 compared to as of December 31, 2013

As of September 30, 2014, FLI's total consolidated assets stood at ₱102,389.84 million, higher by 4.38% or by ₱4,292.79 million than the ₱98,097 million total consolidated assets as of December 31, 2013. The following are the material changes in account balances:

62.35% Decrease in Cash and cash equivalents
Funds were used for the development of existing and new projects and for the construction of new IT buildings (investment properties) and for raw land acquisitions.

23.20% Increase in Contracts Receivable
Contracts receivable increased due to additional sales booked during the period. Several attractive financing schemes are being offered by the Company to its real estate buyers to further increase sales.

5.72% Increase in Due from related parties
The increase was due to advances made to affiliates in the regular course of business.

7.82% Decrease in Other Receivables
This account decreased due to the lower amount of advances to joint venture partners, recoupment of advances to contractors and substantial collections from tenants.

6.21% Decrease in Land and land development
The decrease in this account was mainly due to reclassification of rawland from inventory to investment properties and transfers from rawland to land acquisition cost for the set-up of inventories.

28.72% Increase in Investment property
The increase was mainly due to the additional costs of investment properties from CPI and various rawland acquired for investment purposes.

41.26% Decrease in Deferred income tax assets
The decrease in deferred income tax assets is due the advances on rent applied this year.

22.37% Increase in Other assets
The increase in this account was mainly due to higher prepaid expenses, advances for bidding to a certain property, and input vat.

9.26% Increase in Accounts payable and accrued expenses
The increase in this account is due to the increase in various deposits such as customer's deposits, registration deposits and retention fees.

100.44% Increase in Income tax payable
The increase in income tax payable was due to tax accruing on the taxable income earned for the three-month period resulting from improved operational results.

36.82% Decrease in Due to related parties
The decrease was due to payments made to affiliates on advances made in the regular course of business.

9.43% Increase in Deferred income tax liabilities
The increase in deferred tax liabilities is mainly due to the additional capitalized borrowing costs slightly offset by the realized portions due to sales.

Performance Indicators

Financial Ratios	**Particulars**	**As of and for the nine months ended September 30, 2014**	**As of Dec. 31, 2013 and for the nine months ended September 30, 2013**
Earnings per Share	Net income / Weighted average number of outstanding common shares	**0.12**	0.10
Debt to Equity Ratio	Long Term Debt / Total Stockholder's Equity	**0.75**	0.74
Debt Ratio	Total Liabilities / Total Assets	**0.51**	0.50
EBITDA to Interest paid	EBITDA / Interest paid	**2.90 times**	2.88 times
Price Earnings Ratio	Closing Price of Share / Earnings per Share	**13.48 times**	16.23 times

Earnings per share (EPS) posted for the nine months of 2014 went up by 18.94% compared to the EPS for the same period in 2014 on account of higher net income.

The Debt-to-equity (D/E) ratio and Debt ratio increased due to higher loan level as of end of current period.

Price earnings multiple went down due to the decrease of market share price as of end of the current period. As of September 30, 2014 and 2013, and as of December 31, 2013, market share price of FLI's stock was at ₱1.58, ₱1.60 and ₱1.41 per share, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED 31 DECEMBER 2013 COMPARED TO FULL YEAR ENDED 31 DECEMBER 2012

Results of operations for the 12-month period ended 31 December 2013 compared to 12-month period ended 31 December 2012

For the year ended 31 December 2012, FLI's net income registered a year on year growth of 13.94% or ₱486.41 million from ₱3,489.54 million in 2012 to ₱3,975.95 million in 2013.

Revenues and other income

FLI recorded real estate sales of ₱ 10,478.48 million in 2013, higher by 19.10% than the real estate sales in 2012 of ₱ 8,798.36 million. Recorded sales in 2013 consisted mostly of sales of medium-rise buildings and condominium projects, which are accounted for based on the stage of completion, along with sales of affordable and middle-income lots and housing units.

In 2013, FLI launched a total of 17 new housing and land development projects including additional phases of existing projects as well as new MRBs. FLI is also considering other regions for land acquisitions and development or joint venture arrangements. As of December 31, 2013, FLI had signed joint venture agreements for the development of several properties on a total of approximately 324.44 hectares of raw land with landowners in Metro Manila and selected provinces in the Philippines.

Revenue from rental services increased by ₱ 146.99 million or by 7.79% to ₱ 2,034.08 million in 2013 from ₱ 1,887.09 million in 2012. This increase was brought about by higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from higher take up rate of "Filinvest One" in 2013. Other sources of revenue from rental services include the ready-built-factories in Filinvest Technology Park in Calamba, Laguna, and commercial and office spaces in Alabang, Muntinlupa City and Makati City.

Interest income increased by ₱ 32.86 million or by 6.36% in 2013 from ₱ 516.54 million in 2012 to ₱ 549.40 million in 2013. The increase was due to higher interest income derived from cash and cash equivalents and from contract receivables. Other income increased by 7.41% or by ₱39.24 million from ₱529.53 million in 2012 to ₱568.77 million in 2013 due to higher income from amusement centers, parking and other lease-related activities, and processing fees.

Costs and Expenses

With the higher sales, the corresponding cost of real estate sales increased by 22.50% from ₱ 4,927.46 million in 2012 to ₱ 6,036.08 million in 2013. Cost of rental services likewise increased by 3.75% from ₱473.62 million in 2012 to ₱ 491.40 million in 2013.

Total operating expenses increased to ₱ 2,071.07 million in 2013 from ₱ 1,969.15 million in 2012.

General and administrative expenses increased by ₱ 81.69 million or by 7.45% to ₱ 1,178.59 million in 2013 from ₱ 1,096.90 million in 2012. The increase was due to higher repairs and maintenance, insurance expenses, salaries and wages, recreation and other representation expenses; offset by decrease in rental, taxes and licenses, communications, light and water, transportation and outside services recorded for the current period.

Selling and marketing expenses increased by 2.32% to ₱ 892.48 million in 2013 from ₱ 872.25 million in 2012 mainly due to the increase in broker's commission, sales office direct cost and other sales generation expenses as a result of increasing sales volume and activities.

Interest and other financial charges increased by 14.89% to ₱ 474.45 million in 2013 from ₱ 412.96 million in 2012. This was due to increase in loan availment and issuance of ₱ 7 billion bonds during the year.

Provision for Income Tax

Provision for income tax increased by 18.89% from ₱ 646.09 million in 2012 to ₱ 768.15 million in 2013. Provision for current income tax increased to ₱ 481.99 million in 2013 from ₱397.47 million in 2012 or an increase of ₱84.52 million or by 21.26% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax decreased by ₱ 37.54 million or by 15.10% from ₱248.61 million in 2012 to ₱ 286.15 million in 2013 due to higher realized gross profit on capitalized interest through cost of sales.

Financial Position

As of 31 December 2013, FLI's total consolidated assets stood at ₱98,097.05 million, higher by 18.72% or by ₱15,467.07 million than the ₱82,629.98 million total consolidated assets as of 31 December 2012. The following are the material changes in account balances:

195.12% Increase in Cash and Cash Equivalents
The increase in this account was mainly due to improved cash generation from operations and proceeds from the Parent Company's issuance of fixed rate retail bonds amounting to P7.0 billion in November 2013. Funds will be used to finance the development of existing and new projects of the Parent Company lined up for the following year.

23.46% Increase in Contracts Receivable
Contracts receivable increased due to additional sales booked during the period. Several attractive financing schemes are being offered by the Group to its real estate buyers to further increase sales.

5.30% Increase in Due from related parties
The increase was due to temporary advances made to affiliates in the regular course of business. These advances are expected to be collected within the following year.

27.52% Decrease in Financial assets at fair value through other comprehensive income
This account decreased due to return of investments received from certain shares from an electric power distributor.

22. 29% Increase in Land and Land Development
The increase in this account was mainly due to acquisition of parcels of land in Cavite, and in the cities of Pasig, Quezon, Taguig, and Valenzuela, and Manila.

22.62% Increase in Investment property

The increase was mainly due to the additional construction costs of Plaza E, Vector buildings, Filinvest One, Two & Three buildings, Megablock, and FLI EDSA Transcom building. Also, project costs were increased for the expansion of Festival Supermall. The Company also purchased a lot located in Pasay City which it aims to develop as a BPO center. An additional parcel of land located in SRP, Cebu City was also paid during the year.

13.34% Decrease in Property & equipment

The decrease was mainly due to depreciation during the current period and the reclassification of building into investment properties account.

45.07% Decrease in Deferred income tax assets - net

The decrease in this account was mainly due to decrease in advance rentals as majority were realized as income for the period.

59.47% Increase in Other assets

The increase in this account was mainly due to creditable withholding tax, input vat, various rental deposits and other non-current assets acquired in relation to BTO agreement with the Government of Cebu.

22.68% Increase in Accounts payable and accrued expenses

The increase is mainly due to acquisitions of raw land and to the increases in deposits from tenants and buyers, retention from billings of contractors, and accrual of interests on loans and bonds.

28.58% Decrease in Income tax payable

The decrease in income tax payable was due to application of creditable withholding taxes on the tax due for the year.

14.01% Increase in Due to related parties

The increase was due to temporary advances from affiliates which were all in the regular course of business. These advances are expected to be paid or liquidated within the first quarter of the following year.

31.30% Increase in Loans payable

The increase was due to additional borrowings made to finance the various projects of the Group.

48.40% Increase in Bonds payable

The increase was due to the issuance of fixed-rate bonds by the Parent Company with an aggregate principal amount of ₱7 billion in November 2013 to finance the various projects of the Parent Company.

16.94% Increase in Retirement Liabilities

The increase was due to the accrual of the liability to the retirement fund for the year, net of cash contributions to the fund, and adoption to PAS 19, *Employee Benefits* (Revised).

14.78% Increase in Deferred Income Tax Liabilities - net

The increase was mainly due to the additional capitalized borrowing cost on long-term loans.

Performance Indicators

Financial Ratios	*Particulars*	2013	2012
Earnings per Share	*Basic*	0.16	0.14
Earnings per Share	*Diluted*	0.16	0.14
Debt to Equity Ratio	*Notes Payable & Long-term Debt* / *Total Stockholder's Equity*	0.74	0.55
Debt Ratio	*Total Liabilities* / *Total Assets*	0.50	0.44
EBITDA to Total Interest paid	*EBITDA* / *Total Interest Paid*	3.13	3.36
Price Earnings Ratio	*Closing Price of Share* / *Earnings Per share*	8.81	10.64

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED 31 DECEMBER 2012 COMPARED TO FULL YEAR ENDED 31 DECEMBER 2011

Results of operations for the 12-month period ended 31 December 2012 compared to 12-month period ended 31 December 2011

For the year ended 31 December 2012, FLI's operating net income registered a year on year growth of 16.26% or ₱487.96 million from ₱3,001.58 million in 2011 to ₱3,489.54 million in 2012.

Revenues and other income

FLI recorded real estate sales of ₱8,798.36 million in 2012, higher by 26.53% than the real estate sales in 2011 of ₱ 6,953.47 million. Recorded sales in 2012 consisted mostly of sales of affordable and middle-income lots and housing units including the medium-rise-buildings and condominium projects, which are accounted for based on the stage of completion.

In 2012, FLI launched a total of 20 new housing and land development projects including additional phases of existing projects as well as new MRBs. FLI is also expanding the geographic regions in which it seeks to acquire land and where it will pursue joint venture opportunities. As of 31 December 2012, FLI had signed joint venture agreements for the development of several properties on a total of approximately 379.2 hectares of raw land with landowners in Metro Manila and selected provinces in the Philippines.

Revenue from Rental services increased by ₱249.75 million or by 15.25% to ₱1,887.09 million in 2012 from ₱1,637.34 million in 2011. This increase was brought about by higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from higher take up rate of Vector 1 in 2012. Other sources of revenue from rental services include the ready-built-factories in Filinvest Technology Park in Calamba, Laguna.

Equity in net earnings from an associate also increased to ₽187.30 million in 2012 from ₽63.41 million in 2011 or by 195.38% due to higher earnings of Filinvest Alabang, Inc. (FAI) where FLI is a 20% equity holder.

Other income decreased by 9.93% or by ₽58.39 million from ₽587.92 million in 2011 to ₽529.53 million in 2012 due to lower amusement and other sales of the mall, service fees and amounts collected from tenants in excess of expenses incurred.

Cost and Expenses

With the higher sales, the corresponding cost of real estate sales increased by 36.41% from ₽3,612.29 million in 2011 to ₽4,927.46 million in 2012. Cost of rental services likewise increased by 3.78% from ₽456.37 million in 2011 to ₽473.62 million in 2012.

Total operating expenses increased to ₽1,969.15 million in 2012 from ₽1,676.13 million in 2011.

General and administrative expenses increased by ₽185.58 million or by 20.36% to ₽1,096.90 million in 2012 from ₽911.32 million in 2011.

The following are the significant movements in the general and administrative expense accounts which resulted primarily from the increased volume of business:

66% increase in rent expense

60% increase in repairs and maintenance

31% increase in taxes and licenses

33% increase in dues and subscription

23% increase in outside services

25% increase in retirement cost, from ₽19.88 million in 2011 to ₽24.88 million in 2012.

114% increase in insurance expenses, from ₽26.86 million in 2011 to ₽57.41 million in 2012.

Selling and marketing expenses increased by 14.05% to ₽872.25 million in 2012 from ₽764.81 million in 2011 mainly due to the increase in broker's commission, advertising, promotion and sales generation expenses as a result of increasing sales volume and activities.

Interest and other financial charges decreased by 13.75% to ₽412.96 million in 2012 from ₽478.82 million in 2011. This was due to higher capitalization of borrowing costs in 2012, and brought about by payment of loans and fixed-rate retail bonds amounting to₽2,371.42 million and₽500.00 million, respectively.

Provision for Income Tax

Provision for income tax increased by 15.34% from ₽560.18 million in 2011 to ₽646.09 million in 2012. Provision for current income tax decreased to ₽397.47 million in 2012 from ₽505.42 million in 2011 or a decrease of ₽107.95 million or by 21.36% due to higher income from BOI registered projects entitled to income tax holiday.

Provision for deferred income tax increased by ₱193.84 million or by 353.92% from ₱54.77 million in 2011 to ₱248.61 million in 2012 due to advance rentals and due to higher capitalization of borrowing costs.

Financial Position as of 31 December 2012 as compared to 31 December 2011

The Company's financial position as of 31 December 2011 discussed below is equivalent to the consolidated statement of financial position as of 01 January 2012 as presented in the audited consolidated financial statements, included elsewhere in this Prospectus.

As of 31 December 2012, FLI's total consolidated assets stood at ₱82,629.98 million, higher by 19.89% than the ₱68,290.97 million as at the previous year-end.

81% Increase in Cash and cash equivalents

The increase represents mainly proceeds from the Company's issuance of fixed rate retail bonds amounting to ₱7.0 billion in June 2012. Funds will be used to finance the development of existing and new projects of the Company lined up for the following year.

25% Increase in Contracts receivable

Contracts receivable increased due to additional sales booked during the current period.

24% Decrease in Due from related parties

The decrease was due to increase in collections of temporary advances made to affiliates in the regular course of business.

23% Increase in Other receivables

This account increased due to down payments made to contractors which are to be applied against their billings and ordinary advances to joint venture partners which will be offset against the proceeds from sales of the joint venture inventories.

24% Increase in Real estate inventories

The movement in this account was mainly due to development and construction costs set up for projects during the year and additional phases of existing projects.

9% Increase in Land and land development

The increase in this account was mainly due to acquisition of new properties in various parts of the country which are intended for development of housing projects and payment made to the Cebu City Government for the purchase of part of the 10.6 hectare SRP property.

3% Increase in Investment in an associate

The increase in this account represents the equity share of the Group in the current net earnings of FAI.

24% Increase in Investment properties

The increase was mainly due to the transfer of a building under construction to Investment properties account upon completion of its construction.

3% Increase in Property and equipment

The increase in this account was mainly due to building and leasehold improvements and acquisition of additional equipment.

5% Decrease in Deferred tax assets - net

The increase was mainly due to advance rentals from Northgate Cyberzone buildings and from PBCom Tower in Makati City.

104% Increase in Other assets

The increase in this account was mainly due to higher creditable withholding tax and input vat for the year.

37% Increase in Accounts payable and accrued expenses

The increase is mainly due to increase in deposits from tenants and buyers, retention from billings of contactors, and accrual of interests on loans and bonds.

64% Decrease in Income tax payable

The decrease in income tax payable was due to application of creditable withholding taxes on the tax due for the year.

276% Increase in Due to related parties

The increase was due to temporary advances from affiliates which were all in the regular course of business. These advances are expected to be paid or liquidated within the first quarter of the following year.

28% Increase in Loans payable

The increase was due to additional borrowings made to finance the various projects of the Company.

80% Increase in Bonds payable

The increase was due to the issuance of fixed rate retail bonds by the Company with an aggregate principal amount of ₱7 billion in June 2012 to finance the various projects of the Company.

67% Increase in Retirement liabilities

The increase was due to the accrual of the liability to the retirement fund for the year, net of cash contributions to the fund, and due to early adoption by the Company of revised PAS 19, *Employee Benefits.*

17% Increase in Retained earnings

This was brought about by the Company's net income attributable to equity holders of the parent of ₱3.43 billion for the year net of cash dividends paid in 2012.

13% Increase in Deferred income tax liabilities – net

The increase in this account was mainly due to the capitalization of pat of interests on long-term loans.

Performance Indicators

Financial Ratios	***Particulars***	**2012**	**2011**
Earnings per Share	*Basic*	0.14	0.12
Earnings per Share	*Diluted*	0.14	0.12
Debt to Equity Ratio	*Loans Payable and Bonds Payable* / *Total Stockholder's Equity*	0.55	0.38
Debt Ratio	*Total Liabilities* / *Total Assets*	0.44	0.36
EBITDA to Total Interest Paid	*EBITDA* / *Total Interest Paid*	3.36	5.28
Price Earnings Ratio	*Closing Price of Share* / *Earnings Per share*	10.64	8.25

Other Disclosures

The information is not necessarily indicative of the results of the future operations. The information set out above should be read in conjunction with, and is qualified in its entirety by reference to the SEC Form 17-Q (3rd Quarterly Report 2014) and the relevant financial statements of Filinvest Land Inc. and Subsidiaries, including the notes thereto, included in this Prospectus.

Aside from the possible material increase in interest rates of the outstanding long-term debts with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of FLI within the next 12 months. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments, or any significant amount in its accounts payable that have not been paid within the stated terms.

There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried uniformly over the calendar year; there are no significant elements of income or loss that did not arise from the company's continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships to the Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Set forth below are the directors and officers of the Company and their business experience for the past five (5) years as of 30 June 2014.

Mercedes T. Gotianun ***Chairman Emeritus***	Mrs. Gotianun, 85, Filipino, was a director of FLI since 1991 and was its Chief Executive Officer from 1997 up to 2007. She is also currently a director of FAI, FDC, EastWest Banking Corporation, among others. She was involved in the operations of Family Bank and Trust Co. since its founding in 1970 and was President of the bank from 1978 to 1984. She obtained her degree in B.S. Pharmacy, Magna Cum Laude, from the University of the Philippines in 1950.
Jonathan T. Gotianun ***Chairman***	Mr. Gotianun, 61, Filipino, has been a director of FLI since 1990. He is also the Chairman of FDC, the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and Chairman of EastWest Bank. He served as director and First Vice President of Family Bank & Trust Co. until 1984. He obtained a degree of Master of Management from Northwestern University in 1976.
Andrew T. Gotianun, Jr. ***Vice Chairman***	Mr. Gotianun, 62, Filipino, has been a director of the Company since 1973. He is currenly the Vice Chairman of FLI. He is also a director of FDC, FDC Utilities Inc. and FAI. He served as director of Family Bank and Trust Co. from 1980 to 1984. He has been in the realty estate business for more than 16 years. He obtained his Bachelor of Science, Major in Accounting, degree from Republican College, Manila in 1981.
Andrew L. Gotianun, Sr. ***Director***	Mr. Gotianun, 86, Filipino, is the founder of the Filinvest group of companies and has been a director of the Company since 1987. He is presently serving in various capacities in the member companies of the group, including Filinvest Alabang, Inc. ("FAI") and EastWest Banking Corporation ("EWBC") and Pacific Sugar Holdings Corporation ("PSHC").
Joseph M. Yap ***Director***	Mr. Yap, 63, Filipino, has been a director of the Company since 1997. He was President and Chief Executive Officer of the Company up till 2012. He served as First Vice President of Family Bank & Trust Co. in charge of credit and collection from 1982 to 1984. Prior to that, he held various financial management positions with Nestle in New York, Switzerland, and Manila Electric Company from 1974 to 1982. He obtained his Master's Degree in Business Administration from Harvard University in 1976.
Lourdes Josephine G. Yap ***President & Chief Executive Officer, Director***	Mrs. Yap, 59, Filipino, has been a director of FLI since 1990 and was appointed President and Chief Executive Officer of FLI in October 2012. Mrs. Yap was the Vice Chairman of the Company from 2010 to 2012. Mrs. Yap is also the President of FDC, Filinvest Hotels Corporation and FAI. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.

Efren C. Gutierrez
Director

Mr. Gutierrez, 79, Filipino, was a director of FLI from 1984 to 2005 and was re-elected to Company's Board in 2005 and has held the position uptil today. He previously served as the President of FAI from 1993 to 2005 and director at FDC from 1986 to 2005. He obtained his Bachelor of Laws degree from the University of the Philippines in 1959.

Cirilo T. Tolosa
Independent Director

Mr. Tolosa, 74, Filipino, has been an independent director of FLI since 2007. He was a Senior Partner at Sycip Salazar Hernandez and Gatmaitan, retiring from the said law firm in February 2005. He is at present a partner in the law firm Tolosa Romulo Agabin and Flores. He has been the chairman of the boards of Daystar Commercial Enterprises, Inc., Daystar Development Corporation, Lou-Bel Development Corporation and GMA Lou-Bel Condominium Corporation for at least 10 years, and corporate secretary of De La Salle University System, Inc. and De La Salle Philippines, Inc. since 2003 and 2005, respectively.

Lamberto U. Ocampo

Independent Director

Mr. Ocampo, 89, Filipino, was an independent director of FLI from 2002 to 2008 and was re-elected as a director in 2009 as an Independent Director and has held the position uptil today. He is a Civil Engineer by profession and has held various teaching positions in engineering from in the UP College of Engineering and Mapua Institute of Technology. He served as President of DCCD Engineering Corporation from 1970 to 1992 and as its Chairman of the Board from 1993 to 1995. He obtained his Master's Degree in Engineering from the University of California-Berkeley in 1951.

Nelson M. Bona ***Chief Financial Officer & Senior Vice President***

Mr. Bona, 63, Filipino, joined the Company in 2003 and is currently the Senior Vice President and Chief financial officer of FLI. He has over 37 years in experience in corporate finance and investment banking. He was formerly an Executive Vice President of EastWest Bank and the Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc.

Ana Venus A. Meija

Deputy Chief Finance Officer, Treasurer & Senior Vice President

Ms. Mejia, 48, Filipino joined the FIlinvest group in 1996 as Assistant Controller of Festival Supermall Inc.. She is concurrently the Chief Finance Officer of Filinvest Alabang Inc.. Prior to joining Filinvest, Ms. Mejia worked with Shoemart and SGV & Co. Ms. Mejia is a Certified Public Accountant and graduated Magna Cum Laude at the Pamantasan ng Lungsod ng Maynila.

Elma Christine R. Leogardo
Acting Corporate Secretary, Compliance Officer & Vice President

Ms. Leogardo, Filipino, is FLI's General Counsel and Head of its Corporate Legal Department.Prior to joining the Company, Ms. Leogardo was a partner at Villaraza, Cruz, Marcelo & Angangco. She graduated from the University of the Philippines with a Bachelor of Laws in 1984. Ms. Leogardo is a Trustee at the Legal Council of the Philippines, the Integrated Bar of the Philippines, the Philippine Bar Association, the UP Law Alumni Association, and the Portia Sorority. She was also the former president of the Maritime Lawyers Association of the Philippines.

The members of the Nomination Committee of FLI are Andrew L. Gotinanun, Sr. (Chairman), Lourdes Josephine G. Yap, Rizalangela L. Reyes, and Lamberto U. Ocampo. Ms.Mercedes T. Gotianun and the head of FLI's Human Resources Department sit in the committee in an ex-officio capacity. The Audit Committee of FLI is composed of Cirilo T. Tolosa (Chairman) and Jonathan T. Gotianun.

Mr. Andrew L. Gotianun, Sr. is the spouse of Ms. Mercedes T. Gotianun and the father of Mr. Andrew T. Gotianun Jr., Mr. Jonathan T. Gotianun, Mr. Michael Edward T. Gotianun and Ms. Josephine Yap. Ms. Yap is married to Mr. Joseph Yap. Other than the persons disclosed in the prospectus, there are no other family relationships known to the Company.

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been appointed or elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the annual stockholders' meeting each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified. There is no person who is not an executive officer of the Company who is expected to make a significant contribution to the business. The Company, however, engages the regular services of consultants. As at 31 December 2013, the Company had 7 consultants in the area of business development, marketing, planning and design and construction management.

There were no transactions during the last two years or any proposed transactions, to which the Company was or is to be a party, in which any director or officer, any nominee for election as a director, any security holder or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Except for (a) criminal cases filed in 2007 before the Department of Justice (DOJ) in I.S. 2007-001 and 2007-011 and which were dismissed by the DOJ on 26 March 2009 and 07 April 2009, respectively, and (b) a pending criminal case under Presidential Decree 1689 (filed against Mr. Joseph M. Yap and other FLI officers) arising from alleged unlawful collection of subdivision dues and other charges being collected by a homeowner's association, none of the members of FLI's Board nor its executive officers are involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past five years, nor have they been found by judgment or decree to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities.

EXECUTIVE COMPENSATION

The aggregate compensation paid or incurred during the last two fiscal years and the estimate for this year are as follows (in ₽ millions) :

Name & Principal Position	Estimated 2014			2013			2012		
	Salaries	Bonus	Total	Salaries	Bonus	Total	Salaries	Bonus	Total
Joseph M. Yap *President /Chief Executive Officer* *(From 01 Jan. 2011 to 31 Oct. 2012)*									
Lourdes Josephine G. Yap *President /Chief Executive Officer* *(From 01 Nov. 2012 to Present)*									
Andrew T. Gotianun, Jr. *Co-Vice-Chairman* *(Retired effective March 2012)*									
Nelson M. Bona *CFO /Senior Vice President*									
Ana Venus A. Mejia *Deputy CFO & SVP*									
Steve Chien Liang Ta *Senior Vice President*									
Francis V. Ceballos *Senior Vice President*									

Name & Principal Position	Estimated 2014			2013			2012		
	Salaries	Bonus	Total	Salaries	Bonus	Total	Salaries	Bonus	Total
Total for the top five (5) highest compensated executive officers including the CEO	20.1	4.9	24.9	19.1	4.3	23.4	21.0	4.1	25.1
All Officers & Directors as a group excluding top five (5) highest compensated executive officers (including CEO)	19.8	3.3	23.1	18.9	3.1	22.0	22.5	3.8	26.3

*Pablito A. Perez resigned last March 19, 2014.

Except for per diem of ₱25,000 being paid to independent directors for every meeting attended, there are no other arrangements for the payment of compensation or remuneration, for any services provided as director, including any amounts payable for committee participation or special assignments in 2012 and ensuing year.

There is no employment contract between the Company and the above named executive officers.

There are no outstanding warrants or options held by the Company's CEO, the above named executive officers, and all officers and directors as a group.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

The names, addresses, citizenship, number of shares held, and percentage of total of persons owning more than five percent (5%) of the outstanding voting shares of FLI as of 30 June 2014 are as follows:

Title of Class of Securities	Name/Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of shares Held		% of Ownership
Preferred	Filinvest Development Corporation The Beaufort, 5th Avenue Corner 23rd street, Bonifacio Global City, Taguig City	N.A.	Filipino	8,000,000,000	(R)	100%
Common	Filinvest Development Corporation The Beaufort, 5th Avenue Corner 23rd street, Bonifacio Global City, Taguig City	N.A.	Filipino	14,017,205,735	(R)	57.28%
Common	PCD Nominee Corporation (Non - Filipino), G/F, Philippine Stock Exchange Tower Ayala Avenue, Makati City	Total Shares	Non-Filipino	6,831,582,583	(R)	27.92%
Common	PCD Nominee Corporation (Filipino), G/F, Philippine Stock Exchange Tower Ayala Avenue, Makati City	(No single shareholder owns at least 5% of total shares)	Filipino	3,103,495,354		12.68%

Total number of shares of all record and beneficial owners as a group is 8,000,000,000 preferred shares representing 100% of the total outstanding preferred shares, and 24,249,759,506 common shares representing 100% of the total outstanding common shares as of 30 June 2014.

Security Ownership of Management as 30 June 2014

Title of Class of Securities	Name and Address	Common Shares	Nature of Ownership	Citizenship	% of Ownership
Common	Andrew T. Gotianun	76	(D)	Filipino	Negligible
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Mercedes T. Gotianun	76	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Andrew T. Gotianun Jr.	406,571	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Joseph M. Yap	6,444,115	(D)	Filipino	0.02
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Josephine G. Yap	76	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Jonathan T. Gotianun	61	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Efren C. Gutierrez	13,083	(D)	Filipino	“
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Lamberto U. Ocampo	1	(D)	Filipino	“
	c/o 173 P. Gomez St. San Juan MM	0	(I)		
Common	Joseph and/or Josephine Yap	7,694,843	(D)	Filipino	0.15
	79 EDSA, Mandaluyong City, MM	30,286,345	(I)		
Common	Cirilo T. Tolosa	1	(D)	Filipino	“
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Michael Edward T. Gotianun	11,235,913	(D)	Filipino	0.05
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Luis L. Fernandez	4,064,940	(D)	Filipino	0.01
		0	(I)		

Title of Class of Securities	Name and Address	Common Shares	Nature of Ownership	Citizenship	% of Ownership
Common	Antonio E. Cenon	81,297	(D)	Filipino	“
		0	(I)		
Common	Winnifred H. Lim	0	(D)	Filipino	“
		1,276,563	(I)		

Total ownership of all directors and officers as a group is 0.25% as at June 30, 2014. Interests of the above directors/executive officers in the Company’s common shares are direct.

a) No person holds more than 5% of the common stock under a voting trust or similar agreement.

b) There has been no change in control of FLI since the beginning of last year.

Voting Trust Holders of 5% or more

There are no persons holding 5% or more of a class of shares under any voting trust or similar agreement.

Changes in Control

There are no arrangements that may result in change in control of the Company.

DESCRIPTION OF DEBT

Accounts Payable and Accrued Expenses

This account consists of the following (in ₱ thousands):

	31 December 2013			30 June 2014		
	Due Within One Year	**Due After One Year**	**Total**	**Due Within One Year**	**Due After One Year**	**Total**
Accounts payable	5,761.22	165.76	5,926.97	4,589.81	641.41	5,230.95
Advances and deposits from customers	1,247.25	-	1,247.25	1,372.07	-	1,372.07
Deposits for registration and insurance	138.17	989.25	1,127.42	156.45	1,159.91	1,316.36
Retention fees payable	596.34	359.51	955.85	608.33	504 .12	1,112.44
Deposit from tenants	230.25	292.49	522.74	364 .27	268.89	633.16
Dividends payable	-	-	-	1.212.49	-	1,212.49
Accrued expenses	267.19	-	267.19	138.39	-	138.39
Accrued int. on bonds and loans	215.19	-	215.19	245 .11	-	245.11
Liabilities on receivables sold to banks	23.33	13.92	37.24	10 .11	-	10.11
Other payables	141.56	-	141.56	171.41	-	171.41
	8,620.49	**1,820.93**	**10,441.44**	**8,868.43**	**2,574.06**	**11,442.49**

"Accounts payable" includes the balance of the costs of raw land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements.

"Advances and deposits from customers" includes collections from accounts which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized receivables on sale of club shares.

"Deposits for registration and insurance" includes payments made by buyers for registration and insurance of real estate properties.

"Deposits from tenants" are advance payments made for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

Loans Payable

This account consists of the following (in ₱ millions):

	30 December		30 June
	2012	**2013**	**2014**
Term loans from a financial institution	1,125.00	675.00	450.00
Developmental loans	10,109.85	14,076.21	13,803.32
Total Long-Term Debts	**11,234.85**	**14,751.21**	**14,253.32**
Less: Current Portion	2,925.00	1,541.91	1,254.25
Long-term Portion of Long-term Debt	**8,309.25**	**13,209.30**	**12,999.07**

Term Loans from a Financial Institution

On 17 June 2005, the Company entered into a Local Currency Loan Agreement with a foreign financial institution whereby the Company was granted a credit line facility amounting to ₱2,250.00 million. In October 2005, the Company availed of ₱1.125 million or half of the total amount granted. The loan is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan carries a fixed interest rate of 7.72% per annum.

In July 2007, the Company availed the remaining balance of the facility amounting to ₱1,125.00 million. The loan is also payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan has a fixed annual interest rate of 7.90%.

Both loans were guaranteed by Filinvest Development Corporation (FDC), the Company's parent company. Principal payments made amounted to ₱225.0 million and ₱450.00 million as of 30 June 2014 and 31 December 2013, respectively.

Developmental Loans from Local Banks

These are loans obtained from local banks with floating or fixed interest rates at different terms and repayment periods. Loan balance is presented net of unamortized deferred charges amounting to ₱31.93 million and ₱39.04 million as of 30 June 2014 and 31 December 2013, respectively.

Loans from Local Banks

Details as of 30 June 2014 are as indicated in the table below (in ₱ thousands):

Type of Obligation	Amount	Current	Noncurrent
Term loans			
Guaranteed loan amounting to ₱1.13 billion and ₱1.12 billion obtained in October 2005 and July 2007, respectively. Both loan principal is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. The loans carry a fixed interest rate of 7.72% and 7.90% per annum, respectively.	₱450,000	₱450,000	–
Developmental loans			
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 5.07% per annum, payable quarterly in arrears. The principal is payable at maturity on July 2018.	1,494,156	–	1,494,156
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting September 2015 up to June 2018.	1,144,249	–	1,144,249
Unsecured loan obtained in January 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 6.39% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017	997,651	–	997,651
Unsecured loan obtained in April 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 6.12% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017.	997,425	–	997,425
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.28% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on August 2015 and 50% payable at maturity on August 2020.	997,027	–	997,027
Unsecured loan obtained in November 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 5.50% per annum, payable quarterly in arrears. The principal is payable at maturity on November 2017.	996,589	–	996,589
Unsecured loan obtained in February 2013 with interest at prevailing market rate plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	747,735	61,464	686,271

Type of Obligation	Amount	Current	Noncurrent
Unsecured loan obtained in December 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.62% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on March 2016 and 50% payable at maturity on December 2020.	700,000	–	700,000
Unsecured loans obtained in August 15, 2012 with interest of 5.79% per annum (inclusive of GRT), subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on November 2014 and 50% payable at maturity on August 2019.	600,000	45,000	555,000
Unsecured loan obtained in March 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum, payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence on June 2013 and 50% payable at maturity on March 2016.	592,695	124,302	468,393
Unsecured loan obtained in October 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.21% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on January 2016 and 50% payable at maturity on October 2020.	547,639	–	547,639
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.28% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on August 2015 and 50% payable at maturity on August 2020.	500,000	–	500,000
Unsecured loan obtained in March 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 5.26% per annum), payable quarterly in arrears. The principal is payable at maturity on March 2019.	500,000	–	500,000
Unsecured loan obtained in June 2011 with interest rate equal to 91-day PDST-F rate plus a spread of 1% per annum, payable quarterly in arrears. The 50% balance is paid in July 2011 and the remaining 50% balance is payable in twelve (12) equal quarterly installments starting September 2013 up to June 2016.	498,325	248,818	249,507

Type of Obligation	Amount	Current	Noncurrent
Unsecured loan obtained in December 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 5.29% per annum, payable quarterly in arrears. The principal is payable at maturity on December 2017.	498,299	–	498,299
Unsecured loan obtained in May 17, 2012 with interest at prevailing market rate, subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on August 2014 and 50% payable at maturity on May 2019.	300,000	30,000	270,000
Unsecured loan obtained in October 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 6.03% per annum), payable quarterly in arrears. The principal is payable at maturity on October 2017.	300,000	–	300,000
Unsecured loan obtained in May 2013 with interest rate equal to BSP overnight reverse repurchase agreement plus 1% per annum plus GRT (Fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	300,000	–	300,000
Unsecured loan obtained in December 2011 with interest at prevailing market rate 4.2% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting March 2014 to December 2016.	291,036	116,291	174,745
Unsecured loan obtained in May 2013 with a fixed interest rate of 4.74% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	249,160	–	249,160
Unsecured loan granted in November 10, 2011 with a term of 7 years with 2 years grace period on principal repayment. Interest is based on prevailing market rate, subject to quarterly repricing and payable quarterly in arrears. 50% of principal is payable in 12 quarterly amortization commencing on February 10, 2014 and 50% is payable on maturity.	190,000	20,000	170,000
Unsecured loan granted in May 2010 with a term of five years with 50% of principal payable in 12 equal quarterly amortization to commence on August 2012 and 50% payable at maturity in May 2015. The loan carries interest at prevailing market rate payable quarterly in arrears.	133,333	133,333	0

Type of Obligation	Amount	Current	Noncurrent
Unsecured loan granted in December 2012 with a term of five years with 50% of principal payable in 20 equal quarterly amortization to commence on March 2013 and 50% payable at maturity on December 2017. The loan carries interest at prevailing market rate payable quarterly in arrears.	127,500	15,000	112,500
Unsecured loan granted in May 2012 payable over 7-year period inclusive of 2 year grace period; 50% of principal is payable in 20 equal quarterly amortizations to commence on August 2014 and 50% payable at maturity on May 2019. The loan carries interest at prevailing market rate.	100,000	10,000	90,000
Unsecured loan obtained in February 2013 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	500	42	458
	13,803,319	804,250	12,999,069

Bonds			
Fixed rate bonds with principal amount of ₱7.00 billion and term of seven (7) years from the issue date was issued by the Company on June 8, 2012. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 10, 2012.	6,944,627	–	6,944,627
Fixed rate bonds with aggregate principal amount of ₱7.00 billion issued by the Group on November 8, 2013. This is comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 with a fixed interest rate of 4.8562% per annum, and ₱2.7 billion ten (10) year fixed rate bonds due in 2023 with a fixed interest rate of 5.43% per annum.	6,925,106	–	6,925,106
Fixed rate bonds with aggregate principal amount of ₱4.50 billion, comprised of five (5)–year fixed rate bonds due in 2014 was issued by the Company on November 19, 2009. The bonds have a term of 5 years and one (1) day from the issue date, with a fixed interest rate of 8.4615% per annum. Interest is payable quarterly in arrears starting on February 20, 2010.	4,495,096	4,495,096	–
Fixed rate bonds with principal amount of ₱3.00 billion and term of five (5) years from the issue date was issued by the Company on July 7, 2011. The fixed interest rate is 6.1962% per annum, payable quarterly in arrears starting on October 7, 2011.	2,976,559	–	2,976,559
	21,341,388	4,495,096	16,846,292
	₱35,594,707	₱5,749,346	₱29,845,361

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans provide for restrictions and requirements with respect to, among others, declaration or making payment of dividends (except stock dividends); making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; entering into any partnership, merger, consolidation or reorganization; and maintaining certain financial ratios. The Group is required to maintain debt-to-equity ratio of at most 100%; debt service coverage rate of at least 150%; interest coverage ratio of at least 200%; and limit in single mortgage, unhedge foreign currency open position, and loans to related parties of 1%, 10% and 15% of shareholders' equity, respectively.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the six months ended 30 June 2014.

The Company does not have properties that are mortgaged or encumbered.

Bonds Payable

On 19 November 2009, FLI issued five (5)-year fixed rate bonds due in 2014. The 5-year bonds have a term of 5 years and one (1) day from the issue date, with a fixed interest rate of 8.4615% per annum. Interest for this issuance is also payable quarterly in arrears and commence on 20 February 2010.

Unamortized debt issuance cost on bonds payable amounted to ₽4.90 million and ₽10.92 million as of 30 June 2014 and 31 December 2013, respectively. Accretion as of six-months period ended 30 June 2014 and 2013 included as part of Interest and other finance charges amounted to ₽6.02 million and ₽5.50 million, respectively.

On 07 July 2011, the Group issued another fixed rate bonds with principal amount of ₽3.0 billion and term of five (5) years from the issue date. The fixed interest rate is 6.1962% per annum, payable quarterly in arrears starting on 19 October 2011.

Unamortized debt issuance cost on bonds payable amounted to ₽23.44 million and ₽28.10 million as of 30 June 2014 and 31 December 2013, respectively. Accretion as of six-months period ended 30 June 2014 and 2013 included as part of Interest and other finance charges amounted to ₽4.66 million and ₽4.36 million, respectively.

On 24 May 2012, The Securities and Exchange Commission authorized FLI to issue ₽11 billion 7-year fixed-rate bonds in two tranches. The first tranche, amounting to ₽7 billion, was issued to the public on 08 June 2012 with a rate of 6.2731% p.a. and is due 2019.For the actual proceeds received from the first tranche, FLI raised gross proceeds of ₽7,000,000,000 and received net proceeds of ₽6,915,976,960 after deducting fees, commissions and expenses relating to the issuance of the bonds.

Unamortized debt issuance cost on bonds payable amounted to ₽55.36 million and ₽61.90 million as of 30 June 2014 and 31 December 2013, respectively. Accretion as of six months period ended 30 June 2014 and 2013 included as part of Interest and other finance charges amounted to ₽6.54 million and ₽6.87 million, respectively.

On 8 November 2013, FLI listed ₽7.0 billion in bonds in seven and ten year tenors are due in 2020 and 2023, respectively. The seven year bonds worth ₽4.3 billion and ten year bonds worth ₽2.7 billion carried coupon rates of 4.8562% and 5.4333% per annum respectively.

Unamortized debt issuance cost on bonds payable amounted to ₽74.90 million and ₽81.07 million as of 30 June 2014 and 31 December 2013, respectively. Accretion as of six months period ended 30 June 2014 and 2013 included as part of Interest and other finance charges amounted to ₽6.17 million and nil, respectively.

As of 30 June 2014, 31 December 2013 and 31 December 2012, the carrying value of bonds payable (net of unamortized deferred charges) amounted to ₽21.34 billion, ₽21.32 billion and ₽14.36 billion, respectively.

CORPORATE GOVERNANCE

FLI's Manual on Corporate Governance was approved on 29 August 2002 in order to monitor and assess the FLI's compliance with leading practices on good corporate governance as specified in its Corporate Governance Manual and Philippine SEC circulars. The Manual on Corporate Governance highlights areas for compliance improvement and sets out actions to be taken by FLI. FLI submits a certificate attesting to compliance with the Manual to the Philippine Sec and the PSE before the end of each year. FLI began submitting the certificate of compliance to the Philippine SEC and the PSE in 2003. On 28 February2011, FLI filed a Revised Manual on Corporate Governance in compliance with the directive of the SEC on additional mandatory provisions to be incorporated thereto.

FLI is in substantial compliance with its Manual of Corporate Governance as demonstrated by the following: (a) the election of two (2) independent directors to the Board; (b) the appointment of members of the audit, nomination and compensation committees; (c) the conduct of regular quarterly board meeting and special meetings, the faithful attendance of the directors at these meeting and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities and Regulation Code; (e) FLI's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by FLI.

In order to keep itself abreast with the leading practices of corporate governance, FLI encourages the members of top level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions. Furthermore, FLI has also raised its level of reporting to adopt and implement prescribed International Accounting Standards.

FLI welcomes proposal, especially from institutions and entities such as the SEC, PSE and the institute of Corporate Director, to improve corporate governance.

There is no known material deviation from FLI's Manual on Corporate Governance.

FINANCIAL INFORMATION

The following pages set forth FLI's unaudited consolidated financial statements as of 30 September 2014 and for the periods ended 30 September 2013 and 2014, and audited consolidated financial statements as of and for the years ended 31 December 2011, 2012 and 2013.

111102014001625

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Industry Classification	
Company Type	Stock Corporation

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COVER SHEET

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SEC Registration Number

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R I E S

(Company's Full Name)

7 9 E D S A , B r g y . H i g h w a y H i l l s , M a n
d a l u y o n g C i t y

(Business Address: No. Street City/Town/Province)

Venus A. Mejia

(Contact Person)

918-8188 (local 3008)

(Company Telephone Number)

0 9 | 3 0 | 2 0 1 4

Month *Day*

(Fiscal Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

5,846 shareholders

Total No. of Stockholders

₱35.59 billion — Domestic

None — Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATIONS CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **Septmber 30, 2014**

2. SEC Identification Number **170957** 3. BIR Tax ID **000-533-224**

4. Exact name of issuer as specified in its charter **FILINVEST LAND, INC.**

Philippines
5. Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: _______ (SEC Use Only)

Filinvest Building, #79 EDSA, Brgy. Highway Hills, Mandaluyong City **1550**
7. Address of issuer's principal office Postal Code

02-918-8188
8. Issuer 's telephone number, including area code

Not Applicable
9. Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the SRC

Title of Each Class	Number of shares of Common Stock Outstanding	Amount of Debt Outstanding
Common Stock, P 1.00 par value	24,249,759,509	37,756,913,187

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [x] No [ ]

12. Indicate by check mark whether the issuer:

(a) has filed reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA Rule 1(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days.
Yes [x] No [ ]

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to Annex A for the Consolidated Financial Statements of Filinvest Land, Inc. and Subsidiaries covering the nine months ended September 30, 2014 and September 30, 2013, and period ended December 31, 2013. The Aging Schedule for the Company's receivables as of September 30, 2014 is also presented in Annex B. Also attached are Supplementary Information and Disclosures required on SRC rules 68 and 68.1 as amended for the nine months ended September 30, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings. The Group also leases out commercial and office spaces in Alabang, Muntinlupa City and Makati City, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly-listed entity. A.L. Gotianun Inc. (ALG) is the Group's ultimate parent company.

On May 18, 2012, Countrywide Water Services, Inc. (CWSI), a wholly-owned subsidiary of the Parent Company was incorporated. CWSI has the technical expertise and skills in the operation, management, maintenance, and rehabilitation of waterworks and sewerage system. On August 2, 2012, the Parent Company has engaged the services of CWSI in order to maintain and further improve the billing, collection and customer relation services in the waterworks and sewerage system of its residential projects. On September 26, 2014, FDC subscribed the remaining unsubscribed shares of CWSI. In line with this, FLI lost its control over CWSI. FLI has 25% equity interest in CWSI as of September 30, 2014, thereby treating it as an associate.

On February 4, 2014, Filinvest Cyberparks, Inc. (FCI), a wholly-owned subsidiary of the Parent Company was incorporated. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds. FCI has started its commercial operations in April 2014.

The Parent Company's registered business address is at 79 EDSA, Brgy. Highway Hills, Mandaluyong City.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVTOCI) that are measured at fair value. Amounts are in thousand pesos except as otherwise indicated.

The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the functional currency, under Philippine Financial Reporting Standards (PFRS) of the Parent Company and its subsidiaries and associates.

Statement of Compliance
The accompanying consolidated financial statements of the Group have been presented in compliance with PFRS.

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at September 30, 2014, December 31, 2013 and 2012:

Subsidiaries	Nature of Business	**2014**	2013	2012
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
Cyberzone Properties, Inc. (CPI)	Leasing	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Countrywide Water Services, Inc. (CWSI)	Waterworks and sewerage system	***25%**	100%	100%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	–	–

**On September 26, 2014, FDC subscribed the remaining unsubscribed shares of CWSI*

All of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., there are existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Non-controlling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interests even if this results to the non-controlling interests having a deficit balance. Acquisitions of non-controlling interests that do not result in a loss of control are accounted for as equity transaction, whereby the difference between the consideration and the fair value of the share of net assets acquired is recognized as an equity transaction and attributed to the owners of the Group.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2013, except for the adoption of the following amended Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) which became effective on January 1, 2014. Except as otherwise indicated, the adoption of these new accounting standards and amendments have no material impact on the Group's financial statements.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments have no impact on the Group's financial statements.

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group since the Group does not have subsidiaries which would qualify as an investment entity under PFRS 10.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has no derivatives during the current period. However, these amendments would be considered for future novations.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance.

3. Significant Accounting Judgments and Estimates

In the process of applying the Group's accounting policies, management has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

In line with the Group's adoption of PFRS 10, *Consolidated Financial Statements*, the Group determined that it has control over FAC, as the Parent Company has the power to direct the relevant activity of FAC despite the existence of a contractual arrangement which grants the other investor rights over certain activities of FAC. Management assessed that the other rights held by the investor through contractual arrangement are only designed to protect the other investor's interest and are merely held to prohibit fundamental changes in the activities of FAC rather than bestow the power to direct the relevant activity over FAC. Accordingly, the Group accounted for its investment in FAC as a subsidiary.

4. Segment Reporting

The Company's operating businesses are organized and managed separately in accordance with the nature of the products and services being provided, with each segment representing a strategic business unit that offers different products and serves different markets. Generally, financial information is required to be reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources to segments.

The Company derives its revenues from the following reportable segments:

Real estate
This involves acquisition of land, planning, development and sale across all income segments of various real estate projects such as residential lots and housing units, entrepreneurial communities, large-scale townships, residential farm estates, private membership club, residential resort development, medium-rise buildings (MRBs), high-rise buildings and condotel.

Leasing
This business segment involves the operations of Festival Supermall and the leasing of office spaces in Northgate Cyberzone in Alabang and PBCom Tower in Makati City.

The information about the financial position and result of operations of these business segments are summarized below (amounts in thousands).

	September 30, 2014 (Unaudited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	10,281,017	1,696,280	11,977,297	(194,202)	11,783,094
Inter-segment	88,518	–	88,518	(88,518)	–
	10,369,535	1,696,280	12,065,815	(282,720)	11,783,094
Equity in net earnings of an associate	34,879	–	34,879	–	34,879
Revenue and other income including equity in net earnings of an associate	10,404,414	1,696,280	12,100,694	(282,720)	11,817,974
Net income	2,000,654	1,078,009	3,078,663	(187,744)	2,890,919
Adjusted EBITDA	3,006,090	1,539,634	4,545,724	(209,892)	4,335,832
Segment assets	71,063,321	30,350,428	101,413,749	976,087	102,389,836
Less deferred tax assets	–	7,237	7,237	–	7,237
Net segment assets	71,063,321	30,343,191	101,406,512	976,087	102,382,599
Segment liabilities	44,932,101	7,102,616	52,034,717	(100,595)	51,934,122
Less deferred tax liabilities	2,243,187	–	2,243,187	150,369	2,393,556
Net segment liabilities	42,688,914	7,102,616	49,791,530	(250,964)	49,540,566
Cash flows from:					
Operating activities	1,931,134	19,399	1,950,533	(189,811)	1,760,722
Investing activities	(2,564,022)	(2,047,803)	(4,611,825)	–	(4,611,825)
Financing activities	(1,461,423)	341,790	(1,119,633)	(14,086)	(1,133,719)

	September 30, 2013 (Unaudited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	8,027,115	1,528,626	9,555,741	(342,272)	9,213,467
Inter-segment	75,180	–	75,180	(75,180)	–
	8,102,295	1,528,626	9,630,921	(417,452)	9,213,467
Equity in net earnings of an associate	85,933	–	85,933	–	85,933
Revenue and other income including equity in net earnings of an associate	8,188,228	1,528,626	9,716,854	(417,452)	9,299,400
Net income	1,753,937	973,539	2,727,476	(289,272)	2,438,204
Adjusted EBITDA	2,426,046	1,390,119	3,816,165	(359,021)	3,457,144
Cash flows from:					
Operating activities	474,525	1,672,780	2,147,305	(56,564)	2,090,741
Investing activities	(3,599,753)	(92,283)	(3,692,036)	–	(3,692,036)
Financing activities	2,141,160	(206,241)	1,934,919	23,697	1,958,616

	December 30, 2013 (Audited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Segment assets	73,083,324	24,406,563	97,489,887	607,159	98,097,046
Less deferred tax assets	–	12,320	12,320	–	12,320
Net segment assets	73,083,324	24,394,243	97,477,567	607,159	98,084,726
Segment liabilities	44,164,786	5,127,761	49,292,547	(181,413)	49,111,134
Less deferred tax liabilities	2,030,724	–	2,030,724	156,520	2,187,244
Net segment liabilities	42,134,062	5,127,761	47,261,823	(337,933)	46,923,890

Investing activities consist of acquisitions of raw land and additions to property and equipment, investment properties and other investments.

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, taxes, depreciation and amortization (EBITDA) to income before income tax:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
	(In Thousands)	
Adjusted EBITDA	**₱4,335,832**	₱3,457,144
Depreciation and amortization	**(296,844)**	(251,025)
Operating profit	**4,038,988**	3,206,119
Interest and other finance charges	**(654,206)**	(469,964)
Equity in net earnings of an associate	**34,879**	85,933
Income before income tax	**₱3,419,661**	₱2,822,088

5. Investment in FAC

As of September 30, 2014 and December 31, 2013, noncontrolling interest amounted to ₱170.38 million and ₱353.04 million, respectively, representing 40% equity interest in FAC.

The summarized financial information of FAC is provided below. This information is based on amounts before intercompany elimination.

Summarized statements of financial position as of:

	September 30, 2014	December 31, 2013
	(In Thousands)	
Assets:		
Cash and cash equivalents	**₱342,794**	₱133,689
Other current assets	**151,850**	179,389
Other noncurrent assets excluding goodwill	**1,384,048**	1,452,091
Goodwill	**494,743**	494,743
Liabilities:		
Current liabilities	**(386,211)**	(274,985)
Noncurrent liabilities	**(1,011,353)**	(607,592)
Total Equity	**₱975,871**	₱1,377,335
Attributable to:		
Equity holders of the Parent	**₱750,312**	₱1,024,348
Noncontrolling interest	**192,451**	353,037

Summarized statements of comprehensive income for the period ended September 30:

	2014	2013
	(In Thousands)	
Revenue	**₱256,576**	₱243,498
Costs	**(73,020)**	(62,432)
Interest and other finance charges	**(27,125)**	(24,281)
Income before income tax	**156,431**	156,785
Provision for income tax	**(35,249)**	(35,867)
Net income/Total comprehensive income	**₱121,182**	₱120,917
Attributable to noncontrolling interest	**₱48,043**	₱47,937
Dividends paid to noncontrolling interest	**20,000**	52,000
Redemptions of shares attributable to NCI	**188,629**	–

Summarized statements of cash flows information for the period ended September 30:

	2014	2013
	(In Thousands)	
Operating	**₱270,480**	₱209,923
Investing	**(5,999)**	–
Financing	**525,543**	(60,696)
	₱790,024	₱149,228

6. Accounts Payable and Accrued Expenses

This account consists of:

	September 30, 2014	December 31, 2013
	(In Thousands)	
Accounts payable	**₱5,653,524**	₱5,926,971
Advances and deposits from customers	**1,725,454**	1,247,252
Deposits for registration and insurance	**1,386,983**	1,127,420
Retention fees payable	**1,241,157**	955,846
Deposits from tenants	**594,987**	522,740
Accrued expenses	**344,505**	267,193
Accrued interest on bonds and loans	**269,438**	215,193
Liabilities on receivables sold to banks	**8,504**	37,240
Other payables	**184,022**	141,557
	₱11,408,574	₱10,441,412

"Accounts payable" includes the outstanding balance of the costs of raw land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements. This account also includes amount payable to contractors and suppliers for the construction and development costs incurred by the Group.

"Advances and deposits from customers" include collections from accounts which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized receivables on sale of real estate inventories.

"Deposits for registration and insurance" include payments made by buyers for registration and insurance of real estate properties.

"Deposits from tenants" are advance payments made for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees and utilities expense.

7. Long - Term Debt

The comparative details of this account are as follows (amounts in thousands pesos):

	2014 September 30	2013 December 31
Term Loans from a financial institution	**450,000**	675,000
Developmental loans from local banks	**15,956,587**	14,076,209
Bonds Payable	**21,350,326**	21,318,016
Total long-term debts	**37,756,913**	36,069,225

Term Loans from a Financial Institution

On June 17, 2005, the Company entered into a Local Currency Loan Agreement with a foreign financial institution whereby the Company was granted a credit line facility amounting to ₱2,250.00 million. In October 2005, the Company availed of ₱1.125 million or half of the total amount granted. The loan is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan carries a fixed interest rate of 7.72% per annum.

In July 2007, the Company availed the remaining balance of the facility amounting to ₱1,125.00 million. The loan is also payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan has a fixed annual interest rate of 7.90%.

Both loans were guaranteed by Filinvest Development Corporation (FDC), the Company's parent company. Principal payments made amounted to ₱225.00 and ₱450.00 million as of September 30, 2014 and December 31, 2013, respectively.

Developmental Loans from Local Banks

These are loans obtained from local banks with floating or fixed interest rates at different terms and repayment periods. Loan balance is presented net of unamortized deferred charges amounting to ₱37.76 million and ₱39.04 million as of September 30, 2014 and December 31, 2013, respectively.

Bonds

On November 19, 2009, FLI issued fixed rate retail bonds with aggregate principal amount of ₱5.0 billion comprised of ₱500 million three (3)-year fixed rate bonds due in November 2012 and ₱4.5 billion five (5)-year fixed rate bonds due in November 2014. The 3-year bonds have a fixed interest rate of 7.5269% per annum. Interest is payable quarterly in arrears starting on February 19, 2010. On the other hand, the five (5)-year fixed rate bonds have a fixed interest rate of 8.4615% per annum which is payable quarterly in arrears starting on February 20, 2010. FLI raised net proceeds of ₱4,934,064,000 after deducting fees, commissions and expenses relating to the issuance of the bonds. The ₱0.50 billion three (3)-year fixed rate bond was paid by the Parent Company on November 16, 2012.

Unamortized debt issuance cost on bonds payable amounted to ₱1.75 million and ₱10.92 million as of September 30, 2014 and December 31, 2013, respectively. Accretion as of nine-months period ended September 30, 2014 and 2013 included as part of Interest and Other Finance Charges amounted to ₱9.17 million and ₱8.39 million, respectively.

As part of the Company's fund raising activities, on June 27, 2011, FLI offered to the public five-year and three-month fixed-rate retail bonds with an aggregate principal amount of Three Billion Pesos (₱3,000,000,000.00) due on October 07, 2016 to finance its capital requirements in 2011 and 2012. The bonds were issued on July 07, 2011 with a fixed interest rate of 6.1962% per annum. The interest on the bond is payable quarterly in arrears starting on October 07, 2011. The bonds shall be repaid at 100% of their face value on October 07, 2016. FLI raised net proceeds of ₱2,978,835,000 after deducting fees, commissions and expenses relating to the issuance of the bonds.

Unamortized debt issuance cost on bonds payable amounted to ₱21.01 million and ₱28.10 million as of September 30, 2014 and December 31, 2013, respectively. Accretion as of nine months period ended September 30, 2014 and 2013 included as part of Interest and Other Finance Charges amounted to ₱7.09 million and ₱6.63 million, respectively.

On May 24, 2012, The Securities and Exchange Commission authorized FLI to issue P11 billion 7-year fixed-rate bonds in two tranches. The first tranche, amounting to P7.0 billion, was issued to the public on June 8, 2012 with a rate of 6.2731% p.a., payable quarterly in arrears and is due 2019. The Parent Company expected to raise net proceeds amounting to P6,902,774,375 while actual net proceeds was P6,915,976,960 after deducting fees, commissions and expenses relating to the issuance of the bonds.

The proceeds of the offering amounting to ₱4,427.42 million was used for project development and about ₱2,488.56 million was used for land acquisition as of December 31, 2012. The second tranche amounting to ₱4.0 billion was no longer issued to the public due to expiration of registration, instead FLI applied a new registration for a separate bond offering.

Unamortized debt issuance cost on bonds payable amounted to ₱49.66 million and ₱61.90 million as of September 30, 2014 and December 31, 2013, respectively. Accretion as of nine months period ended September 30, 2014 and 2013 included as part of Interest and Other Finance Charges amounted to ₱9.74 million and ₱10.37 million, respectively.

On November 8, 2013, FLI issued to the public unsecured fixed rate retail bonds with aggregate principal amount of ₱7 billion comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 and ₱2.7 billion ten (10) year fixed rate bonds due in 2023. The seven-year bonds carry a fixed interest rate of 4.8562% per annum while the five-year bonds have a fixed interest rate of 5.4333% per annum.

The Parent Company expects to raise net proceeds of approximately ₱6,932,405,621 after deducting fees, commissions, and expenses relating to the issuance of the Bonds while the actual net proceeds amounted to ₱6,917,093,003.36. The Parent Company utilized the net proceeds of the Bonds to partially finance the projects in the fourth quarter of 2013 and in 2014, the total capital expenditure of which amounts to ₱7.14 billion.

Unamortized debt issuance cost on bonds payable amounted to ₱71.81 million and ₱81.07 million as of September 30, 2014 and December 31, 2013, respectively. Accretion as of nine months period ended September 30, 2014 and 2013 included as part of Interest and Other Finance Charges amounted to ₱9.26 million and ₱1.84 million, respectively.

8. Other Income - net

For the nine months ended September 30, 2014 and 2013, this account consists of:

	2014	2013
	(In Thousands)	
Forfeited reservations and collections	₱175,067	₱186,959
Processing fees	115,273	99,266
Income from amusement centers, parking and other lease-related activities	101,348	72,295
Service fees	33,935	7,858
Gain on sale of contracts receivables	–	38,023
Others	16,169	5,584
	₱441,837	₱409,985

9. Financial Risk Exposures

FLI's Finance and Treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost efficient funding for the Company. The Board of Directors reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risks but to manage it in such a way that risks are identified, monitored and minimized so that opportunities to create value for the stakeholders are achieved. The Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, technical, operational and support processes.

The main financial risk exposures for the Company are Liquidity Risk, Interest Rate Risk and Credit Risk.

Liquidity Risk

The Company seeks to manage its liquidity profile to be able to finance capital expenditures and service debts as they fall due. To cover its financing requirements, the Company intends to use internally generated funds and available long-term and short-term credit facilities including receivables rediscounting facilities granted by several financial institutions as well as issuance of financial instruments to the public.

As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

Under the current financial scenario, it is cheaper for the Company to finance its projects by drawing on its bank lines, tapping the local bond market and/or by rediscounting part of its receivables, to complement the Company's internal cash generation.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's loans from various financial institutions which carry floating interest rates. The Company regularly keeps track of the movements in interest rates and the factors influencing them.

Of the total ₱16,406.59 million loans outstanding as of September 30, 2014, ₱6,686.90 million are on floating rate basis. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, or the Company's annualized profit before tax through the impact on floating rate borrowings.

	Increase (decrease) in basis points	Effect on annualized income before income tax (In Thousands)
September 30, 2014	+200	(₱133,738)
	-200	133,738

Credit Risk

The Company is exposed to risk that a counter-party will not meet its obligations under a financial instrument or customer contract primarily on its mortgage notes and contract receivables and other receivables. It is the Company's policy that buyers who wish to avail of the in-house financing scheme are subject to credit verification process. Receivable balances are being monitored on a regular basis and are subjected to appropriate actions to manage credit risk. In addition to this, the Company has a mortgage insurance contract with the Home Guaranty Corporation for a retail guaranty line. With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents and AFS financial assets, the Company's exposure to credit risk arises from default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. The maximum credit risk exposure of the Company to these financial assets as of September 30, 2014 is ₱19,090.14 million. All of these financial assets are of high-grade credit quality. Based on the Company's experience, these assets are highly collectible or collectible on demand. The Company holds as collaterals for its installment contract receivables the corresponding properties, which the third parties purchased in installments.

Financial Instruments

The Company's principal financial instruments are composed of Cash and Cash Equivalents, Mortgage and Installment Contract Receivables, Other Receivables and Loans from Financial institutions. The Company does not have any complex financial instruments like derivatives.

Comparative Fair Values of Principal Financial Instrument (In Thousand Pesos)

	September 30, 2014		December 31, 2013	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Cash & Cash Equivalents	**2,405,910**	**2,405,910**	6,390,732	6,390,732
Mortgage, Notes & Installment Contract Receivables	**16,119,398**	**16,420,303**	13,083,775	13,319,036
Other Receivables	**2,891,313**	**2,891,313**	3,136,739	3,136,739
Long-term Debt	**37,756,913**	**36,253,705**	36,069,225	33,796,388

Due to the short-term nature of Cash & Cash Equivalents, the fair value approximates the carrying amounts.

The estimated fair value of Mortgage, Notes and Installment Contracts Receivables, is based on the discounted value of future cash flows from these receivables.

Due to the short-term nature of Other Receivables, the fair value approximates the carrying amounts.

The estimated fair value of long-term debts with fixed interest and not subjected to quarterly re-pricing is based on the discounted value of future cash flows using the applicable risk free rates for similar type of loans adjusted for credit risk. Long-term debt subjected to quarterly re-pricing is not discounted since its carrying value approximates fair value.

Investment in foreign securities

The Company does not have any investment in foreign securities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations for the nine months ended September 30, 2014 compared to nine months ended September 30, 2013

For the nine months ended September 30, 2014, FLI's net income from its business segments registered a year-on-year growth of 18.57% or an increase of ₱452.72 million from ₱2,438.20 million in 2013 to ₱2,890.92 million in 2014.

Revenues
Total consolidated revenues went up by 27.61% to ₱10,807.79 million during the first nine months of 2014 from ₱8,469.64 million for the same period last year. The increase resulted from the continued robust real estate sales that reached ₱9,156.27 million (up by ₱2,182.77 million or by 31.30%) and rental revenue of ₱1,651.52 million (higher by ₱155.39 million or 10.39%). Real estate sales booked during the current period broken down by product type are as follows: Middle Income 78% (inclusive of Medium-Rise Buildings and High-Rise Buildings); Affordable 11%; High-End 3%; Farm Estate 2%; Socialized and others 6%. Major contributors to the good sales performance during the period included the launching of new MRB's and House and Lot projects in diverse new locations, intensive marketing activities and attractive pricing. The increase in rental revenues from the mall and office spaces was brought about mainly by higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from higher take up rate of "Filinvest One" in 2013. Other sources of revenue from rental services include the ready-built-factories in Filinvest Technology Park in Calamba, Laguna, commercial lots in Tagaytay City, and commercial and office spaces in Alabang, Muntinlupa City and Makati City.

Interest income for the nine months ended September 30, 2014 increased by 58.92% to ₱531.83 million from ₱334.65 million during the same period in 2013. The increase was due to higher interest generated from installment contracts receivable and bank deposits. Other income increased by 7.77% to ₱441.84 million from ₱409.99 million or by ₱31.85 million due to the increase in income from various fees charged to buyers, other lease-related activities, and processing fees. The Company's equity in net earnings of associates decreased from ₱85.93 million in 2013 to ₱34.88 million in 2014 or by 59.41% due to lower earnings recorded by Filinvest Alabang, Inc. (FAI) for the period. FLI has a 20% equity interest in FAI. In addition, CWSI reported a net loss in its unaudited balances as of September 30, 2014. FLI has a 25% equity interest in CWSI as of end of the nine months period.

The Company also registered a foreign exchange gain of ₱1.64 million for the nine months in 2014 compared to foreign exchange loss of ₱0.80 million in 2013 due to the recent strength of the Japanese yen against our local currency in the foreign exchange markets.

Cost of real estate sales
Cost of real estate sales increased from ₱4,056.89 million in 2013 to ₱5,377.12 million in 2014 mainly due to higher amount of sales booked during the current period as well as the increased share of sales of MRBs and HRBs which historically had carried relatively lower profit margins. Revenues from MRBs and HRBs significantly grew by ₱987.20 million or by 21.22% from ₱4,652.48 million during the nine months ended September 30, 2013 to ₱5,639.68 million for the same period of 2014.

Expenses
General and administrative expenses increased by ₱196.91 million during the nine months of 2014 or by 23.17%, from ₱849.73 million in 2013 to ₱1,046.64 million in 2014. The increase was due to higher salary and wages, professional fees, rental, subdivision and property repairs, and other representation expenses recorded for the current period. Likewise, selling and marketing expenses also went up by ₱182.88 million or by 24.36% due to higher incentives, commissions and service fees paid to brokers and other sellers as a consequence of higher sales.

Provision for income tax increased by 37.73% or by ₱144.86 million to ₱528.74 million for the nine months of 2014 from ₱383.88 million for the same period in 2013.

Provision for current income tax increased to ₱313.84 million in 2014 from ₱213.42 million in 2013 or an increase of ₱100.43 million or by 47.06% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax increased by ₱44.43 million or by 26.07% from ₱170.47 million in 2013 to ₱214.90 million in 2014 due to higher capitalized borrowing cost.

Financial Condition as of September 30, 2014 compared to as of December 31, 2013

As of September 30, 2014, FLI's total consolidated assets stood at ₱102,389.84 million, higher by 4.38% or by ₱4,292.79 million than the ₱98,097 million total consolidated assets as of December 31, 2013. The following are the material changes in account balances:

62.35% Decrease in Cash and cash equivalents
Funds were used for the development of existing and new projects and for the construction of new IT buildings (investment properties) and for raw land acquisitions.

23.20% Increase in Contracts Receivable
Contracts receivable increased due to additional sales booked during the period. Several attractive financing schemes are being offered by the Company to its real estate buyers to further increase sales.

5.72% Increase in Due from related parties
The increase was due to advances made to affiliates in the regular course of business.

7.82% Decrease in Other Receivables
This account decreased due to the lower amount of advances to joint venture partners, recoupment of advances to contractors and substantial collections from tenants.

6.21% Decrease in Land and land development
The decrease in this account was mainly due to reclassification of rawland from inventory to investment properties and transfers from rawland to land acquisition cost for the set-up of inventories.

28.72% Increase in Investment property
The increase was mainly due to the additional costs of investment properties from CPI and various rawland acquired for investment purposes.

41.26% Decrease in Deferred income tax assets
The decrease in deferred income tax assets is due the advances on rent applied this year.

22.37% Increase in Other assets
The increase in this account was mainly due to higher prepaid expenses, advances for bidding to a certain property, and input vat.

9.26% Increase in Accounts payable and accrued expenses
The increase in this account is due to the increase in various deposits such as customer's deposits, registration deposits and retention fees.

100.44% Increase in Income tax payable
The increase in income tax payable was due to tax accruing on the taxable income earned for the three-month period resulting from improved operational results.

36.82% Decrease in Due to related parties
The decrease was due to payments made to affiliates on advances made in the regular course of business.

9.43% Increase in Deferred income tax liabilities
The increase in deferred tax liabilities is mainly due to the additional capitalized borrowing costs slightly offset by the realized portions due to sales.

Performance Indicators

Financial Ratios	Particulars	As of and for the nine months ended September 30, 2014	As of Dec. 31, 2013 and for the nine months ended September 30, 2013
Earnings per Share	Net income / Weighted average number of outstanding common shares	**0.12**	0.10
Debt to Equity Ratio	Long Term Debt / Total Stockholder's Equity	**0.75**	0.74
Debt Ratio	Total Liabilities / Total Assets	**0.51**	0.50
EBITDA to Interest paid	EBITDA / Interest paid	**2.90 times**	2.88 times
Price Earnings Ratio	Closing Price of Share / Earnings per Share	**13.48 times**	16.23 times

Earnings per share (EPS) posted for the nine months of 2014 went up by 18.94% compared to the EPS for the same period in 2014 on account of higher net income.

The Debt-to-equity (D/E) ratio and Debt ratio increased due to higher loan level as of end of current period.

Price earnings multiple went down due to the decrease of market share price as of end of the current period. As of September 30, 2014 and 2013, and as of December 31, 2013, market share price of FLI's stock was at ₱1.58, ₱1.60 and ₱1.41 per share, respectively.

PART II - OTHER INFORMATION

Item 3. Business Development/New Projects

Driven by the buoyant sales take-up rate of its vertical residential projects within Metro Manila and Metro Cebu, FLI is on the lookout for additional land in urban areas to expand its inner-city developments. FLI recently acquired parcels of land in Tondo, Manila, Las Piñas City, Quezon City and Dumaguete City. As of September 30, 2014, the Company had a land bank of approximately 2,425.76 hectares of raw land for the development of its various projects and investment properties, including approximately 324.44 hectares of land under joint venture agreements, which the Company's management believes is sufficient to sustain several years of development and sales. FLI plans to develop these properties into mix-use developments with residential and commercial components.

Details of the Parent Company's raw land inventory as of September 30, 2014 are set out in the table below:

FLI Land Bank as of September 30, 2014 Area in Hectares				
Location	Company Owned	Under Joint Ventures	Total	% to Total
Luzon				
Metro Manila	57.51	-	57.51	2.37%
Rizal	787.29	86.22	873.51	36.01%
Bulacan	243.68	–	243.68	10.05%
Pampanga	-	59.19	59.19	2.44%
Cavite	394.18	88.99	483.17	19.92%
Laguna	317.32	1.31	318.63	13.14%
Batangas	145.87	43.42	189.29	7.80%
Palawan	–	6.00	6.00	0.25%
Sub-total	1945.85	285.14	2230.98	91.98%
Visayas				
Cebu	5.06	31.65	36.71	1.51%
Iloilo	0.92	–	0.92	0.04%
Sub-total	5.98	31.65	37.63	1.55%
Mindanao				
General Santos	99.56	–	99.56	4.10%
Cagayan de Oro City	2.78	–	2.78	0.11%
Davao	45.02	7.65	52.67	2.17%
Dumaguete	2.14	–	2.14	0.09%
Sub-total	149.50	7.65	157.15	6.48%
Total	2,101.32	324.44	2,425.76	100.00%

In August 2010, FLI launched City di Mare, a master-planned development composed of three different zones catering to a wide array of lifestyles and activities - Il Corso, the 10.6 hectare waterfront lifestyle strip, the 40-hectare residential clusters and The Piazza, nestled at the heart of the residential enclaves, puts lifestyle essentials such as a school, church, shops and restaurants within the neighborhood. City di Mare is envisioned to be a destination in itself, takes full advantage of the coastal ambience featuring seaside shopping, dining, beach and water sports and more, right by the water's edge.

In November 2010, groundbreaking rites for Amalfi Oasis were held, the first residential enclave at Città de Mare. Amalfi Oasis features nine (9) five-storey buildings with luxuriant gardens, resort-style amenities and pedestrian-friendly environs, bask in fresh air, radiant sunshine and charming landscapes. The first and second buildings were completed in 2012 and 2014, respectively, while more buildings are scheduled for completion this year.

San Remo Oasis, the second residential enclave in Città di Mare involves the development of 3.4 hectares of land with well-planned living spaces with numerous choice units to choose from to suit anyone's lifestyle. The development consist of eight (8) five-storey buildings, the first building was completed in 2012 while another four buildings were completed in 2014. Construction is on-going on the remaining buildings and are targeted for completion this year.

In late 2011, FLI started the land development of the first two phases of Il Corso lifestyle strip of City di Mare, in the South Road Properties in Cebu, covering seven hectares. Phase 1 will have a gross leasable area (GLA) of approximately 22,506 sq. m. and Phase 2 will have a GLA of approximately 12,680 sq.m. Target completion is on the last quarter of 2015.

In October 2012, FLI transferred to its new corporate headquarters located along EDSA, Mandaluyong City effectively ending the lease on FDC land and building in San Juan City. In December 2012, FLI purchased from FDC the parcel of land located in San Juan City which was previously being leased as its head office.

In 2014 and 2013, FLI acquired from various third-party sellers parcels of land in Dumaguete City, Cavite, Valenzuela City, Quezon City, Pasay City and Taguig City. Also, FLI won the bid to purchase of the 0.24 hectare property including the building constructed thereon located at Ortigas Center, Pasig City.

FLI will remain to be focused on its core residential real estate development business, which now includes MRBs, high-rise condominium units and condotels. MRBs and high-rise condominiums are being developed in inner-city locations such as Ortigas and Santolan, both in Pasig City, Sta. Mesa, Manila, Cainta, Rizal, Pasay City, Filinvest Corporate City, Cebu City and Davao City. Properties in other key cities in the country were also acquired for this purpose.

Currently, FLI has the following on-going high-rise condominiums projects:

The Linear
FLI started to develop in 2009 The Linear, a master-planned residential and commercial hub in Makati City. Two-L-shaped towers, each 24 storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals. The construction of Tower 1 is ongoing and is scheduled for completion in 2014, while Tower 2 is expected to be delivered in 2014.

Studio City
Studio City is a community composed of five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the nearby Madrigal Business Park. Since it is located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions. The development consists of 18 stories per building with commercial units at the ground floor. All residential floors will have 25 studio units per floor. Site development works are on-going and the first building is targeted for completion in 2014.

The Levels
Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with its four towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens. The first building "Anaheim", is expected to be completed in 2014.

Vinia Residences
Vinia is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and just steps away from the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to yuppies and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city.

Studio Zen
Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently and a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area.

Studio A
Studio A is a single tower 34-storey high-rise residential condominium located in Loyola Heights in Quezon City. A community conveniently situated near premier universities, the LRT 2 line and other commercial establishments.

100 West
100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is beside the Makati Business District and accessible to both north and south of Metro Manila.

In 2014, FLI intends to retain its dominant position as the leader in MRB projects by launching five (5) new projects nationwide and three additional buildings of existing projects, with an estimated sales value of ₱3.9 billion. This will bring the Company's total MRB projects to 20. These new MRB projects are part of the total ₱17.41 billion estimated sales value of new projects slated for launch by FLI in 2014.

FLI plans to launch new "Oasis" projects in Tagaytay and Iloilo, and three (3) additional buildings of existing "Oasis" projects. These projects will follow the success of One Oasis Ortigas, Bali Oasis, Bali Oasis 2, Sorrento Oasis and Capri Oasis in Pasig City, Maui Oasis in Manila, Asiana Oasis in Paranaque City, One Oasis Cebu, Amalfi Oasis and San Remo Oasis in Cebu, and One Oasis Davao. Also, the Parent Company plans to launch three (3) new "Spatial" projects in Iloilo, Davao, and Valenzuela City.

Aside from the MRB's, FLI has initially pipelined 10 horizontal residential projects with an estimated revenue of about ₱4.5 billion, 2 leisure projects with an estimated sales value of ₱0.5 billion, and 2 high-rise buildings (mixed-use) with an estimated sales value of ₱6.40 billion.

Recently, FLI launched the additional buildings/ phases of its middle income projects:

"Capri Oasis" Bldg. Vento, located in Pasig City

"Bali Oasis 2", Bldg. Banjar, located in Pasig City

"Maui Oasis", Bldg. 4, located in Sta. Mesa, Manila

"The Tropics 3", located in Cainta, Rizal

The following table sets out FLI's projects with on-going housing and/or land development as of September 30, 2014.

Category / Name of Project	Location
SOCIALIZED	
Belleview Meadows	Tanza, Cavite
Belmont Hills	Gen. Trias, Cavite
Belvedere Townhomes	Tanza, Cavite
Blue Isle	Sto. Tomas, Batangas
Sunrise Place	Tanza, Cavite
Castillion Homes	Gen. Trias, Cavite
Melody Plains	San Jose del Monte, Bulacan
Mistral Plains	Gen. Trias, Cavite
Sunrise Place Mactan	Mactan, Cebu
Sandia Homes Ph 1	Tanauan, Batangas
Southern Heights	San Pedro, Laguna
Sunny Brooke	Gen. Trias, Cavite

Category / Name of Project	Location
AFFORDABLE	
Alta Vida Expansion	San Rafael, Bulacan
Bluegrass County	Sto. Tomas, Batangas
Brookside Lane	Gen. Trias, Cavite
Crystal Aire	Gen. Trias, Cavite
Fairway View	Dasmarinas, Cavite
Palmridge	Sto. Tomas, Batangas
Springfield View	Tanza, Cavite
Summerbreeze Townhomes	Sto. Tomas, Batangas
Westwood Place	Tanza, Cavite
Woodville	Gen. Trias, Cavite
Aldea Real	Calamba, Laguna
Costas Villas (Ocean Cove 2)	Davao City
Primrose Hills	Angono, Rizal
The Glens at Park Spring	San Pedro, Laguna
Sommerset Lane	Tarlac City
Claremont Village	Mabalacat, Pampanga
Westwood Mansion Expansion	Tanza, Cavite
Tierra Vista	San Rafael, Bulacan
Aldea del Sol	Mactan, Cebu
Raintree Prime Residences	Dasmarinas, Cavite
La Brisa Townhomes	Calamba, Laguna
Alta Vida Prime	San Rafael, Bulacan
Amare Homes	Tanauan, Batangas
Anila Park	Taytay, Rizal
Anila Park Townhomes	Taytay, Rizal
Austine Homes	Pampanga
The Residences @ Castillon Homes	Tanza, Cavite
Valle Dulce Ph1	Tanza, Cavite
AFFORDABLE	
Primrose Hills	Angono, Rizal
Primrose Townhomes	Angono, Rizal
East Bay Palawan	Puerto Princesa, Palawan
Meridian Place	Gen. Trias, Cavite
Savannah Fields	Gen. Trias, Cavite
Parkspring	San Pedro, Laguna
Villa Mercedita	Davao City
Villa Montseratt Expansion	Taytay, Rizal
Futura Homes – San Pedro	San Pedro, Laguna
The Villas	Taytay, Rizal

Category / Name of Project	Location
MIDDLE-INCOME	
Corona Del Mar	Talisay, Cebu
Filinvest Homes- Tagum	Tagum City, Davao
Fuente de Villa Abrille	Davao City
NorthviewVillas	Quezon City
Ocean Cove	Davao City
Orange Grove	Davao City
Spring Country	Batasan Hills, Quezon City
Spring Heights	Batasan Hills, Quezon City
Southpeak	San Pedro, Laguna
The Pines	San Pedro, Laguna
Villa San Ignacio	Zamboanga City
Highlands Pointe	Taytay, Rizal
Manor Ridge at Highlands	Taytay, Rizal
Ashton Fields	Calamba, Laguna
Montebello	Calamba, Laguna
Hampton Orchards	Bacolor, Pampanga
The Enclave at Filinvest Heights	Quezon City
Escala (La Constanera)	Talisay, Cebu
West Palms	Puerto Princesa, Palawan
Filinvest Homes - Butuan	Butuan, Agusan Del Norte
La Mirada of the South	Binan, Laguna
Tamara Lane (formerly Imari)	Caloocan City
Viridian at Southpeak	San Pedro, Laguna
Nusa Dua (Residential)	Tanza, Cavite
The Tropics	Cainta, Rizal
Princeton Heights	Molino, Cavite
The Glades	Timberland Heights, San Mateo, Rizal
One Oasis Ortigas	Pasig City, Metro Manila
One Oasis Davao	Davao City
Bali Oasis 1	Pasig City, Metro Manila
One Oasis Cebu	Mabolo, Cebu City
Maui Oasis	Sta. Mesa, Manila
Capri Oasis	Pasig City, Metro Manila
Sorrento Oasis	Pasig City, Metro Manila
Amalfi Oasis	South Road Properties, Cebu
San Remo Oasis	South Road Properties, Cebu
The Linear	Makati City
Studio City	Filinvest Corporate City, Alabang
The Levels	Filinvest Corporate City, Alabang
Somerset Lane, Ph 2	Tarlac City
Asiana Oasis	Paranaque, Metro Manila
Bali Oasis 2	Pasig City, Metro Manila
Studio Zen	Pasay City, Metro Manila
Vinia Residences & Versaflats	Edsa, Quezon City

Category / Name of Project	Location
MIDDLE-INCOME	
The Terraces Ph 1B & Ph 2	Taytay, Rizal
The Enclave at Highlands Pointe	Taytay, Rizal
Studio A	Quezon City
One Spatial	Pasig City, Metro Manila
One Oasis Cagayan de Oro	Cagayan de Oro City
HIGH-END	
Brentville International	Mamplasan, Binan, Laguna
Woodmore Spring A	Mamplasan, Binan, Laguna
Sunshine Place	Mamplasan, Binan, Laguna
The Meridien	Mamplasan, Binan, Laguna
Prominence 2	Mamplasan, Binan, Laguna
Village Front	Mamplasan, Binan, Laguna
Mission Hills - Sta. Catalina	Antipolo, Rizal
Mission Hills - Sta. Isabel	Antipolo, Rizal
Mission Hills - Sta Sophia	Antipolo, Rizal
Banyan Ridge	San Mateo, Rizal
The Ranch	San Mateo, Rizal
The Arborage at Brentville Int'l	Mamplasan, Binan, Laguna
Banyan Crest	San Mateo, Rizal
Arista	Talisay, Batangas
Orilla	Talisay, Batangas
Bahia	Talisay, Batangas
Highlands Pointe	Taytay, Rizal
Kembali Arista	Samal Island, Davao
Fortune Hill	San Juan City
The Signature	Quezon City
LEISURE - FARM ESTATES	
Forest Farms	Angono, Rizal
Mandala Residential Farm	San Mateo, Rizal
Nusa Dua	Tanza, Cavite
LEISURE PRIVATE MEMBERSHIP CLUB	
Timberland Sports and Nature Club	San Mateo, Rizal
LEISURE - RESIDENTIAL RESORT DEVELOPMENT	
Kembali Coast	Samal Island, Davao
Laeuna De Taal	Talisay, Batangas

Category / Name of Project	Location
INDUSTRIAL/COMMERCIAL	
Filinvest Technology Park	Calamba, Laguna
The Mercado	Taytay, Rizal
CONDOTEL	
Grand Cenia Hotel & Residences	Cebu City
The Leaf	San Mateo, Rizal

Aside from the residential projects, FLI will continue to construct business process outsourcing (BPO) office spaces at Northgate Cyberzone, Cebu and other selected areas to accommodate the increase in demand for BPO office space. FLI earns revenues from approximately 131,000 sq.m. leasable space with Convergys, HSBC, Convergys, APAC, GenPact Services LLC, eTelecare Global Solutions, Inc., Capital One, AIG Shared Services, First Source, Verizon Business, Lattice Semiconductor, and Flour Daniel as major tenants, among others. Of the 10 hectares of land on which the Northgate Cyberzone is situated, approximately four hectares are available for future development.

Construction is ongoing for the following new BPO office buildings located at Northgate Cyberzone:

- Filinvest Two and Three: This is a twin-tower project located along Alabang Zapote Road each building with 14 storeys and GLA of approximately 23,784 sqms each. Target completion is February 2015.

Current buildings with leases are the following:

- Plaza A: This is a six-storey building with an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza A was completed in June 2006 and was substantially fully leased to GenPact Services LLC and eTelecare Global Solutions, Inc.

- Plaza B and Plaza C: Plaza B and Plaza C are four-storey buildings, each with an approximate GFA of 7,150 sq.m. and an approximate GLA of 6,487 sq.m. and 6,540, respectively, for a combined GLA of 13,027 sq.m. Plaza B and Plaza C are both completed in 2001. Plaza B and Plaza C are substantially fully leased. Tenants for Plaza B include goFluent, AMS Express, Team Asia, Outboundphil, APPCO Direct Int'l., Treadyne and Seven Seven Global Services, Inc. All of Plaza C has been leased by APAC Customer Services, Inc.

- Plaza D: This is a six-storey building with the same specifications as Plaza A and with an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza D had been leased to ICICI First Source Ltd., a 100% owned subsidiary of India's largest private sector bank, and Verizon Communications Phils Inc, the Philippine branch of Verizon Business solutions, a leading communications company in the United States of America.

- Convergys Building: This is a three-storey building with an approximate GFA of 6,466 sq.m. and an approximate GLA of 6,399 sq.m. Completed in 2004, it was one of the first buildings completed in the Northgate Cyberzone and was "built-to-suit" (BTS) to meet the requirements of Convergys. Recently Convergys signed a contract to extend the lease for another five years.

- HSBC Building: This is another building that was constructed on a BTS basis to meet the requirements of HSBC. Completed in 2005, the HSBC building has an approximate GLA of 18,000 sq.m.

- IT School: This is a three-storey building with an approximate GFA of 3,297 sq.m. and an approximate GLA of 2,594 sq.m. Its major tenant is currently Genpact Services LLC.

- Building 5132: This is a six-storey building with an approximate GFA of 10,560 sq.m. and an approximate GLA of 9,408 sq.m. Building 5132 has been fully taken up by GenPact Services LLC.

- iHub I and iHub II: This is a two-tower complex (one with six storeys and the other with nine storeys) iHub I has an approximate GLA of 9,480 sq.m. and has been leased out to numerous tenants which includes GenPact, HSBC, W.R. Grace Philippines and Lattice Semiconductor. iHub II has an approximate GLA of 14,181 sq.m. and has been leased out primarily to Convergys and Integra.

- Vector One : an 11-storey building with an approximate GFA of 19,545 sq.m. and an approximate GLA of 17,951 sq.m. It was completed in 2010. Filinvest Alabang, Inc. (FAI) was its first tenant, occupying the fifth to seventh floors for its corporate headquarters. Other tenants of the building are Convergys and Flour Daniel.

- Vector Two: This building has the same configuration as with Vector One. It is also 11 storeys high with an approximate GLA of 17,914 sq.m. It was completed in October 2011. Tenants of the building include Infosys and Flour Daniel.

- Filinvest One *(formerly called AZ Building)* : This is a 10-storey building with a GLA of approximately 19,637 sq.m. Tenants of the building include HSBC, Ford Philippines, Denso Phil., AMEC Services, and PHL Center.

- Plaza E: This is a nine-storey building, situated between Plaza A and Plaza D, with approximate GFA of 16,281 sq.m. and an approximate GLA of 14,859 sq.m. The building was completed in December 2012and currently has an occupancy rate of 46%. EXL Service Phils. And Hinduja are the two tenants of this building.

With about four hectares of land available for the construction of additional buildings within the Northgate Cyberzone, FLI expects to be able to provide an additional 195,510 sq.m. of leasable office space to accommodate expected increase in demand from BPO companies. These BPO companies usually require significant amounts of office space for their operations. FLI, through CPI, plans to focus on attracting their businesses, including custom-designed office space with call center and BPO design requirements in mind.

EDSA Transcom Building
This five-storey BPO building is located along EDSA in Mandaluyong City and has approximately 7,358 sq.m. of GLA. This is FLI's first BPO office building outside Northgate Cyberzone. EDSA Transcom Building is fully leased out to Anthem Solutions, Inc.

Filinvest Cebu Cyberzone
Construction of the Filinvest Cebu Cyberzone Tower 1, the Company's first BPO building in Cebu has started at the 1.2 –hectare joint venture project with the Provincial Government of Cebu. This is the first building of the four-building complex with Tower One: 10 Office floor levels; Towers Two, Three, and Four: 15 Office floor levels; and approximate GLA of 19,937 sq.m. for Tower One. When completed, the project is projected to have a GLA of over 100,000 square meters. Target completion is January 2015. Currently, FLI is one of the largest BPO office space providers in the country.

Mall Expansion
To further augment the Group's recurring income stream in the retail segment, land development has commenced on the expansion of Festival Mall at Filinvest Corporate City. The expansion project will add over 48,974 square meters of GLA, and is targeted to be completed in phases, from first quarter of 2013 to the fourth quarter of 2015. FLI is also developing the first phase of Il Corso lifestyle strip of City di Mare, in the South Road Properties in Cebu, which will contribute a GLA of around 35,186

sq.m. when fully completed. In 2014, FLI started its land development for the location of the mall in Tagaytay City and will also start land development of another mall at Princeton Heights residential projects located in Cavite.

The Group will continue to carry out an intensive marketing campaign so as to maintain a high occupancy rate in Festival Supermall, PBCom Tower and Northgate Cyberzone properties, thereby maximizing its leasing revenues.

Registration with the Board of Investments (BOI)

As of the date of this report, FLI has registered the following projects with the BOI under the Omnibus Investments Code of 1987 (Executive order No. 226):

Name	Reg. No.	Date Registered	Type of Registration
La Brisa Townhomes	2011-117	9-Jun-11	New Developer of Low-Cost Mass Housing Project
One Oasis Ortigas Bldg. F to M	2011-120	15-Jun-11	Expanding Developer of Low-Cost Mass Housing Project
The Linear	2011-121	15-Jun-11	New Developer of Low-Cost Mass Housing Project
Villa Monserrat 3	2011-132	27-Jun-11	Expanding Developer of Low-Cost Mass Housing Project
Ocean Cove	2011-133	27-Jun-11	New Developer of Low-Cost Mass Housing Project
Bali Oasis 3 & 4	2011-134	27-Jun-11	Expanding Developer of Low-Cost Mass Housing Project
Villa San Ignacio	2011-148	14-Jul-11	New Developer of Low-Cost Mass Housing Project
Villa Mercedita	2011-154	19-Jul-11	New Developer of Low-Cost Mass Housing Project
Escala at Corona Del Mar	2011-167	29-Jul-11	New Developer of Low-Cost Mass Housing Project
Filinvest Homes Tagum, ph 1	2011-171	2-Aug-11	New Developer of Low-Cost Mass Housing Project
Filinvest Homes Tagum, ph 2	2011-214	26-Sep-11	Expanding Developer of Low-Cost Mass Housing Project
Tierra Vista	2011-191	31-Aug-11	New Developer of Low-Cost Mass Housing Project
One Oasis Davao, Bldg. 1,2,3,	2011-194	2-Sep-11	Expanding Developer of Low-Cost Mass Housing Project
Tamara Lane	2011-215	26-Sep-11	New Developer of Low-Cost Mass Housing Project
The Glens at Parkspring, ph 2	2011-216	26-Sep-11	Expanding Developer of Low-Cost Mass Housing Project
The Glens at Parkspring, ph 3	2011-217	26-Sep-11	Expanding Developer of Low-Cost Mass Housing Project
The Glens at Parkspring, ph 4	2011-218	26-Sep-11	Expanding Developer of Low-Cost Mass Housing Project
Austine Homes	2011-252	25-Nov-11	New Developer of Low-Cost Mass Housing Project
Somerset Lane	2011-273	21-Dec-11	New Developer of Low-Cost Mass Housing Project
Aldea de Sol	2011-276	22-Dec-11	Expanding Developer of Low-Cost Mass Housing Project

Name	Reg. No.	Date Registered	Type of Registration
Capri Oasis	2012-036	5-Mar-12	New Developer of Low-Cost Mass Housing Project
Studio City, Tower 1	2012-044	19-Mar-12	New Developer of Low-Cost Mass Housing Project
Anila Park, Ph 1	2012-052	26-Mar-12	New Developer of Low-Cost Mass Housing Project
San Remo Oasis	2012-069	14-May-12	New Developer of Low-Cost Mass Housing Project
One Oasis Cebu, Bldg. 1 to 3	2012-082	28-May-12	New Developer of Low-Cost Mass Housing Project
One Oasis Davao, Bldg. 4	2012-093	7-Jun-12	New Developer of Low-Cost Mass Housing Project
Filinvest Homes-Butuan	2012-094	7-Jun-12	New Developer of Low-Cost Mass Housing Project
Sorrento Oasis, Bldg. A to H2	2012-095	7-Jun-12	New Developer of Low-Cost Mass Housing Project
Maui Oasis, Bldgs. 2 & 3	2012-096	7-Jun-12	New Developer of Low-Cost Mass Housing Project
Amare Homes	2013-014	18-Jan-13	New Developer of Low-Cost Mass Housing Project
Castillon Homes – The Residences	2013-064	11-Mar-13	New Developer of Low-Cost Mass Housing Project
Woodville Ph 2	2013-65	11-Mar-13	New Developer of Low-Cost Mass Housing Project
Valle Dulce Ph 1	2014-140	29-Aug-14	New Developer of Low-Cost Mass Housing Project
One Spatial Bldg. 1 (Fairmont) & Bldg. 2 (Greenwich)	2014-141	29-Aug-14	New Developer of Low-Cost Mass Housing Project
Sorrento Oasis, Ph 2 – Bldgs. K-N	2014-142	29-Aug-14	New Developer of Low-Cost Mass Housing Project
Maui Oaisis, Bldg. 4	2014-143	29-Aug-14	New Developer of Low-Cost Mass Housing Project

Item 4. Other Disclosures

1. Except as disclosed in the Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

2. The Company's unaudited interim consolidated financial statements were prepared in accordance with PAS 34 (PAS 34, par. 19).

3. The Company's unaudited interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated annual financial statements as of and for the year ended December 31, 2013 (PAS 34, par 15).

4. The accounting policies and methods of computation adopted in the preparation of the unaudited interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements as of and for the year ended December 31, 2013.

5. There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

6. Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on the Company's financial conditions or results of operations. There are no unusual operating cycles or seasons that will differentiate the operations for the period January to September 30, 2013 from the operations for the rest of the year.

7. Aside from any probable material increase in interest rates on the outstanding long-term debt with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Company within the next 12 months.

8. There are no changes in estimates of amounts reported in prior year (2013) that have material effects in the current interim period.

9. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no other issuances, repurchases and repayments of debt and equity securities.

10. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, and Financial Risk Exposures, there are no material events subsequent to September 30, 2014 up to the date of this report that have not been reflected in the financial statements for the interim period.

11. There are no changes in contingent liabilities or contingent assets since December 31, 2013 except for the sale of additional receivables with buy back provision in certain cases during the interim period.

12. There are no material contingencies and any other events or transactions affecting the current interim period.

13. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments, or any significant amount of the Company's payables that have not been paid within the stated trade terms.

14. There are no significant elements of income that did not arise from the Company's continuing operations.

15. There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Company.

16. Except for those discussed above there are no material changes in the financial statements of the Company from December 31, 2013 to September 30, 2014.

17. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period other than those that were previously reported.

18. There are no other information required to be reported that have not been previously reported in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FILINVEST LAND, INC.

Signature:

JOSEPHINE G. YAP

Title: President / Chief Executive Officer

Date: November 10, 2014

Signature:

NELSON M. BONA

Title: Senior Vice-President / Chief Financial Officer

Date: November 10, 2014

ANNEX A

PART 1 - FINANCIAL INFORMATION

Item 1 - Financial Statements

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Cash and cash equivalents	2,405,910	6,390,732
Contracts receivable	16,119,398	13,083,775
Due from related parties	216,228	204,538
Other receivables	2,891,313	3,136,739
Financial assets at fair value through other comprehensive income	17,852	17,852
Real estate inventories	24,638,534	24,426,958
Land and land development	17,627,198	18,794,686
Investment in an associate	4,055,437	4,018,058
Investment properties	25,220,685	19,592,830
Property and equipment	1,318,090	1,150,822
Deferred income tax assets	7,237	12,320
Other assets	3,304,712	2,700,494
Goodwill	4,567,242	4,567,242
TOTAL ASSETS	102,389,836	98,097,046
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses	11,408,574	10,441,412
Income tax payable	34,546	17,235
Loans payable	16,406,587	14,751,209
Bonds payable	21,350,326	21,318,016
Due to related parties	132,182	209,201
Retirement liabilities	208,351	186,817
Deferred income tax liabilities - net	2,393,556	2,187,244
Total Liabilities	51,934,122	49,111,134
Equity		
Common stock	24,470,708	24,470,708
Preferred stock	80,000	80,000
Additional paid-in capital	5,612,321	5,612,321
Treasury stock	(221,041)	(221,041)
Remeasurement losses on retirement plan	(105,686)	(105,686)
Retained earnings	20,067,786	18,437,398
Revaluation reserve on financial assets at fair value through other comprehensive income	(2,619)	(2,619)
Share in other components of equity of an associate	361,794	361,794
Equity attributable to equity holders of the parent	50,263,263	48,632,875
Non-controlling interest	192,451	353,037
Total Equity	50,455,714	48,985,912
TOTAL LIABILITIES AND EQUITY	102,389,836	98,097,046

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands of Pesos)

	Quarters Ended September 30,		Nine Months Period Ended September 30,	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
REVENUE				
Real estate sales	3,025,821	2,272,002	9,156,271	6,973,501
Rental services	600,898	510,866	1,651,522	1,496,134
EQUITY IN NET EARNINGS OF AN ASSOCIATE	17,414	42,970	34,879	85,933
OTHER INCOME				
Interest income	191,666	81,610	531,826	334,651
Foreign currency exchange gain (loss) - net	1,411	(99)	1,638	(804)
Others	183,134	108,299	441,837	409,985
	4,020,344	3,015,648	11,817,973	9,299,400
COSTS				
Real estate sales	1,746,492	1,334,413	5,377,115	4,056,893
Rental services	134,691	121,033	386,774	350,030
OPERATING EXPENSES				
General and administrative expenses	428,407	324,748	1,046,640	849,731
Selling and marketing expenses	476,440	338,754	933,577	750,694
INTEREST AND OTHER FINANCE CHARGES	237,653	161,955	654,206	469,964
	3,023,683	2,280,903	8,398,312	6,477,312
INCOME BEFORE INCOME TAX	996,661	734,745	3,419,661	2,822,088
PROVISION FOR INCOME TAX				
Current	37,333	(23,296)	313,842	213,417
Deferred	73,945	64,626	214,900	170,467
	111,278	41,330	528,742	383,884
NET INCOME	885,383	693,415	2,890,919	2,438,204
Attributable to:				
Equity holders of the parent	874,575	665,296	2,842,876	2,390,268
Noncontrolling interest	10,808	28,119	48,043	47,936
	885,383	693,415	2,890,919	2,438,204
			-	-
EARNINGS PER SHARE				
Basic/Diluted				
a. Net income			2,842,876.00	2,390,268
b. Weighted average number of outstanding common shares			24,249,759	24,249,759
c. Earnings per share - Basic/Diluted (a/b)			0.12	0.10

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands of Pesos)

	Nine Months Period Ended September 30,	
	2014 (Unaudited)	2013 (Unaudited)
NET INCOME FOR THE PERIOD	**2,890,919**	2,438,204
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	**2,890,919**	2,438,204
Attributable to:		
Equity holders of the parent	**2,842,876**	2,390,268
Noncontrolling interest	**48,043**	47,936
	2,890,919	2,438,204

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands of Pesos)

	Nine Months Period Ended September 30,	
	2014 (Unaudited)	2013 (Unaudited)
Capital Stock		
Common shares - P1 par value		
Authorized - 33 billion shares		
Issued - 24,470,708,509 shares		
Outstanding - 24,249,759,509	**24,470,708**	24,470,708
Preferred shares - P0.01 par value		
Authorized - 8 billion shares		
Issued and outstanding - 8 billion shares	**80,000**	80,000
Treasury shares	**(221,041)**	(221,041)
Additional paid-in capital	**5,612,321**	5,612,321
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Share in components of equity of an associate	**361,794**	361,794
Remeasurement losses on retirement plan	**(105,686)**	(105,686)
Retained earnings		
Balance at beginning of the period	**18,437,398**	15,683,170
Net income	**2,842,876**	2,390,268
Dividends	**(1,212,488)**	(1,163,990)
Share in revaluation increment on land of an associate	**-**	-
Balance at end of the period	**20,067,786**	16,909,448
Equity attributable to equity holders of the parent	**50,263,263**	47,104,925
Noncontrolling interest	**192,451**	347,124
Total Equity	**50,455,714**	47,452,049

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Nine Months Period Ended September 30,	
	2014 (Unaudited)	2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	3,419,661	2,822,089
Adjustments for:		
Interest expense	573,430	406,727
Depreciation and amortization	296,844	251,025
Equity in net earnings of an associate	(34,879)	(85,933)
Interest income	(531,826)	(334,651)
Dividend income	-	(3,699)
Operating income before changes in operating assets and liabilities	3,723,230	3,055,558
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivables	(3,035,623)	(1,377,607)
Due from related parties	(11,690)	9,368
Other receivables	247,226	182,868
Real estate inventories	497,211	687,565
Other assets	(620,267)	(747,605)
Increase in:		
Accounts payable and accrued expenses	691,262	16,527
Retirement liabilities	21,534	9,826
Net cash generated from operations	1,512,883	1,836,500
Interest received	531,826	334,651
Income taxes paid	(283,987)	(80,410)
Net cash provided by operating activities	1,760,722	2,090,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment properties and property and equipment	(2,170,246)	(1,646,668)
Acquisition of rawland	(2,441,579)	(2,045,368)
Cash used in investing activites	(4,611,825)	(3,692,036)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans availment	3,800,000	6,299,000
Payments of loans payable	(2,127,917)	(2,525,833)
Increase (decrease) in amounts due to related parties	(77,020)	551,313
Interest paid	(1,496,294)	(1,201,876)
Payments of cash dividend	(1,232,488)	(1,163,988)
Net cash provided by (used in) financing activities	(1,133,719)	1,958,616
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,984,822)	357,321
CASH AND CASH EQUIVALENTS, BEGINNING	6,390,732	2,165,457
CASH AND CASH EQUIVALENTS, ENDING	2,405,910	2,522,778

ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES
AGING OF RECEIVABLES
(Amounts in Thousands of Pesos)
As of September 30, 2014

	Current	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Type of Account Receivable							
a) Mortgage, Notes & Installment Contract Receivable							
1. Installment Contracts Receivable	15,274,145	33,321	16,837	9,726	7,654	273,603	15,615,287
2. Receivable from financing Institutions	504,111						504,111
Sub-total	15,778,256	33,321	16,837	9,726	7,654	273,603	16,119,398
b) Other Receivables	2,891,313	-	-	-	-	-	2,891,313
Net Receivables	18,669,569	33,321	16,837	9,726	7,654	273,603	19,010,711

Account Receivable Description Type of Receivables	Nature/Description	Collection Period
Installment contracts receivables	This is the Company's in-house financing, where buyers are required to make downpayment and the balance will be in the form of a mortgage loan to be paid in equal monthly installments.	5-10 years
Receivable from financing institution	This represents proceeds from buyers' financing under one or more of the government programs granted to finance buyers of housing units and mortgage house financing of private banks.	Within 1 year
Other receivables	This represents claims from other parties arising from the ordinary course of business. It also includes advances for expenses/accommodations made by the Company in favor of officers and employees.	1 to 2 years

Normal Operating Cycle: 12 calendar months

FILINVEST LAND, INC.

GROUP SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED

SEPTEMBER 30, 2014

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the detailed schedule of financial assets in equity securities of the Group as of September 30, 2014:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVTOCI				
Quoted:				
The Palms Country Club	1,000	3,060	3,060	–
Philippine Long Distance Telephone Company	26,100	261	261	–
		3,321	3,321	–
Unquoted:				
Manila Electric Company (MERALCO)	1,153,694	11,536	11,536	–
Timberland Sports and Nature Club	3,000	2,995	2,995	–
		14,532	14,532	–
		₱17,852	₱17,852	₱–

The Group has no income received and accrued related to the financial assets at FVTOCI during the year.

The Group investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to employees of the Group with balances above ₱100,000 as of September 30, 2014:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
		(In Thousands)		
Antonio E. Cenon	₱92,758	₱13,245	₱–	₱106,003
Marie Angeline C. Joven	114,066	26,346	–	140,412
Elsa N. Marquez	115,107	–	–	115,107
	₱61,800	₱39,591	₱–	₱361,522

These advances were obtained by the Group's employees for expenses and disbursements necessary in carrying out their functions in the ordinary course of business such as for selling and marketing activities, official business trips, emergency and cash-on-delivery purchases of materials, equipment and supplies, repair of Group's vehicles, model units and housing units, registration of titles, etc. The advances will be liquidated when the purposes for which these advances were granted are accomplished or completed. There were no amounts written off during the year and all receivables are expected to be collected/ liquidated within the next twelve months.

Related Party Transactions

Due from related parties

Below is the list of outstanding receivables from related parties of the Group presented in the consolidated statements of financial position as of September 30, 2014 (amount in thousands):

	Relationship	Nature	Balance at period ending September 30, 2014
Timberland Sports and Nature Club.	Affiliate	A	₱191,107
East West Banking Corp.	Affiliate	A	17,092
Davao Sugar Central Corp.	Affiliate	A	5,947
AL Gotianun, Inc.	Ultimate Parent	A	970
Filinvest Information Technology, Inc.	Affiliate	A	875
The Palms Country Club	Affiliate	A	218
GCK Realty	Affiliate	A, C, D	19
			₱216,228

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

A. Expenses - these pertain to the share of the Group of related parties in various common selling and marketing and general and administrative expenses.
B. Advances - these pertain to temporary advances to/from related parties for working capital requirements
C. Management and marketing fee
D. Reimbursable commission expense
E. Rentals
F. Dividends

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of September 30, 2014 (amounts in thousands):

		Volume	Receivable	Terms
Cyberzone Properties, Inc.	Rental income	88,518	₱27,140	Non-interest bearing and to be settled within the year
	Share in expenses	(76,471)		
Property Specialist Resources, Inc.	Share in expenses	1,760	3,194	Non-interest bearing and to be settled within the year
Leisurepro, Inc.	Share in expenses	46	6,181	Non-interest bearing and to be settled within the year
Homepro Realty Marketing, Inc.	Share in expenses	47	4,398	Non-interest bearing and to be settled within the year
Filinvest AII Philippines, Inc.	Share in expenses	9,114	–	Non-interest bearing and to be settled within the year
Property Maximizer Professional Corporation	Marketing fee expense	173,404	–	Non-interest bearing and to be settled within the year
			₱40,913	

Name	Balance at beginning of year	Additions	Collections	Balance at period ending September 30, 2014
Cyberzone Properties, Inc. (CPI)	40,987	88,518	(102,365)	₱27,140
Property Specialist Resources, Inc.	8,470	–	(5,276)	3,194
Leisurepro, Inc	6,134	47	–	6,181
Homepro Realty Marketing, Inc	4,351	47	–	4,398
Filinvest AII Philippines, Inc.	₱185,901	₱9,114	(₱195,015)	–
Property Maximizer Professional Corporation	24,453	119,651	(144,104)	–
	₱270,296	₱217,378	(₱(512,885)	₱40,913

The intercompany transactions between the FLI and the subsidiaries pertain to share in expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

Schedule D. Intangible Asset

As of September 30, 2014, the Company's intangible assets consist of Goodwill. Goodwill in the Company's consolidated statements of financial position arose from the acquisition of two major assets consisting of (in thousands):

Festival Supermall structure	₱3,745,945
Filinvest Asia Corporation	494,744
CPI	326,553
	₱4,567,242

Schedule E. Long term debt

Below is the schedule of long-term debt of the Group (amounts in thousands):

Type of Obligation	Amount	Current	Noncurrent
Term loans			
Guaranteed loan amounting to ₱1.13 billion and ₱1.12 billion obtained in October 2005 and July 2007, respectively. Both loan principal is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. The loans carry a fixed interest rate of 7.72% and 7.90% per annum, respectively.	₱450,000	₱450,000	–
Developmental loans			
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 5.07%, payable quarterly in arrears. The principal is payable at maturity on July 2018.	1,494,560	–	1,494,560
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98%, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting September 2015 up to June 2018.	1,144,637	94,115	1,050,521
Unsecured loan obtained in September 2014 with interest at prevailing market rate 3.00%, payable quarterly in arrears. The principal is payable at maturity on August 2015.	1,000,000	1,000,000	–
Unsecured loan obtained in January 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 6.39%, payable quarterly in arrears. The principal is payable at maturity on January 2017.	997,901	–	997,901
Unsecured loan obtained in April 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 6.12%, payable quarterly in arrears. The principal is payable at maturity on January 2017.	997,674	–	997,674
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 4.27%, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on November 2015 and 50% payable at maturity on August 2010.	997,552	–	997,552
Unsecured loan obtained in November 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 5.50%, payable quarterly in arrears. The principal is payable at maturity on November 2017.	996,831	–	996,831
Unsecured loan obtained in February 2013 with interest at prevailing market rate, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	747,995	124,117	623,877
Unsecured loan obtained in December 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 4.62%, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on March 2016 and 50% payable at maturity on December 2020.	700,000	–	700,000
Unsecured loan obtained in July 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.30% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on October 2016 and 50% payable at maturity on July 2021.	700,000	–	700,000
Unsecured loan obtained in July 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 5.52% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on October 2016 and 50% payable at maturity on July 2021.	600,000	–	600,000
Unsecured loans obtained in August 15,2012 with interest of 5.79% per annum (inclusive of GRT), subject to repricing either via floating rate or fixed rate on the 90th day, payable quarterly in arrears. The loan has a fixed term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on Nov ember 2014 and 50% payable at maturity on August 2019.	600,000	60,000	540,000

Type of Obligation	Amount	Current	Noncurrent
Developmental loans			
Unsecured loan obtained in March 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum, payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence on June 2013 and 50% payable at maturity on March 2016.	561,623	124,339	437,283
Unsecured loan obtained in October 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 4.21%, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on January 2016 and 50% payable at maturity on October 2020.	547,748	–	547,748
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 4.27%, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on November 2015 and 50% payable at maturity on August 2020.	500,000	12,500	487,500
Unsecured loan obtained in March 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.27% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on November 2015 and 50% payable at maturity on August 2020.	500,000	–	500,000
Unsecured loan obtained in December 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 5.29%, payable quarterly in arrears. The principal is payable at maturity on DEcember 2017.	498,322	–	498,322
Unsecured loan obtained in June 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to1% per annum, payable quarterly in arrears. The 50% balance is paid in July 2011 and the remaining 50% balance is payable in twelve (12) equal quarterly installments starting September 2013 up to June 2016.	436,262	248,989	187,273
Unsecured loan obtained in October 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 6.03%, payable quarterly in arrears. The principal is payable at maturity on October 2017.	300,000	–	300,000
Unsecured loan obtained in May 2013 with interest rate equal to BSP overnight reverse repurchase agreement plus 1% per annum plus GRT (Fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	300,000	25,000	275,000
Unsecured loan obtained in May 17, 2012 with interest at prevailing market rate, subject to repricing and payable quarterly in arrears. The loan has a fixed term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on August 2014 and 50% payable at maturity on May 2019.	292,500	30,000	262,500
Unsecured loan obtained in December 2011 with interest at prevailing market 4.2% per annum, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting March 2014 to December 2016.	262,024	116,343	145,681
Unsecured loan obtained in May 2013 with a fixed interest rate of 4.74%, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	249,209	20,491	228,718
Unsecured loan granted in November 10, 2011 with a term of 7 years with 2 years grace period on principal repayment. Interest is based on prevailing market rate, subject to quarterly repricing and payable quarterly in arrears. 50% of principal is payable in 12 quarterly amortization commencing on February 10, 2014 and 50% is payable on maturity.	185,000	20,000	165,000
Unsecured loan granted in May 2010 with a term of five years with 50% of principal payable in 12 equal quarterly amortization to commence on August 2012 and 50% payable at maturity in May 2015. The loan carries interest August 2014 and 50% payable at maturity on May 2015. The loan carries interest at prevailing market rate payable quarterly in arrears	125,000	125,000	–

Type of Obligation	Amount	Current	Noncurrent
Developmental loans			
Unsecured loan granted in December 2012 with a term of five years with 50% of principal payable in 20 equal quarterly amortization to commence on March 2013 and 50% payable at maturity on December 2017. The loan carries interest August 2014 and 50% payable at maturity on May 2019. The loan carries interest at prevailing market rate.	123,750	15,000	108,750
Unsecured loan granted in May 2012 payable over 7-year period inclusive of 2 year grace period; 50% of principal is payable in 20 equal quarterly amortizations to commence on August 2014 and 50% payable at maturity on May 2017. The loan carries interest at prevailing market rate.	97,500	10,000	87,500
Unsecured loan obtained in February 2013 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	500	83	417
	16,406,587	2,475,978	13,930,609
Bonds			
Fixed rate bonds with principal amount of ₱7.00 billion and term of seven (7) years from the issue date was issued by the Company on June 8, 2012. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 10, 2012.	6,944,900	–	6,944,900
Fixed rate bonds with aggregate principal amount of ₱7.00 billion issued by the Group on November 8, 2013. This is comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 with a fixed interest rate of 4.8562% per annum, and ₱2.7 billion ten (10) year fixed rate bonds due in 2023 with a fixed interest rate of 5.43% per annum.	6,928,187	–	6,928,187
Fixed rate bonds with aggregate principal amount of ₱4.50 billion, comprised of five (5)-year fixed rate bonds due in 2014 was issued by the Company on November 19, 2009. The bonds have a term of 5 years and one (1) day from the issue date, with a fixed interest rate of 8.4615% per annum. Interest is payable quarterly in arrears starting on February 20, 2010.	4,498,254	4,498,254	–
Fixed rate bonds with principal amount of ₱3.00 billion and term of five (5) years from the issue date was issued by the Company on July 7, 2011. The fixed interest rate is 6.1962% per annum, payable quarterly in arrears starting on October 7, 2011.	2,978,986	–	2,978,986
	21,350,326	4,498,254	16,852,072
	₱37,756,913	₱6,974,232	₱30,782,682

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans provide for restrictions and requirements with respect to, among others, declaration or making payment of dividends (except stock dividends); making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; entering into any partnership, merger, consolidation or reorganization; and maintaining certain financial ratios. The Group is required to maintain debt-to-equity ratio of at most 100%; debt service coverage rate of at least 150%; interest coverage ratio of at least 200%; and limit in single mortgage, unhedge foreign currency open position, and loans to related parties of 1%, 10% and 15% of shareholders' equity, respectively.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the nine months ended September 30, 2014.

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
Below is the list of outstanding payables to related parties of the Group presented in the Group statements of financial position as of September 30, 2014 (amount in thousands):

	Relationship	Nature	Balance at beginning of period	Balance at end of period
Filinvest Development Corp.	Parent Company	A, C, E	₱64,747	₱67,416
Filinvest Alabang, Inc.	Associate	A, C	33,601	30,314
Pacific Sugar Holdings, Corp.	Affiliate	A	27,009	27,009
Festival Supermall, Inc. – Management	Affiliate	A	24,183	7,344
Filarchipelago Hospitality Inc.	Affiliate	A	67	72
Seascape Resorts, Inc.	Affiliate	A	27	25
Quest Restaurants Inc.	Affiliate	A	–	2
East West Banking Corporation	Affiliate	A	20,068	–
			₱169,702	₱132,182

Nature of intercompany transactions
The nature of the intercompany transactions with the related parties is described below:

a. Expenses - these pertain to the share of the Group of related parties in various common selling and marketing and general and administrative expenses.
b. Advances - these pertain to temporary advances to/from related parties for working capital requirements
c. Management and marketing fee
d. Reimbursable commission expense
e. Rentals

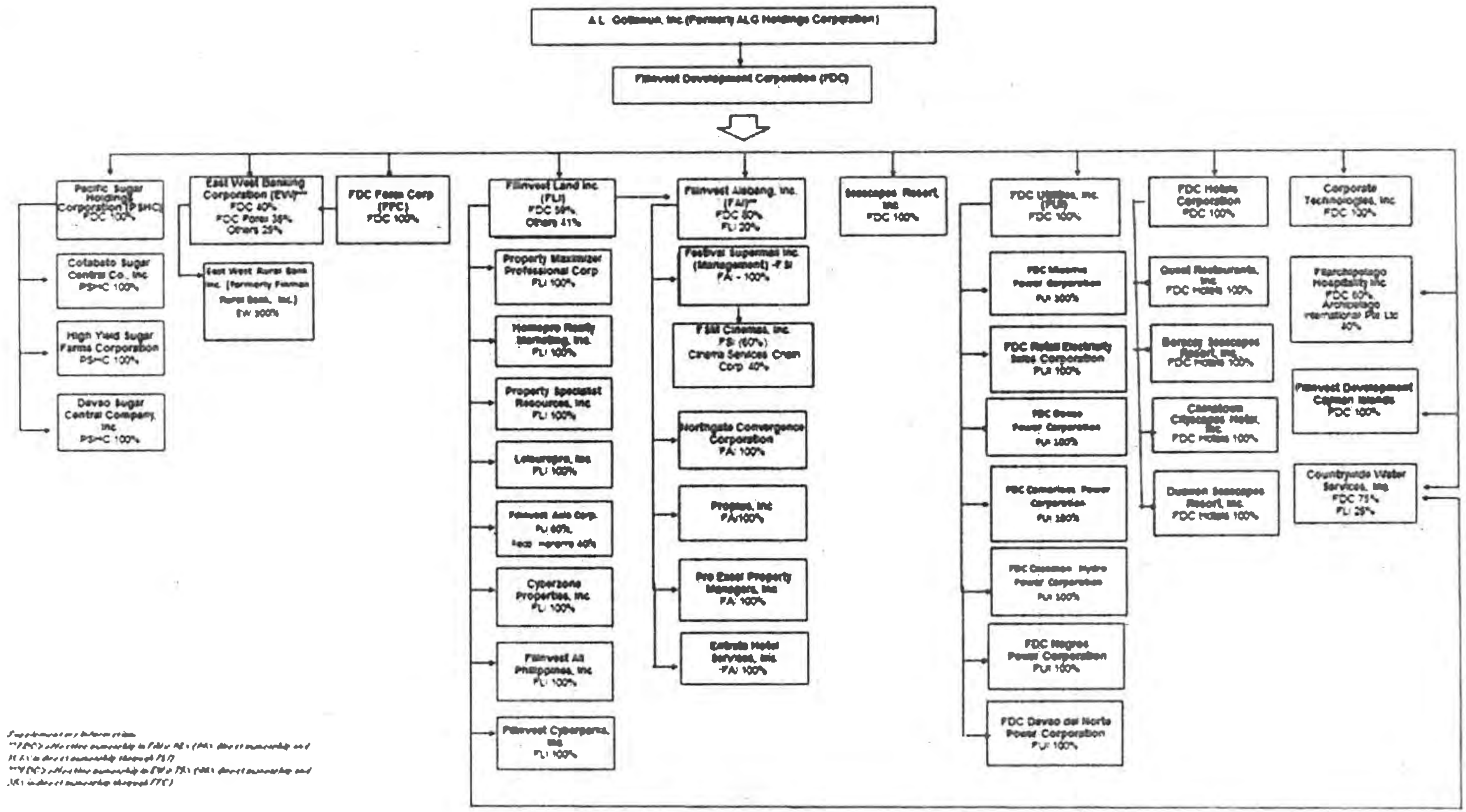
Schedule G. Guarantees of Securities of Other Issuers
The Company does not have guarantees of securities of other issuers as of June 30, 2014.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
		(In Thousands)				
Common Shares	33,000,000	24,249,759	–	14,017,206	61,504	None
Preferred Shares	8,000,000	8,000,000	–	8,000,000	–	None

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate Group, subsidiaries, and associates as of September 30, 2014.



Standards adopted by the Group

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of June 30, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary				√
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First–time Adoption of Philippine Financial Reporting Standards	√		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			√
	Amendments to PFRS 1: Additional Exemptions for First–time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First–time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First–time Adopters			√
	Amendments to PFRS 1: Government Loans			√
PFRS 2	Share–based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations			√
	Amendments to PFRS 2: Group Cash–settled Share–based Payment Transactions			√
PFRS 3 (Revised)	Business Combinations	√		
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non–current Assets Held for Sale and Discontinued Operations			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
PFRS 7 (cont.)	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	√		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities		√	
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		√	
PFRS 8	Operating Segments	√		
PFRS 9	Financial Instruments	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	√		
PFRS 10	Consolidated Financial Statements		√	
PFRS 11	Joint Arrangements		√	
PFRS 12	Disclosure of Interests in Other Entities		√	
PFRS 13	Fair Value Measurement		√	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures			√
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income		√	
PAS 2	Inventories	√		
PAS 7	Statement of Cash Flows	√		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	√		
PAS 10	Events after the Reporting Date	√		
PAS 11	Construction Contracts	√		
PAS 12	Income Taxes	√		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets			√
PAS 16	Property, Plant and Equipment	√		
PAS 17	Leases	√		
PAS 18	Revenue	√		
PAS 19	Employee Benefits	√		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	√		
PAS 19 (Amended)	Employee Benefits	√		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates			√
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs	√		
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	Consolidated and Separate Financial Statements	√		
PAS 27 (Amended)	Separate Financial Statements		√	
PAS 28	Investments in Associates	√		
PAS 28 (Amended)	Investments in Associates and Joint Ventures		√	
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures	√		
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues			√
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		√	
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting			√
PAS 36	Impairment of Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets	√		
PAS 39	Financial Instruments: Recognition and Measurement	√		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			√
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			√
	Amendments to PAS 39: The Fair Value Option			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
	Amendment to PAS 39: Eligible Hedged Items			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	√		
PAS 41	Agriculture			√
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co–operative Entities and Similar Instruments			√
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	√		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	*Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*			√
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			√
IFRIC 8	*Scope of PFRS 2*			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
IFRIC 10	*Interim Financial Reporting and Impairment*			√
IFRIC 11	PFRS 2– Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC– 14, Prepayments of a Minimum Funding Requirement			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
IFRIC 17	Distributions of Non–cash Assets to Owners			√
IFRIC 18	Transfers of Assets from Customers			√
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			√
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine		√	
SIC–10	Government Assistance – No Specific Relation to Operating Activities			√
SIC–12	Consolidation – Special Purpose Entities			√
	Amendment to SIC – 12: Scope of SIC 12			√
SIC–13	Jointly Controlled Entities – Non–Monetary Contributions by Venturers			√
SIC–15	Operating Leases – Incentives			√
SIC–21	Income Taxes – Recovery of Revalued Non–Depreciable Assets			√
SIC–25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
SIC–27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			√
SIC–29	Service Concession Arrangements: Disclosures.			√
SIC–31	Revenue – Barter Transactions Involving Advertising Services			√
SIC–32	Intangible Assets – Web Site Costs			√

Standards tagged as "Not applicable" have been adopted by the Group but have no significant covered transactions for the year ended September 30, 2014.

Standards tagged as "Not adopted" are standards issued but not yet effective as of September 30, 2014. The Group will adopt the Standards and Interpretations when these become effective.

Schedule of Bond Issuances – Securities Offered to the Public

	2009 ₱5 Billion Bond	2011 ₱3 Billion Bond	2012 ₱7 Billion Bond	2013 ₱7 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus:				
Gross proceeds	5,000,000,000	3,000,000,000	7,000,000,000	7,000,000,000
Less: Expenses	63,850,625	34,290,625	97,225,625	67,594,379
Net Proceeds	4,936,149,375	2,965,709,375	6,902,774,375	6,932,405,621
Actual gross and net proceeds:				
Gross proceeds	5,000,000,000	3,000,000,000	7,000,000,000	7,000,000,000
Less: Expenses	65,936,000	21,165,000	84,023,040	82,906,997
Net Proceeds	4,934,064,000	2,978,835,000	6,915,976,960	6,917,093,003
Expenditure items where the proceeds were used:				
Land Acquisition	2,960,438,400	417,036,900	249,938,096	2,965,648,318
Project Development	1,973,625,600	2,561,798,100	6,666,038,864	1,185,554,209
Investment Property	–	–	–	2,765,890,476
Total	4,934,064,000	2,978,835,000	6,915,976,960	6,917,093,003
Balance of the proceeds as of September 30, 2014:				
Net Proceeds	4,934,064,000	2,978,835,000	6,915,976,960	6,917,093,003
Capital expenditures	4,934,064,000	2,978,835,000	6,915,976,960	6,917,093,003
Balance	–	–	–	–

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period:

Financial ratios		September 2014	September 2013	December 2013
Current ratio [1]	Current assets / Current liabilities	**2.16**	3.66	2.53
Long-term debt-to-equity ratio	Long-term debt / Equity	**0.75**	0.74	0.74
Debt ratio	Total liabilities / Total assets	**0.51**	0.50	0.50
EBITDA to total interest paid	EBITDA / Total interest paid	**2.90**	2.88	3.03
Price Earnings Ratio	Closing price [2] / Earnings per share	**13.48**	16.23	8.81
Quick asset ratio	Current assets - Inventories / Current Liabilities	**0.62**	1.07	1.40
Solvency ratio	Net income + Depreciation / Total Liabilities	**0.06**	0.07	0.09
Interest coverage ratio	EBIT / Interest Expense	**6.23**	6.83	10.99
Net profit margin	Net Income / Revenue	**0.27**	0.29	0.21
Return on equity	Net Income / Shareholder's Equity	**0.06**	0.05	0.08

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, due from related parties, other receivables and real estate inventories and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable, loans payable and bonds payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at September 30, 2014 and 2013

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

(Amounts in Thousands of Pesos)

Retained Earnings, January 1, 2014		₱18,437,398
Adjustments:		
Equity in net earnings of subsidiaries and an associate		(5,440,542)
Prior-year adjustments		192,793
Unappropriated Retained Earnings, as adjusted, January 1, 2014		13,189,649
Net income based on the face of unaudited financial statements	2,842,876	
Less: Non-actual/unrealized income net of tax		
Equity in net income of subsidiaries and an associate	(490,174)	
Unrealized foreign exchange gain - net	–	
Unrealized actuarial gain	–	
Fair value adjustment (marked-to-market gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Add: Non-actual/unrealized losses net of tax		
Depreciation on revaluation increment	–	
Adjustment due to deviation from PFRS/GAAP loss	–	
Loss on fair value adjustment of Investment Property	–	
Movement in deferred tax assets	6,369	
Net income actual/realized		2,359,071
Less: Dividend declarations during the year		–
Unappropriated Retained Earnings, as adjusted, September 30, 2014		₱15,548,720

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Filinvest Land, Inc.** is responsible for the preparation and fair presentation of the financial statements for the years ended **December 31, 2013 and 2012**, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ANDREW L. GOTIANUN, SR.
Chairman of the Board

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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JOSEPHINE G. YAP
President / CEO

APR 08 2014

Subscribed and sworn to before me this
Affiant exhibited to me his/her CTC No.
issued on

NELSON M. BONA
Chief Financial Officer

Signed this 21st day of March, 2014

Doc. No. 188
Page No. 39
Book No. 1
Series of 2014

ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
COMMISSION EXPIRES DEC. 31, 2015
PTR NO. 9042371, 1/02/2014, Q.C.
ROLL OF ATTORNEY NO. 25103

COVER SHEET

1 7 0 9 5 7

SEC Registration Number

FILINVEST LAND, INC. AND SUBSIDIARIES

(Company's Full Name)

79 EDSA, Brgy. Highway Hills, Mandaluyong City

(Business Address: No. Street City/Town/Province)

Ms. Venus A. Mejia

(Contact Person)

918-8188

(Company Telephone Number)

1 2	3 1
Month	*Day*

(Fiscal Year)

A A C F S

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

BUREAU OF INTERNAL REVENUE
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LARGE TAXPAYERS ASSISTANCE DIVISION
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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Filinvest Land, Inc. and its subsidiaries as at December 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-A (Group A),
March 8, 2012, valid until March 8, 2015
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2012,
January 11, 2012, valid until January 10, 2015
PTR No. 4225219, January 2, 2014, Makati City

March 14, 2014

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31, 2013	December 31, 2012 (As restated, Note 2)	January 1, 2012 (As restated, Note 2)
ASSETS			
Cash and cash equivalents (Notes 7, 19 and 30)	**₱6,390,732**	₱2,165,456	₱1,196,147
Contracts receivable (Notes 8 and 30)	**13,083,775**	10,597,950	8,452,908
Due from related parties (Notes 19 and 30)	**204,538**	194,243	246,757
Other receivables (Notes 9 and 30)	**3,136,739**	3,100,287	2,495,651
Financial assets at fair value through other comprehensive income (Notes 11 and 30)	**17,852**	24,626	24,626
Real estate inventories (Notes 3 and 10)	**24,426,958**	23,677,456	19,064,138
Land and land development (Notes 3 and 10)	**18,794,686**	15,368,369	14,091,543
Investment in an associate (Notes 3 and 12)	**4,018,058**	3,912,092	3,799,798
Investment properties (Notes 3 and 13)	**19,592,830**	15,978,511	12,837,230
Property and equipment (Notes 3 and 14)	**1,150,822**	1,327,943	1,289,870
Deferred income tax assets - net (Note 28)	**12,320**	22,427	23,715
Goodwill (Notes 3 and 4)	**4,567,242**	4,567,242	4,567,242
Other assets (Notes 3 and 15)	**2,700,494**	1,693,378	831,347
	₱98,097,046	₱82,629,980	₱68,920,972
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses (Notes 8, 16 and 30)	**₱10,441,412**	₱8,511,287	₱6,230,491
Income tax payable (Note 28)	**17,235**	24,141	66,988
Loans payable (Notes 17, 26 and 30)	**14,751,209**	11,234,851	8,797,674
Bonds payable (Notes 18, 26 and 30)	**21,318,016**	14,364,924	7,977,009
Due to related parties (Notes 19 and 30)	**209,201**	183,485	48,748
Retirement liabilities (Notes 3 and 24)	**186,817**	159,756	95,726
Deferred income tax liabilities - net (Note 28)	**2,187,244**	1,905,582	1,685,882
Total Liabilities	**49,111,134**	36,384,026	24,902,518
Equity			
Common stock (Note 26)	**24,470,708**	24,470,708	24,470,708
Preferred stock (Note 26)	**80,000**	80,000	80,000
Additional paid-in capital	**5,612,321**	5,612,321	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)	(221,041)
Retained earnings (Note 26)	**18,437,398**	15,683,170	13,403,599
Revaluation reserve on financial assets at fair value through other comprehensive income (Note 11)	**(2,619)**	(2,619)	(2,619)
Remeasurement losses on retirement plan (Note 24)	**(105,686)**	(105,686)	(49,364)
Share in other components of equity of an associate (Note 12)	**361,794**	361,794	361,794
Equity attributable to equity holders of the parent	**48,632,875**	45,878,647	43,655,398
Noncontrolling interest (Note 6)	**353,037**	367,307	363,056
Total Equity	**48,985,912**	46,245,954	44,018,454
TOTAL LIABILITIES AND EQUITY	**₱98,097,046**	₱82,629,980	₱68,920,972

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
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FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
REVENUE			
Real estate sales	**₱10,478,477**	₱8,798,358	₱6,953,469
Rental services (Notes 13 and 25)	**2,034,078**	1,887,094	1,637,338
EQUITY IN NET EARNINGS OF AN ASSOCIATE (Note 12)	**186,366**	187,295	63,407
OTHER INCOME			
Interest income (Notes 7, 8 and 22)	**549,398**	516,541	543,226
Others - net (Notes 19 and 23)	**568,765**	529,525	587,921
	13,817,084	11,918,813	9,785,361
COSTS			
Real estate sales (Note 10)	**6,036,080**	4,927,456	3,612,285
Rental services (Note 13)	**491,398**	473,619	456,368
OPERATING EXPENSES			
General and administrative expenses (Note 20)	**1,178,588**	1,096,902	911,315
Selling and marketing expenses (Note 21)	**892,482**	872,245	764,813
INTEREST AND OTHER FINANCE CHARGES (Notes 17, 18 and 22)	**474,446**	412,961	478,821
	9,072,994	7,783,183	6,223,602
INCOME BEFORE INCOME TAX	**4,744,090**	4,135,630	3,561,759
PROVISION FOR INCOME TAX (Note 28)			
Current	**481,993**	397,474	505,417
Deferred	**286,152**	248,612	54,765
	768,145	646,086	560,182
NET INCOME	**₱3,975,945**	₱3,489,544	₱3,001,577
Attributable to:			
Equity holders of the parent	**₱3,918,215**	₱3,431,435	₱2,942,086
Noncontrolling interest	**57,730**	58,109	59,491
	₱3,975,945	₱3,489,544	₱3,001,577
Basic/Diluted Earnings Per Share (Note 27)	**₱0.16**	₱0.14	₱0.12

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
NET INCOME	**₱3,975,945**	₱3,489,544	₱3,001,577
OTHER COMPREHENSIVE LOSS			
Other comprehensive income not to be reclassified to profit or loss, net of tax			
Remeasurement losses on retirement plan, net of tax (Note 24)	–	(56,322)	(4,559)
	–	(56,322)	(4,559)
TOTAL COMPREHENSIVE INCOME	**₱3,975,945**	₱3,433,222	₱2,997,018
Attributable to:			
Equity holders of the parent	**₱3,918,215**	₱3,375,113	₱2,937,527
Noncontrolling interest	**57,730**	58,109	59,491
	₱3,975,945	₱3,433,222	₱2,997,018

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
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LARGE TAXPAYERS ASSISTANCE DIVISION I
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FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent										
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVTOCI (Note 11)	Remeasurement Losses on Retirement Plan (Note 24)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 6)	Total Equity
	For the Year Ended December 31, 2013										
Balances as of December 31, 2012, as previously stated	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱15,683,170	(₱2,619)	(₱105,686)	₱361,794	₱45,878,647	₱–	₱45,878,647
Effect of initial adoption of PFRS 10 (Note 2)	–	–	–	–	–	–	–	–	–	367,307	367,307
Balances as of December 31, 2012, as restated	24,470,708	80,000	5,612,321	(221,041)	15,683,170	(2,619)	(105,686)	361,794	45,878,647	367,307	46,245,954
Total comprehensive income	–	–	–	–	3,918,215	–	–	–	3,918,215	57,730	3,975,945
Dividends declared (Note 26)	–	–	–	–	(1,163,987)	–	–	–	(1,163,987)	–	(1,163,987)
Dividend distribution to noncontrolling interest (Note 6)	–	–	–	–	–	–	–	–	–	(72,000)	(72,000)
Balances as of December 31, 2013	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱18,437,398	(₱2,619)	(₱105,686)	₱361,794	₱48,632,875	₱353,037	₱48,985,912

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVTOCI (Note 11)	Remeasurement Losses on Retirement Plan (Note 24)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 6)	Total Equity
	Attributable to Equity Holders of the Parent										
	For the Year Ended December 31, 2012										
Balances as of January 1, 2012, as previously stated	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱13,403,599	(₱2,619)	(₱49,364)	₱361,794	₱43,655,398	₱–	₱43,655,398
Effect of initial adoption of PFRS 10 (Note 2)	–	–	–	–	–	–	–	–		363,056	363,056
Balances as of January 1, 2012, as restated	24,470,708	80,000	5,612,321	(221,041)	13,403,599	(2,619)	(49,364)	361,794	43,655,398	363,056	44,018,454
Net income, as previously stated	–	–	–	–	3,431,435	–	–	–	3,431,435	–	3,431,435
Effect of initial adoption of PFRS10 (Note 2)	–	–	–	–	–	–	–	–	–	58,109	58,109
Net income, as restated	–	–	–	–	3,431,435	–	–	–	3,431,435	58,109	3,489,544
Other comprehensive income	–	–	–	–	–	–	(56,322)	–	(56,322)	–	(56,322)
Total comprehensive income	–	–	–	–	3,431,435	–	(56,322)	–	3,375,113	58,109	3,433,222
Dividends declared (Note 26)	–	–	–	–	(1,151,864)	–	–	–	(1,151,864)	–	(1,151,864)
Dividend distribution to noncontrolling interest (Note 6)	–	–	–	–	–	–	–	–	–	(53,858)	(53,858)
Balances as of December 31, 2012, as restated	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱15,683,170	(₱2,619)	(₱105,686)	₱361,794	₱45,878,647	₱367,307	₱46,245,954

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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	Attributable to Equity Holders of the Parent										
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVTOCI (Note 11)	Remeasurement Losses on Retirement Plan (Note 24)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 6)	Total Equity
					For the Year Ended December 31, 2011						
Balances as of January 1, 2011, as previously stated	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱11,412,105	(₱2,619)	(₱44,805)	₱361,794	₱41,668,463	₱–	₱41,668,463
Effect of initial adoption of PFRS 10 (Note 2)	–	–	–	–	–	–	–	–	–	348,693	348,693
Balances as of January 1, 2011, as restated	24,470,708	80,000	5,612,321	(221,041)	11,412,105	(2,619)	(44,805)	361,794	41,668,463	348,693	42,017,156
Net income, as previously stated	–	–	–	–	2,942,086	–	–	–	–	–	2,942,086
Effect of initial adoption of PFRS10 (Note 2)	–	–	–	–	–	–	–	–	–	59,491	59,491
Net income, as restated	–	–	–	–	2,942,086	–	–	–	2,942,086	59,491	3,001,577
Other comprehensive income (loss)	–	–	–	–	–	–	(4,559)	–	(4,559)	–	(4,559)
Total comprehensive income	–	–	–	–	2,942,086	–	(4,559)	–	2,937,527	59,491	2,997,018
Dividends declared (Note 26)	–	–	–	–	(950,592)	–	–	–	(950,592)	–	(950,592)
Dividend distribution to noncontrolling interest (Note 6)	–	–	–	–	–	–	–	–	–	(45,128)	(45,128)
Balances as of December 31, 2011, as restated	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱13,403,599	(₱2,619)	(₱49,364)	₱361,794	₱43,655,398	₱363,056	₱44,018,454

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,744,090**	₱4,135,630	₱3,561,759
Adjustments for:			
Interest income (Note 22)	**(549,398)**	(516,541)	(543,226)
Interest expense (Note 22)	**384,491**	348,108	454,903
Depreciation and amortization (Notes 13 and 14)	**365,384**	322,727	317,835
Equity in net earnings of an associate (Note 12)	**(186,366)**	(187,294)	(63,407)
Dividend income	**(3,757)**	(3)	(51)
Net pension expense (contribution) (Note 24)	**27,061**	(17,181)	8,271
Operating income before changes in operating assets and liabilities	**4,781,505**	4,085,446	3,736,084
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**(2,485,825)**	(2,145,042)	(607,037)
Due from related parties	**(10,295)**	52,514	(60,835)
Other receivables	**(36,452)**	(604,636)	(882,320)
Real estate inventories	**262,579**	(3,884,972)	(4,153,392)
Other assets	**(967,029)**	(781,596)	(277,197)
Increase (decrease) in:			
Accounts payable and accrued expenses	**900,463**	1,693,292	104,965
Net cash generated from (used for) operations	**2,444,946**	(1,584,994)	(2,139,732)
Income taxes paid	**(523,369)**	(516,434)	(539,069)
Interest received	**549,398**	516,541	545,893
Dividends received	**3,757**	3	51
Net cash provided by (used in) operating activities	**2,474,732**	(1,584,884)	(2,132,857)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of raw land (Note 10)	**(2,901,861)**	(2,488,561)	(1,053,473)
Acquisitions of investment properties and property and equipment (Notes 13 and 14)	**(2,971,951)**	(1,457,348)	(804,171)
Dividends received from associate (Note 12)	**80,400**	75,000	540,000
Proceeds from maturity of financial assets at fair value through other comprehensive income	**6,774**	–	93,662
Net cash used in investing activities	**(5,786,638)**	(3,870,909)	(1,223,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Loans payable	**7,199,000**	4,950,000	4,220,000
Bond payable (Note 18)	**7,000,000**	7,000,000	3,000,000
Payments of:			
Loans payable	**(3,669,167)**	(2,504,750)	(2,606,000)
Bonds payable (Note 18)	**–**	(500,000)	–
Cash dividend (Note 26)	**(1,163,987)**	(1,151,864)	(950,592)
Interest and transaction costs	**(1,782,380)**	(1,449,163)	(826,233)
Dividends paid to noncontrolling interest (Note 6)	**(72,000)**	(53,858)	(45,128)
Increase (decrease) in amounts due to related parties	**25,716**	134,737	(34,207)
Net cash provided by financing activities	**7,537,182**	6,425,102	2,757,840
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,225,276**	969,309	(598,999)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,165,456**	1,196,147	1,795,146
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱6,390,732**	₱2,165,456	₱1,196,147

See accompanying Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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FILINVEST LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings. The Group also leases out commercial and office spaces in Alabang, Muntinlupa City and Makati City, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company.

On May 18, 2012, Countrywide Water Services, Inc. (CWSI), a wholly-owned subsidiary, was incorporated. CWSI is engaged in the operation, management, maintenance, and rehabilitation of waterworks and sewerage system. On August 2, 2012, the Parent Company has engaged the services of CWSI in order to maintain and further improve the billing, collection and customer relation services in the waterworks and sewerage system of its residential projects.

The Parent Company's registered business address is at 79 EDSA, Brgy. Highway Hills, Mandaluyong City.

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 14, 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVTOCI) that are measured at fair value.

The Group's consolidated financial statements are presented in Philippine Peso (Peso), which is also the functional currency of the Parent Company and its subsidiaries, and an associate. Amounts are in thousand pesos except as otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been presented in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2013, 2012 and 2011 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	2013	2012	2011
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
Cyberzone Properties, Inc. (CPI)	Leasing	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Countrywide Water Services, Inc.	Waterworks and sewerage system operator	**100%**	100%	–

All of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus of deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements as of and for the year ended December 31, 2012, except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) which became effective on January 1, 2013, except for PAS 19, *Employee Benefits* (Revised) for which the Group early adopted starting January 1, 2012. Except as otherwise indicated, the adoption of these new accounting standards and amendments have no material impact on the Group's consolidated financial statements.

- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32, *Financial Instruments: Presentation.*

  The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with PAS 32. The amendments have no significant impact on the Group's financial statements.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. PFRS 10 also defined the concept of protective rights, which are designed to protect the party holding those rights without giving that party power over the entity to which those rights relate. The changes introduced by PFRS 10 requires management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

  The adoption of PFRS 10 affected the accounting for the Group's 60% equity interest in FAC. For all years up to December 31, 2012, FAC was considered as a jointly controlled entity under the previously existing PAS 31, *Interest in Joint Ventures*, and was accounted for using the proportionate consolidation method. Upon adoption of PFRS 10 effective January 1, 2013, the Group reassessed that it controls FAC based on the factors discussed in Note 3. The assets, liabilities and equity of FAC have been retrospectively consolidated in full in the consolidated financial statements of the Group. The 40% equity of the other investor was accounted for as noncontrolling interest, measured based on the proportionate share of the net assets of FAC. The consolidated statements of financial position as of December 31, 2012 and 2011 have been restated to effect the retrospective application PFRS 10. The retroactive effect of PFRS 10 has also been reflected in the comparative results of operations for the years ended December 31, 2012 and 2011.

  The quantitative impact on the consolidated financial statements is provided below (amounts in thousands).

  Impact on consolidated statements of financial position as of December 31, 2012 and January 1, 2012 (increase in consolidated assets, liabilities and equity):

	December 31, 2012	January 1, 2012
Cash and cash equivalents	₱59,005	₱42,841
Other receivables	38,131	12,637
Investment properties	603,911	635,621
Deferred income tax assets	10,753	5,644
Other assets	45,668	42,210
Total assets	757,468	738,953
Accounts payable and accrued expenses	120,926	75,473
Income tax payable	6,113	3,891
Loans payable	253,333	286,667
Due to related parties	506	337
Deferred income tax liabilities	9,283	9,529
Total liabilities	390,161	375,897
Net impact on equity	₱367,307	₱363,056
Attributable to:		
Equity holders of the parent	₱–	₱–
Noncontrolling interest	367,307	363,056

Impact on consolidated statements of income and statements of comprehensive income for the years ended December 31 (increase in consolidated net income):

	2012	2011
Rental services	₱109,764	₱109,048
Cost of rental services	(22,441)	(30,715)
Interest income	1,708	1,113
Other income	10,578	22,516
Operating expenses:		
General and administrative expenses	(12,836)	(13,617)
Selling and marketing expenses	(866)	(1,707)
Interest and other finance charges	(12,912)	(9,420)
Income before income tax	72,995	77,218
Provision for income tax	(14,886)	(17,727)
Net income/Total comprehensive income	₱58,109	₱59,491
Attributable to:		
Equity holders of the parent	₱–	₱–
Noncontrolling interest	58,109	59,491

The adoption did not affect the other comprehensive income for the period and the Group's basic or diluted earnings per share.

Impact on consolidated statements of cash flows for the years ended December 31 (increase/(decrease) in cash flows):

	2012	2011
Operating	₱103,185	₱4,856
Financing	(87,021)	1,563
	₱16,164	₱6,419

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. Under PAS 31 (prior to the transition to PFRS 11), the Group's interest in FAC was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. As discussed above, the Group reassessed its arrangement with respect to FAC and has determined it has sole control over FAC. Accordingly, the investment was retrospectively accounted for as a subsidiary.

- PFRS 12, *Disclosure of Interests in Other Entities*
  PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The new disclosures required by PFRS 12 are discussed in Notes 6 and 12.

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The application of PFRS 13 has not materially impacted the fair value measurements carried out by the Group. Additional disclosures where required, are provided in the individual notes relating to the assets whose fair values were determined. Fair value hierarchy is provided in Note 29.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance.

- PAS 27, *Separate Financial Statements* (Revised)
  As a consequence of the issuance of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements.

- PAS 28, *Investments in Associates and Joint Ventures* (Revised)
  As a consequence of the issuance of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

Annual Improvements of PFRSs (2009-2011 cycle)
The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning January 1, 2013 and are applied retrospectively.

- PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
  The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's consolidated financial position or performance.

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*
  The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment did not have significant impact on the Group's consolidated financial position or performance.

- PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*
  The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment had no impact on the Group's financial position or performance.

- PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*
  The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only in the interim consolidated financial statements and has no impact on the Group's consolidated financial position or performance.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
  The amendment does not apply to the Group as it is not a first-time adopter of PFRS.

<u>Standards Issued but not yet Effective</u>
Standards, interpretations, amendments and improvements to standards issued but not effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group will adopt these standards, interpretations, amendments to standards and improvements when these become effective. The Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on its consolidated financial statements.

Effective in 2014

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are to be applied retrospectively with earlier application permitted, provided PFRS 13 is also applied.

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group since the Group does not have subsidiaries which would qualify as an investment entity under PFRS 10.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has no derivatives during the current period. However, these amendments would be considered for future novations.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. This amendment is not applicable to the Company for there are no contributions from employee or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted) The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This amendment currently does not apply to the Group as it has no share-based payments.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies how, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount. The amendment has no impact on the Group's financial position or performance as it has no item of property and equipment carried at revalued amounts.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify how, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount. The amendments have no impact on the Group's financial position or performance as it has currently no intangible assets carried at revalued amounts.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
  This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

Effectivity to be determined

- PFRS 9, *Financial Instruments:Hedge Accounting and Impairment of Financial Assets*
  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety.

  On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 currently has no mandatory effective date. The Group had early adopted the first phase of PFRS 9 effective January 1, 2011. The Group will not adopt the third phase of the standard before the completion of the limited amendments and the second phase of the project.

- Philippine Interpretation IFRIC 15, *Agreements for Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

  The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The adoption of this Philippine Interpretation will be accounted for retrospectively and will result to the restatement of prior period consolidated financial statements. The adoption of this Philippine Interpretation may significantly affect the determination of the net income and the related statement of financial position accounts as follows: Contract receivables, Real estate inventories, Customer's deposits, Deferred tax liabilities and Retained earnings.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and are subject to an insignificant risk of change in value.

Financial Instruments
Date of recognition
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments
Financial assets and liabilities are recognized initially at fair value. The fair value of financial instruments that are actively traded in organized financial markets are determined by reference to quoted market bid prices at the close of the business at the reporting date.

Determination of fair value
The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions, reference to the current market value of another instrument which is substantially the same, and discounted cash flow analysis or other valuation models. In the absence of a reliable basis of determining fair value, investments in unquoted equity securities are carried at cost net of impairment, if any.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of income. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification, Reclassification and Measurement of Financial Assets and Financial Liabilities
For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a nonderivative and meets the definition of 'equity' for the issuer (under PAS 32), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial instruments are 'debt instruments'.

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of income. The Group classified cash and cash equivalents, contracts receivable, due from related parties, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

The Group may irrevocably elect, at initial recognition, to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As of December 31, 2013 and 2012, the Group has not made such designation.

Financial assets at FVTOCI
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Equity investments as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVTOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVTOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (see Note 29).

Dividends earned on holding these equity instruments are recognized in the consolidated statement of income when the Group's right to receive the dividends is established in accordance with PAS 18, *Revenue*, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial assets at FVTPL
Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition.

The Group has no financial assets at FVTPL as of December 31, 2013 and 2012.

Reclassification of financial assets
The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Management may designate a financial liability at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

As of December 31, 2013 and 2012, the Group has no financial liability at FVTPL.

Financial liabilities at amortized cost
Financial liabilities are measured at amortized cost using the effective interest method, except for:

a. financial liabilities at fair value through profit or loss which are measured at fair value; and
b. financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Financial liabilities at amortized cost consist primarily of accounts payable and accrued expenses, loans payable, bonds payable and due to related parties (see Notes 16, 17, 18 and 19).

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e. the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the Group financial assets with similar credit risk characteristics. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial Assets
A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Real Estate Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV). It also includes investments in club shares accounted as inventory when the Group acts as the developer and its intent is to sell the developed property.

Cost includes:
- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

Land and Land Development
Land and land development consists of properties for future development that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to subdivision lots and housing units for sale under "real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investment in an Associate
The Group's investment in an associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The consolidated statement of income reflects the share of the results of operations of the associate.

The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated income statement.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Depreciation of investment properties is computed using the straight-line method over the useful lives of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5

The useful life and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

The useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration transferred over the net fair value of the acquiree's identifiable assets, liabilities and any contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Other Assets

Other assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of expense item.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses" in the consolidated statement of financial position, respectively.

Impairment of Nonfinancial Assets
The carrying values of investment in an associate, property and equipment, investment properties and other assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue and Income Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. In arrangements where the Group is acting as principal to its customers, revenue is recognized on a gross basis. However, if the Group is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Real Estate Sales
Revenue from sales of substantially completed projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. The percentage-of-completion method is used to recognize revenue from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the "Accounts payable and accrued expenses" account in the liabilities section of the consolidated statement of financial position.

Collections from accounts which are not yet qualified for revenue recognition are treated as customer deposits included in the "Accounts payable and accrued expenses" account in the consolidated statement of financial position.

Sale of Club Shares
Sale of club shares is recognized when the risk and rewards of ownership of the shares have passed to the buyer and the amount of revenue can be reliably measured. Sale of club shares is included in "Real estate sales" account in the consolidated statement of income.

Rental Income
Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

Interest Income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Income from Forfeited Reservations and Collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Other Income
Other income is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of income:
- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset

Cost of Real Estate Sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision lots and housing units and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of inventory recognized in profit or loss on sale is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred.

Commission Expense
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expenses" account in the consolidated statement of income.

Retirement Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in other comprehensive income account "Remeasurement on retirement plan" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company and its subsidiaries, joint ventures and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity
Common and Preferred Stock
The Group records common and preferred stocks at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares. The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock
Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective Board of Directors.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Income Tax

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Operating Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as Lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Group as Lessee
Operating lease payments are recognized as an expense on a straight line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Any post year-end event up to the date of the auditor's report that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the consolidated financial statements.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Determination of the Group's functional currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of each entity within the Group has been determined to be the Peso. It is the currency that mainly influences the Group's operations.

Classification of Financial Instruments
The Group classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of the instruments. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position. The Group determines the classification at initial recognition and re-evaluates this designation at every reporting date.

Real Estate Revenue Recognition
Selecting an appropriate revenue recognition method for a real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on sale which may be ascertained through the significance of the buyer's initial payments in relation to the total contract price; and,
- Stage of completion of the project development.

Operating Lease Commitments - The Group as Lessor
The Group has entered into various property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership on these properties hence classified as operating leases.

Operating Lease Commitments - The Group as Lessee
The Group has entered into various leases for its occupied offices. The Group has determined that all significant risks and rewards of ownership are retained by the respective lessors on offices it leases and therefore account for these leases as operating lease.

Determining Classification of Investment in Club Project
Being a real estate developer, the Group determines how investment in club project shall be accounted for. In determining whether this shall be accounted for as inventories or as financial instruments, the Group considers its role in the development of the Club and its intent for holding the related club shares.

The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell the developed property.

Determining control over FAC
In line with the Group's adoption of PFRS 10 as discussed in Note 2, the Group determined that it has control over FAC as the Group has the power to direct the relevant activities of FAC despite the existence of a contractual arrangement which grants the other investor rights over certain activities of FAC. Management assessed that the other rights held by the investor through contractual arrangement are only designed to protect the other investor's interest and are merely held to prohibit fundamental changes in the activities of FAC rather than bestow the power to direct the relevant activities over FAC. Accordingly, the Group accounted for its investment in FAC as a subsidiary.

Determining significant influence over FAI
The Group determined that it has significant influence over Filinvest Alabang, Inc. (FAI). Management assessed that it has the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. Accordingly, FAI is considered an associate.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 31).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimate on When the Buyer's Investment is Qualified for Revenue Recognition on Real Estate Sales
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Revenue and cost recognized based on percentage of completion are as follows:

	2013	2012	2011
		(In Thousands)	
Real estate sales	**₱6,560,947**	₱5,861,298	₱3,313,451
Cost of real estate	**4,062,544**	3,220,847	1,746,707

Evaluation of Impairment of Financial Assets at Amortized Cost
The Group reviews financial assets at amortized cost, other than cash and cash equivalents, at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statements of income. If there is objective evidence that an impairment loss on financial assets at amortized cost, other than cash and cash equivalents, has been incurred, the carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

The Group maintains allowance for doubtful accounts based on the result of the individual and collective assessment. Under the individual assessment, impairment loss is determined as the difference between the receivables carrying balance and recoverable amount. Factors considered in individual assessment are payment history, account status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, account status and term) of the customers.

Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile adjusted on the basis of current observable data to reflect the effects of current conditions.

The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the period. Based on the Group's experience, its financial assets at amortized cost are highly collectible or collectible on demand.

The contracts receivables are collateralized by the corresponding real estate properties sold. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market prices.

The Group has an outstanding allowance for impairment loss on its other receivables amounting to ₱98.64 million and ₱73.18 million as of December 31, 2013 and 2012, respectively (see Note 9).

The carrying values of financial assets at amortized cost, other than cash and cash equivalent, in 2013 and 2012 amounted to ₱14.13 billion and ₱11.53 billion, respectively (see Note 30).

Estimating Useful Lives of Investment Properties and Property and Equipment
The Group estimates the useful lives of its investment properties and property and equipment based on the years over which these assets are expected to be available for use. The estimated useful lives of investment properties and property and equipment are reviewed at least annually; and, are updated if expectations differ from previous estimates due to physical wear and tear as well as technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The carrying value of investment properties amounted to ₱19.59 billion and ₱15.98 billion as of December 31, 2013 and 2012, respectively (see Note 13). The carrying value of property and equipment amounted to ₱1.15 billion and ₱1.33 billion as of December 31, 2013 and 2012, respectively (see Note 14).

Estimating of NRV of real estate inventories
The Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. As of December 31, 2013 and 2012, carrying amount of real estate inventories amounted to ₱24.43 billion and ₱23.68 billion, respectively and land and land development amounted to ₱18.79 billion and ₱15.37 billion, respectively (see Note 10).

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investment in an associate, property and equipment, investment properties and other assets (excluding deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and, significant negative industry or economic trends. If such indicators are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount. The recoverable amount is the asset's fair value less cost to sell, except for investment in an associate, which have recoverable value determined using value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arms-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investment in an associate. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As at December 31, 2013 and 2012, the Group did not record impairment on any of its nonfinancial assets. The carrying values of the Group's nonfinancial assets as of December 31 follow:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Investment in an associate (Note 12)	**₱4,018,058**	₱3,912,092
Investment properties (Note 13)	**19,592,830**	15,978,511
Property and equipment (Note 14)	**1,150,822**	1,327,943
Other assets - net of short-term deposits (Note 15)	**2,557,112**	1,671,953

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations that uses a discounted cash flow model. The Group availed of the services of an independent appraiser to compute for the value-in-use. The cash flows are derived from budget and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash-inflows and the growth rates used. The pre-tax discount rates used in 2013 and 2012 is 12%. The growth rates used beyond the forecast period for different cash-generating units range from 5% to 10%.

As of December 31, 2013 and 2012, the Group did not recognize any impairment on its goodwill. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2013 and 2012.

Estimating Retirement Liabilities and Other Retirement Benefits
The determination of the Group's obligation and cost for retirement and other retirement benefits is dependent on selection of certain assumptions used by an actuary in calculating such amounts.

Those assumptions are described in Note 24 and include among others, discount rates and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations.

Retirement liabilities amounted to ₱186.82 million and ₱159.76 million as at December 31, 2013 and 2012, respectively. Retirement costs included under "General and administrative expenses" account amounted to ₱28.94 million, ₱24.88 million and ₱19.88 million in 2013, 2012 and 2011, respectively (see Notes 20 and 24).

Recognition of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The carrying value of recognized deferred tax assets amounted to ₱103.49 million and ₱98.46 million as of December 31, 2013 and 2012, respectively (see Note 28). The tax effect of deductible temporary differences, carryforward benefits of NOLCO and MCIT, for which no deferred income tax assets were recognized amounted to ₱0.77 million and ₱0.94 million as of December 31, 2013 and 2012, respectively (see Note 28).

Fair Values of Financial Instruments
The preparation of consolidated financial statements in compliance with PFRS requires certain financial assets and financial liabilities to be carried at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these financial assets and financial liabilities would affect directly the Group's consolidated net income and other comprehensive income (see Note 29).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2013 and 2012 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in CPI from FAI; and (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of about 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.57 billion, which comprises the fair value of expected synergies arising from the acquisitions.

In September 2006, the Group also entered into a joint venture agreement with Africa Israel Investments (Phils.), Inc. (AIIPI) to undertake the development of a club and portion of a land in San Mateo, Rizal by incorporation of FAPI.

On February 8, 2010, the Parent Company acquired the remaining 40% interests in CPI from Africa-Israel Properties (Phils.), Inc. (AIPPI) and AIIPI to obtain control from the previous joint ventures. The acquisition resulted in CPI and FAPI becoming wholly-owned subsidiaries of the Parent Company. The acquisition of the joint ventures' interests was accounted for as business combination.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale fully integrated residential communities as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall (the "Mall") and the leasing of office spaces in Makati City and Alabang, Muntinlupa City.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, which in certain respects, are measured similarly as net income in the consolidated financial statements.

The chief operating decision-maker has been identified as the Executive Committee. This committee reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

No operating segments have been aggregated to form the above reportable segments.

Transfer prices between segments are on an arm's length basis and have the terms equivalent to transactions entered into with third parties.

The financial information about the financial position and result of operations of these business segments for the years ended December 31, 2013, 2012 and 2011 are summarized below (amounts in thousands).

	2013				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Revenue and other income except equity in net earnings of an associate:					
External	**₱11,960,456**	**₱2,042,443**	**₱14,002,899**	**(₱372,181)**	**₱13,630,718**
Inter-segment	**103,563**	**–**	**103,563**	**(103,563)**	**–**
	12,064,019	**2,042,443**	**14,106,462**	**(475,744)**	**13,630,718**
Equity in net earnings of an associate	**438,074**	**–**	**438,074**	**(251,708)**	**186,366**
	₱12,502,093	**₱2,042,443**	**₱14,544,536**	**(₱727,452)**	**₱13,817,084**
Net income	**₱3,133,458**	**₱1,069,064**	**₱4,202,522**	**(₱226,577)**	**₱3,975,945**
Adjusted EBITDA	**₱4,254,031**	**₱1,529,092**	**₱5,783,123**	**(₱385,569)**	**₱5,397,554**
Segment assets	**₱73,083,324**	**₱24,406,563**	**₱97,489,887**	**₱607,159**	**₱98,097,046**
Less deferred tax assets	**–**	**12,320**	**12,320**	**–**	**12,320**
Net segment assets	**₱73,083,324**	**₱24,394,243**	**₱97,477,567**	**₱607,159**	**₱98,084,726**
Segment liabilities	**₱44,164,786**	**₱5,127,761**	**₱49,292,547**	**(₱181,413)**	**₱49,111,134**
Less deferred tax liabilities	**2,030,724**	**–**	**2,030,724**	**156,520**	**2,187,244**
Net segment liabilities	**₱42,134,062**	**₱5,127,761**	**₱47,261,823**	**(₱337,933)**	**₱46,923,890**
Cash flows from (used in):					
Operating activities	**₱1,539,970**	**₱1,692,111**	**₱3,232,081**	**(₱757,349)**	**₱2,474,732**
Investing activities	**(3,738,835)**	**(2,047,803)**	**(5,786,638)**	**–**	**(5,786,638)**
Financing activities	**6,562,623**	**1,004,295**	**7,566,918**	**(29,736)**	**7,537,182**

	2012 (As restated, Note 2)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	₱10,118,138	₱1,908,543	₱12,026,681	(₱295,163)	₱11,731,518
Inter-segment	93,681	–	93,681	(93,681)	–
	10,211,819	1,908,543	12,120,362	(388,844)	11,731,518
Equity in net earnings of an associate	187,295	–	187,295	–	187,295
	₱10,399,114	₱1,908,543	₱12,307,657	(₱388,844)	₱11,918,813
Net income	₱2,565,329	₱1,067,965	₱3,633,294	(₱143,750)	₱3,489,544
Adjusted EBITDA	₱3,507,500	₱1,478,921	₱4,986,421	(₱302,398)	₱4,684,023
Segment assets	₱61,067,526	₱20,658,502	₱81,726,028	₱903,952	₱82,629,980
Less deferred tax assets	–	22,427	22,427	–	22,427
Net segment assets	₱61,067,526	₱20,636,075	₱81,703,601	₱903,952	₱82,607,553
Segment liabilities	₱32,624,587	₱3,723,807	₱36,348,394	₱35,632	₱36,384,026
Less deferred tax liabilities	1,752,427	–	1,752,427	153,155	1,905,582
Net segment liabilities	₱30,872,160	₱3,723,807	₱34,595,967	(₱117,523)	₱34,478,444
Cash flows from (used in):					
Operating activities	(₱2,239,914)	₱1,105,867	(₱1,134,047)	(₱450,837)	(₱1,584,884)
Investing activities	(2,454,566)	(1,416,343)	(3,870,909)	–	(3,870,909)
Financing activities	8,345,841	(2,047,127)	6,298,714	126,388	6,425,102

	2011 (As restated, Note 2)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	₱8,830,409	₱1,837,824	₱10,668,233	(₱946,279)	₱9,721,954
Inter-segment	86,978	–	86,978	(86,978)	–
	8,917,387	1,837,824	10,755,211	(1,033,257)	9,721,954
Equity in net earnings of an associate	267,626	–	267,626	(204,219)	63,407
	₱9,185,013	₱1,837,824	₱11,022,837	(₱1,237,476)	₱9,785,361
Net income	₱2,856,334	₱1,065,950	₱3,922,284	(₱920,707)	₱3,001,577
Adjusted EBITDA	₱3,810,718	₱1,380,757	₱5,191,475	(₱896,467)	₱4,295,008
Segment assets	₱51,159,365	₱17,080,099	₱68,239,464	₱681,508	₱68,920,972
Less deferred tax assets	–	23,715	23,715	–	23,715
Net segment assets	₱51,159,365	₱17,056,384	₱68,215,749	₱681,508	₱68,897,257
Segment liabilities	₱22,483,926	₱2,361,662	₱24,845,588	₱56,930	₱24,902,518
Less deferred tax liabilities	1,528,902	–	1,528,902	156,980	1,685,882
Net segment liabilities	₱20,955,024	₱2,361,662	₱23,316,686	(₱100,050)	₱23,216,636
Cash flows from (used in):					
Operating activities	(₱4,045,451)	₱1,934,513	(₱2,110,938)	(₱21,919)	(₱2,132,857)
Investing activities	(371,365)	93,662	(277,703)	(946,279)	(1,223,982)
Financing activities	3,064,751	(397,895)	2,666,856	90,984	2,757,840

Investing activities consist of acquisitions of raw land and additions to property and equipment, investment properties and other investments.

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
		(In Thousands)	
Adjusted EBITDA	**₱5,397,554**	₱4,684,023	₱4,295,008
Depreciation and amortization (Notes 13 and 14)	**(365,384)**	(322,727)	(317,835)
Operating profit	**5,032,170**	4,361,296	3,977,173
Interest and other finance charges (Note 22)	**(474,446)**	(412,961)	(478,821)
Equity in net earnings of an associate (Note 12)	**186,366**	187,295	63,407
Income before income tax	**₱4,744,090**	₱4,135,630	₱3,561,759

6. Noncontrolling Interest in FAC

As of December 31, 2013 and 2012, noncontrolling interest amounting to ₱353.04 million and ₱367.31 million, respectively, represents 40% equity interest in FAC.

The summarized financial information of FAC is provided below. This information is based on amounts after consolidation but before intercompany elimination.

Summarized statements of financial position as of December 31:

	2013	2012
	(In Thousands)	
Assets:		
Cash and cash equivalents	**₱133,689**	₱147,511
Other current assets	**179,389**	209,135
Other noncurrent assets excluding goodwill	**1,452,091**	1,536,659
Goodwill	**494,743**	494,743
Liabilities:		
Current liabilities	**(274,985)**	(318,497)
Noncurrent liabilities	**(607,592)**	(656,540)
Total Equity	**₱1,377,335**	₱1,413,011
Attributable to:		
Equity holders of the Parent	**₱1,024,298**	₱1,045,704
Noncontrolling interest	**353,037**	367,307

Summarized statements of comprehensive income for the years ended December 31:

	2013	2012	2011
		(In Thousands)	
Revenue	**₱315,521**	₱296,024	₱331,693
Costs	**(95,211)**	(80,618)	(114,726)
Interest and other finance charges	**(31,523)**	(32,280)	(23,552)
Income before income tax	**188,787**	183,126	193,415
Provision for income tax	**(44,462)**	(37,853)	(44,687)
Net income/Total comprehensive income	**₱144,325**	₱145,273	₱148,728
Attributable to noncontrolling interest	**₱57,730**	₱58,109	₱59,491
Dividends paid to noncontrolling interest	**72,000**	53,858	45,128

Summarized statements of cash flows information for the years ended December 31:

	2013	2012	2011
		(In Thousands)	
Operating	**₱205,094**	₱290,773	₱273,163
Investing	**(8,795)**	–	–
Financing	**(210,121)**	(250,363)	(257,115)
	(₱13,822)	₱40,410	₱16,048

7. Cash and Cash Equivalents

This account consists of:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Cash on hand and in banks	**₱2,890,059**	₱1,157,104
Short-term deposits	**3,500,673**	1,008,352
	₱6,390,732	₱2,165,456

Cash in bank earns interest at the prevailing bank deposit rates. Short-term deposits are made for varying periods up to three (3) months and earn interest at the respective short-term deposit rates. Interest income earned on the Group's cash and cash equivalents amounted to ₱37.24 million, ₱54.56 million and ₱75.49 million in 2013, 2012 and 2011, respectively (see Note 22).

There is no cash restriction on the Group's cash and cash equivalents as at December 31, 2013 and 2012.

8. Contracts Receivable

This account consists of:

	2013	2012
	(In Thousands)	
Contracts receivable	**₱12,602,877**	₱10,119,953
Receivables from government and financial institutions	**480,898**	477,997
	₱13,083,775	₱10,597,950

Contracts receivable are collectible over varying periods within two to 10 years. These receivables arising from real estate sales are collateralized by the corresponding real estate properties sold.

Receivables from government and financial institutions pertain to government and bank financed real estate sales. Receivables from government and financial institutions are collectible within one year.

The following table presents the breakdown of contracts receivable by maturity dates:

	2013			2012		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Contracts receivable	**₱3,983,705**	**₱8,619,172**	**₱12,602,877**	₱2,854,818	₱7,265,135	₱10,119,953
Receivables from government and financial institutions	**480,898**	**–**	**480,898**	477,997	–	477,997
	₱4,464,603	**₱8,619,172**	**₱13,083,775**	₱3,332,815	₱7,265,135	₱10,597,950

Interest income recognized on contracts receivable amounted to ₱465.22 million, ₱420.37 million and ₱423.85 million in 2013, 2012 and 2011, respectively (see Note 22). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group entered into various agreements with financial institutions whereby the Group rediscounted its contracts receivable with a provision that the Group should buy back these receivables when certain conditions happen such as receivables becoming overdue for two to three consecutive months, when the contract to sell has been cancelled, when the accounts remain outstanding after the lapse of five (5)-year holding period, when property covering the receivables becomes subject to complaint or legal action and the account's interest rate becomes lower than the bank's interest rate. These receivables are therefore retained in the books. The proceeds from the sale were used to fund development and construction of various projects. The Group's related liability for receivables discounted included under "Accounts payable and accrued expenses" account amounted to ₱37.24 million and ₱189.44 million as of December 31, 2013 and 2012, respectively (see Note 16). In 2012, the Group bought back significant portion of its finance service accounts amounting ₱1.78 billion (nil in 2013).

Interest paid on the loans obtained from discounting receivables amounted to ₱3.58 million and ₱84.08 million in 2012 and 2011, respectively (nil in 2013; see Note 22).

The Group has a mortgage insurance contract with Home Guaranty Corporation (HGC), a government insurance company for a retail guaranty line. As of December 31, 2013 and 2012, the contracts covered by the guaranty line amounted to ₱0.58 billion and ₱1.14 billion, respectively, including receivables sold with buy back provisions. As of December 31, 2013 and 2012, the remaining unutilized guaranty line amounts to ₱4.63 billion and ₱4.67 billion, respectively.

On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement. Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW 10 days after the beginning of each month.

For the performance of the said services, the Group will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a "pass-through arrangement".

In the above transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

In 2013 and 2012, the Parent Company has sold contracts receivable amounting to ₱266.96 million and ₱849.59 million, recognizing a gain on sale of contracts receivable amounting to ₱58.40 million and ₱113.74 million, respectively (see Notes 19 and 23).

9. Other Receivables

This account consists of:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Advances to contractors and suppliers	**₱1,280,253**	₱1,453,441
Advances to joint venture partners	**1,035,469**	848,374
Receivables from tenants	**295,593**	417,187
Receivables from homeowners' associations	**246,581**	182,484
Receivables from buyers	**179,045**	171,024
Advances to employees	**118,403**	82,424
Others	**80,038**	18,533
	3,235,382	3,173,467
Less: Allowance for doubtful accounts	**98,643**	73,180
	₱3,136,739	₱3,100,287

"Advances to contractors and suppliers" pertain to down payment paid by the Group which are applied against future billings for development and construction contracts.

"Advances to joint venture partners" are ordinary advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties.

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within a year. Allowance for doubtful accounts related to these receivables amounted to ₱20.63 million and ₱25.17 million as of December 31, 2013 and 2012, respectively. Reversal of provision for doubtful accounts recorded in 2013 amounted to ₱4.54 million, while provision for doubtful accounts was recorded in 2012 amounting to ₱6.39 million (nil in 2011; see Note 20).

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payments of the expenses on behalf of the association. Allowance for doubtful accounts related to these receivables amounted to ₱78.01 million and ₱48.01 million as of December 31, 2013 and 2012. Provision for doubtful accounts amounting to ₱30.00 million, ₱12.00 million and ₱31.59 million was recognized in 2013, 2012 and 2011, respectively (see Note 20).

"Receivables from buyers" include receivables relating to insurance and registration of properties advanced by the Group.

"Advances to employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Others" represents advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

As of December 31, 2013 and 2012, all other receivables except for a portion in advances to joint venture partners and contractors are due within one year.

Below is the movement of the allowance for doubtful accounts:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Balance at beginning of year	**₱73,180**	₱67,212
Provisions - net of reversals (Note 20)	**25,463**	18,387
Write-off	**–**	(12,419)
Balance at end of year	**₱98,643**	₱73,180

10. Real Estate Inventories and Land and Land Development

This account consists of:

	2013	2012
	(In Thousands)	
Subdivision lots and housing units for sale	**₱23,657,594**	₱22,985,107
Investment in club project	**769,364**	692,349
Real estate inventories	**₱24,426,958**	₱23,677,456
Land and land development	**₱18,794,686**	₱15,368,369

In February 2009, the Parent Company signed an agreement with the Cebu City Government to develop 50.6 hectares of the South Road Properties, a 300-hectare reclaimed land project located in Cebu City (see Note 31). The agreement involves:

(a) purchase by the Group of 10.6 hectares of the property to be developed into a modern urban center consisting of residential, office, commercial, hotel and leisure buildings and a public promenade which is a one kilometer long waterfront lifestyle strip that will offer a range of seaside leisure activities. Payments made to the Cebu City Government in 2013 and 2012 amounted to ₱234.8 million and ₱245.2 million, respectively, with the remaining balance of the total purchase price payable over the next two years after December 31, 2013.

As of December 31, 2013, the Group plans to complete the first two phases of waterfront lifestyle strip covering seven hectares in the next two years.

(b) development of the remaining 40 hectares of the property under a profit-sharing arrangement with the Cebu City Government. The profit sharing of the Parent Company and the Cebu City Government is 90% and 10%, respectively. The 40 hectares will be developed in four (4) phases over a 20-year period, with the Group contributing the development costs, as well as the marketing and management services. The Group plans to develop the 40 hectares mainly into a residential resort town composed of Italian-inspired residential communities including a central open space area called The Piazza, after the famous Italian central parks. This will contain a church, a school, a soccer field, numerous al fresco restaurants, neighborhood stores and support outlets.

The construction of medium rise buildings on the joint development properties started in 2011. The first building was completed in 2012, while the second and third buildings were completed in 2013. In 2014, additional five (5) buildings is expected to be completed.

In May 2010, the Group purchased land in Cainta, Rizal for ₱638.22 million, of which ₱116.95 million was paid in 2013 and 2012. The Group is committed to pay the remaining balance in monthly installments starting June 30, 2011 until June 30, 2015. As of December 31, 2013, land development on the property is ongoing.

In 2012, the Group purchased from various third-party sellers parcels of land located in Manila, Taguig City, Quezon City, Cagayan de Oro City and Las Pinas City amounting to ₱1.33 billion, ₱0.31 billion, ₱0.21 billion, ₱0.28 billion, and ₱0.19 billion, respectively. The Group also purchased a parcel of land from FDC located in San Juan City for total purchase price of ₱109.63 million. In 2013, the Group has launched projects in Quezon City, San Juan City and Cagayan de Oro City properties.

In 2013, the Group purchased a total of 1.35 hectares of land located in Pasay City amounting to ₱907.50 million, of which ₱597.79 million was paid during the year. The Group is committed to pay the remaining balance amounting to ₱309.71 million in equal quarterly installments commencing 30 days from the execution of each contract. The related liability was recognized and included in "Accounts payable and accrued expenses" (see Note 16). As of December 31, 2013, the Group has not yet developed or constructed any project on the property.

In December 2013, the Group's bid proposal for the purchase of the 0.24 hectare property including the building constructed thereon located at Ortigas Center, Pasig City has been approved. Total consideration for the said property amounted to ₱771.53 million, of which ₱48.22 million was paid during the year and the remaining balance payable in 2014. As of December 31, 2013, the Group has not yet developed or constructed any project on this property.

In 2013, the Group also purchased parcels of land located in Quezon City. These include seven (7) parcels of land with an approximate aggregate area of 1.18 hectares located along E. Delos Santos Ave. (EDSA) cor. Aurora Blvd. amounting to ₱1.47 billion, and three (3) parcels of land with an aggregate area of 0.48 hectares located along EDSA, Diliman amounting to ₱0.35 billion. The Group also acquired from various third-party sellers parcels of land in Cavite, Valenzuela City and Taguig City. As of December 31, 2013, the Group has not yet developed or constructed any project on these properties.

A summary of the movement in subdivision lots and housing units for sale is set out below:

	2013	2012
	(In Thousands)	
Balance at beginning of year	**₱22,985,107**	₱18,372,781
Land costs transferred from land and land development	**289,704**	489,380
Construction/development costs incurred	**5,773,075**	8,809,177
Capitalized borrowing costs	**645,537**	966,011
Cost of real estate sales	**(6,035,829)**	(4,925,196)
Transfers to investment property (Note 13)	**–**	(727,046)
	₱23,657,594	₱22,985,107

Capitalization rate for the capitalized borrowing costs is 3%, 5% and 9% in 2013, 2012 and 2011, respectively.

A summary of the movement in investment in club project is set out below:

	2013	2012
	(In Thousands)	
Balance at beginning of year	**₱692,349**	₱691,357
Cost of sale of club shares	**(251)**	(2,260)
Site development and incidental costs	**77,266**	3,252
	₱769,364	₱692,349

A summary of the movement in land and land development is set out below:

	2013	2012
	(In Thousands)	
Balance at beginning of year	**₱15,368,369**	₱14,091,543
Land acquisitions	**3,654,647**	2,488,561
Land costs transferred to real estate inventories	**(289,704)**	(489,380)
Transfers to investment property (Note 13)	**(1,051,602)**	(1,144,251)
Site development and incidental costs	**1,112,976**	421,896
	₱18,794,686	₱15,368,369

Borrowing costs capitalized as part of land and land development amounted to ₱366.43 million (nil in 2012 and 2011). Capitalization rate is 2.2% for the year ended December 31, 2013.

There were no unusual purchase commitments as of December 31, 2013 and 2012.

11. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income account as of December 31, 2013 and 2012 consist of:

	2013	2012
	(In Thousands)	
Investment in shares of stock		
Quoted	**₱3,321**	₱3,321
Unquoted	**14,531**	21,305
	₱17,852	₱24,626

Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. These investments are carried at cost less accumulated impairment, if any.

In 2013, the Group's unquoted shares of stocks amounting to ₱6.77 million were redeemed (nil in 2012 and 2011).

Upon adoption of PFRS 9 effective January 1, 2011, the Group is allowed to classify equity securities not held for trading as financial assets at FVTOCI.

The adoption of PFRS 9 allowed the Group to reclassify the 'revaluation reserve on available for sale financial assets' as 'revaluation reserve on financial assets through other comprehensive income' on January 1, 2011. There were no movements in the revaluation reserve on financial assets through other comprehensive income recognized in the consolidated statements of financial position as of December 31, 2013 and 2012.

12. Investment in an Associate

This account consists of:

	2013	2012
	(In Thousands)	
At equity:		
Acquisition cost	**₱800,000**	₱800,000
Accumulated equity in net earnings:		
Balance at the beginning of year	**873,876**	761,581
Dividends received	**(80,400)**	(75,000)
Equity in net earnings for the year	**186,366**	187,295
Balance at end of year	**979,842**	873,876
	1,779,842	1,673,876
Share in revaluation increment on land at deemed cost	**1,876,422**	1,876,422
Share in other components of equity	**361,794**	361,794
	₱4,018,058	₱3,912,092

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate, marketing, managing mall and theater operations in the Philippines.

On November 28, 2012, FAI declared and distributed from its unappropriated retained earnings cash dividend of ₱0.0625 per share or a total of ₱375.00 million for all shareholders of record as of December 14, 2012. The Group received its 20% share in the dividends amounting to ₱75.00 million.

On September 6, 2013, FAI declared and distributed from its unappropriated retained earnings cash dividend of ₱0.067 per share or a total of ₱402.00 million for all shareholders of record as of September 6, 2013. The Group received its 20% share in the dividends amounting to ₱80.40 million.

On October 26, 2011, FAI declared cash dividend of ₱0.45 per share for a total of ₱2.70 billion for all stockholders of record as of October 26, 2011. The Group received its 20% share in the dividends amounting to ₱540.00 million.

The Group does not restrict profit distribution of its associate. The associate has no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2013 and 2012.

Summarized financial information and reconciliation of investment in FAI is as follows:

	2013	2012
	(In Thousands)	
Assets		
Cash and cash equivalents	**₱1,317,114**	₱977,323
Receivables	**1,809,896**	1,325,886
Real estate inventories	**9,032,472**	9,301,801
Investment properties	**18,542,472**	18,691,130
Property and equipment	**1,988,598**	1,663,218
Other assets	**303,322**	282,908
Total assets	**₱32,993,874**	₱32,242,266
Liabilities		
Accounts payable and accrued expenses	**₱2,714,729**	₱3,169,685
Loans payable	**2,339,159**	2,113,469
Retirement liability	**84,050**	75,119
Income tax payable	**182,353**	101,587
Deferred tax liabilities	**4,602,614**	4,492,561
Total liabilities	**9,922,905**	9,952,421
Equity	**₱23,070,969**	₱22,289,845
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱4,614,194**	₱4,457,969
Less upstream sales	**596,136**	545,877
Carrying amount of the investment	**₱4,018,058**	₱3,912,092
Sales and other revenue	**₱3,291,086**	₱2,968,531
Cost and other expenses	**(1,394,201)**	(1,569,528)
Depreciation	**(151,633)**	(92,226)
Interest expense	**(56,169)**	(751)
Interest income	**7,580**	13,554
Income before tax	**1,696,663**	1,319,580
Income tax expense	**513,127**	383,105
Net income for the year	**1,183,536**	936,475
Less upstream sales (Note 19)	**251,708**	–
Net income after elimination of upstream sales	**₱931,828**	₱936,475
Group's equity in net earnings of associate	**₱186,366**	₱187,295

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2013			
	Land	**Buildings and Improvements** (Note 14)	**Machinery and Equipment**	**Total**
		(In Thousands)		
Cost				
Balances at beginning of year	**₱5,985,751**	**₱12,241,008**	**₱63,338**	**₱18,290,097**
Additions and transfers (Note 10)	**1,398,216**	**2,444,220**	**4,353**	**3,846,789**
Balances at end of year	**7,383,967**	**14,685,228**	**67,691**	**22,136,886**
Accumulated Depreciation				
Balances at beginning of year	–	**2,280,266**	**31,320**	**2,311,586**
Depreciation and transfers	–	**222,323**	**10,147**	**232,470**
Balances at end of year	–	**2,502,589**	**41,467**	**2,544,056**
Net Book Value	**₱7,383,967**	**₱12,182,639**	**₱26,224**	**₱19,592,830**

	2012 (As restated, Note 2)			
	Land	Buildings and Improvements	Machinery and Equipment	Total
		(In Thousands)		
Cost				
Balances at beginning of year	₱3,968,637	₱10,823,420	₱49,167	₱14,841,224
Additions and transfers (Note 10)	2,017,114	1,417,588	14,171	3,448,873
Balances at end of year	5,985,751	12,241,008	63,338	18,290,097
Accumulated Depreciation				
Balances at beginning of year	–	1,985,708	18,285	2,003,993
Depreciation and transfers	–	294,558	13,035	307,593
Balances at end of year	–	2,280,266	31,320	2,311,586
Net Book Value	₱5,985,751	₱9,960,742	₱32,018	₱15,978,511

Investment properties consist mainly of the commercial mall and buildings acquired as part of the exchange transaction in September 2006 (see Note 4).

Borrowing costs capitalized as part of investment properties amounted to ₱380.66 million and ₱26.93 million in 2013 and 2012, respectively (nil in 2011). The capitalization rate used ranges from 2.1% to 3.1% in 2013 and 2.4% to 6.0% in 2012.

The aggregate fair value of the Group's investment properties amounted to ₱28.11 billion and ₱21.54 billion as of December 31, 2013 and 2012, respectively, based on the market data approach for land and income approach using discounted cash flow analysis for buildings. The values used by the Group are based on a third party appraisal performed in 2010 and are updated using December 31, 2013 and 2012 year-end values and assumptions.

In the market data approach, the value of investment properties is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires establishing comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the difference between the subject properties and those actual sales and listing regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject properties. While in the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Rental income from investment properties amounted to ₱2.03 billion, ₱1.89 billion and ₱1.64 billion in 2013, 2012 and 2011, respectively. Operating expenses from investment properties amounted to ₱491.40 million, ₱473.62 million and ₱456.37 million in 2013, 2012 and 2011, respectively.

14. **Property and Equipment**

The rollforward analysis of this account as of December 31 follows:

	2013						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress** (Note 13)	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱464,440**	**₱188,668**	**₱78,741**	**₱50,199**	**₱32,614**	**₱845,147**	**₱1,659,809**
Additions and transfers (Note 12)	**642,309**	**14,044**	**12,320**	**21,700**	**1,785**	**(814,412)**	**(122,254)**
Balances at end of year	**1,106,749**	**202,712**	**91,061**	**71,899**	**34,399**	**30,735**	**1,537,555**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**27,743**	**169,920**	**62,912**	**46,218**	**25,073**	**–**	**331,866**
Depreciation and amortization - net of transfers (Note 20)	**42,534**	**5,757**	**2,567**	**1,680**	**2,329**	**–**	**54,867**
Balances at end of year	**70,277**	**175,677**	**65,479**	**47,898**	**27,402**	**–**	**386,733**
Net Book Value	**₱1,036,472**	**₱27,035**	**₱25,582**	**₱24,001**	**₱6,997**	**₱30,735**	**₱1,150,822**

	2012						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱175,483	₱175,082	₱73,272	₱49,195	₱32,205	₱1,079,269	₱1,584,506
Additions and transfers (Note 12)	288,957	13,586	5,469	1,004	409	(234,122)	75,303
Balances at end of year	464,440	188,668	78,741	50,199	32,614	845,147	1,659,809
Accumulated Depreciation and Amortization							
Balances at beginning of year	13,166	158,450	56,372	43,722	22,926	–	294,636
Depreciation and amortization - net of transfers (Note 20)	14,577	11,470	6,540	2,496	2,147	–	37,230
Balances at end of year	27,743	169,920	62,912	46,218	25,073	–	331,866
Net Book Value	₱436,697	₱18,748	₱15,829	₱3,981	₱7,541	₱845,147	₱1,327,943

Capitalized borrowing costs amounted to ₱22.63 million and ₱26.22 million in 2012 and 2011, respectively (nil in 2013). Capitalization rate is 4.6% and 4.0% in 2012 and 2011, respectively.

As of December 31, 2013 and 2012, cost of fully depreciated property and equipment still used in operations amounted to ₱6.98 million.

15. **Other Assets**

This account consists of:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Input taxes	**₱1,012,981**	₱795,541
Creditable withholding taxes	**320,776**	356,304
Construction materials and supplies	**444,261**	194,853
Prepaid expenses and others	**212,313**	22,882
Deposits	**179,159**	297,054
Short-term deposits	**143,382**	21,425
Other noncurrent assets	**387,622**	5,319
	₱2,700,494	₱1,693,378

"Input taxes" represent the VAT due or paid on purchases of goods and services subjected to VAT that the Group can claim against any future liability to the Bureau of Internal Revenue for output VAT on sale of goods and services subjected to VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Deposits" include advances for the purchase of rawland prior to issuance of Contract to Sell.

"Prepaid expenses and others" include commissions paid to brokers relating to the sales of real estate inventories which do not qualify yet for revenue recognition. Such amount will be recognized as expense when the qualification for revenue recognition has been met.

"Other noncurrent assets" pertain to the cost related to the Build Transfer and Operate (BTO) agreement with The Province of Cebu (Cebu Province) entered into on March 26, 2012. The BTO project relates to the development, construction and operation of Business Process Outsourcing (BPO) Complex by the Group at the land properties owned by Cebu Province located at Salinas, Lahug Cebu City (see Note 31).

16. Accounts Payable and Accrued Expenses

This account consists of:

	2013			2012 (As restated, Note 2)		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Accounts payable	**₱5,761,215**	**₱165,756**	**₱5,926,971**	₱4,008,839	₱427,725	₱4,436,564
Advances and deposits from customers	**1,247,252**	**–**	**1,247,252**	1,040,216	–	1,040,216
Deposits for registration and insurance	**138,167**	**989,253**	**1,127,420**	343,969	679,971	1,023,940
Retention fees payable	**596,338**	**359,508**	**955,846**	362,998	367,877	730,875
Deposits from tenants	**230,246**	**292,494**	**522,740**	553,743	60,879	614,622
Accrued expenses	**267,193**	**–**	**267,193**	190,809	–	190,809
Accrued interest on bonds and loans	**215,193**	**–**	**215,193**	158,625	–	158,625
Liabilities on receivables sold to banks (Note 8)	**23,325**	**13,915**	**37,240**	91,652	97,789	189,441
Other payables	**141,557**	**–**	**141,557**	126,195	–	126,195
	₱8,620,486	**₱1,820,926**	**₱10,441,412**	₱6,877,046	₱1,634,241	₱8,511,287

"Accounts payable" includes the outstanding balance of the costs of raw land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Note 10). This account also includes amount payable to contractors and suppliers for the construction and development costs incurred by the Group.

"Advances and deposits from customers" include collections from accounts which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized receivables on sale of real estate inventories.

"Deposits for registration and insurance" include payments made by buyers for registration and insurance of real estate properties.

"Deposits from tenants" are advance payments made for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees and utilities expense.

"Other payables" pertain mainly to withholding taxes and output VAT payables.

17. Loans Payable

This account consists of:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Term loans from a financial institution (Note 19)	**₱675,000**	₱1,125,000
Developmental loans from local banks	**14,076,209**	10,109,851
	14,751,209	11,234,851
Less current portion of loans	**1,541,914**	2,925,000
Long term portion of loans payable	**₱13,209,295**	₱8,309,851

a. *Term Loans from a Financial Institution*
On June 17, 2005, the Group entered into a Local Currency Loan Agreement with a foreign financial institution whereby the Group was granted a credit line facility amounting to ₱2.25 billion. In October 2005, the Group availed of ₱1.13 billion or half of the total amount granted. The loan is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan carries a fixed interest rate of 7.72% per annum.

In July 2007, the Group availed of the remaining balance of the facility amounting to ₱1.12 billion. The loan is also payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan has a fixed annual interest rate of 7.90%.

Both loans were guaranteed by FDC (see Note 19). Principal payments made in 2013 and 2012 amounted to ₱450.00 million in each year (nil in 2011).

b. *Developmental Loans from Local Banks*
These include loans obtained from local banks. Below are the details of the loans presented at gross of unamortized deferred charges amounting to ₱39.04 million and ₱25.57 million, as of December 31, 2013 and 2012, respectively. These are recorded under "Loans payable".

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.07% per annum, payable quarterly in arrears. The principal is payable at maturity on July 2018.	**₱1,500,000**	₱–
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting September 2015 up to June 2018.	**1,148,500**	–
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum GRT 5 years (fixed rate) 4.28% per annum, payable quarterly in arrears. The 50% balance is payable in twenty (20) equal quarterly installments starting August 2015 up to May 2020 and the remaining 50% balance is payable in August 2020.	**1,000,000**	–
Unsecured loan obtained in November 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.50% per annum, payable quarterly in arrears. The principal is payable at maturity on November 2017.	**1,000,000**	1,000,000
Unsecured loan obtained in January 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum GRT 5 years (fixed rate) 6.39% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017.	**1,000,000**	1,000,000
Unsecured loan obtained in April 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 6.12% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017.	**1,000,000**	1,000,000
Unsecured loan obtained in February 2013 with interest at prevailing market rate plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	**750,000**	–
Unsecured loan obtained in December 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.62% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on March 2016 and 50% payable at maturity on December 2020.	**700,000**	–
Unsecured loan obtained in March 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum, payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence on June 2013 and 50% payable at maturity on March 2016. Current portion amounted to ₱125.00 million and ₱93.75 million as of December 31, 2013 and 2012, respectively.	**656,250**	750,000

(Forward)

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Unsecured loan obtained in June 2011 with interest rate equal to 91-day PDST-F rate plus a spread of 1% per annum, payable quarterly in arrears. The 50% balance is paid in July 2011 and the remaining 50% balance is payable in twelve (12) equal quarterly installments starting September 2013 up to June 2016. Current portion as of December 31, 2013 and 2012 amounted to ₱250.00 million and ₱125.00 million, respectively.	**₱625,000**	₱750,000
Unsecured loans obtained in August 15,2012 with interest of 5.79% per annum (inclusive of GRT), subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on August 2014 and 50% payable at maturity on August 2019.	**600,000**	600,000
Unsecured loan obtained in October 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.21% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on January 2016 and 50% payable at maturity on October 2020.	**550,000**	–
Unsecured loan obtained in December 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.29% per annum, payable quarterly in arrears. The principal is payable at maturity on December 2017.	**500,000**	500,000
Unsecured loan obtained in March 2013 with interest rate of 4.32% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable at maturity on March 2014.	**500,000**	–
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 4.28% per annum, payable quarterly in arrears. The 50% balance is payable in twenty (20) equal quarterly installments starting August 2015 up to May 2020 and the remaining 50% balance is paid in August 2020.	**500,000**	–
Unsecured loan obtained in December 2011 with interest at prevailing market rate 4.2% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting March 2014 to December 2016. Current portion as of December 31, 2013 amounted to ₱116.67 million.	**350,000**	350,000
Unsecured loan obtained in May 17, 2012 with interest at prevailing market rate, subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on August 2014 and current portion as at December 31, 2013 amounted to ₱15.00 million.	**300,000**	300,000
Unsecured loan obtained in October 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate of 6.03% per annum), payable quarterly in arrears. The principal is payable at maturity on October 2017.	**300,000**	300,000

(Forward)

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Unsecured loan obtained in May 2013 with interest rate equal to BSP overnight reverse repurchased agreement plus 1% per annum plus GRT (fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	**₱300,000**	₱–
Unsecured loan obtained in May 2013 with a fixed interest rate of 4.74% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	**250,000**	–
Unsecured loan granted in November 10, 2011 with a term of 7 years with 2 years grace period on principal repayment. Interest is based on prevailing market rate, subject to quarterly repricing and payable quarterly in arrears. 50% of principal is payable in 12 quarterly amortization commencing on February 10, 2014 and 50% is payable on maturity. Current portion as of December 31, 2013 amounted to ₱20.00 million.	**200,000**	200,000
Unsecured loan granted in May 2010 with a term of five years with 50% of principal payable in 12 equal quarterly amortization to commence on August 2012 and 50% payable at maturity in May 2015. The loan carries interest at prevailing market rate payable quarterly in arrears. Current portion as of December 31, 2013 and 2012 amounted to ₱33.33 million.	**150,000**	183,333
Unsecured loan granted in December 2012 with a term of five years with 50% of principal payable in 20 equal quarterly amortization to commence on March 2013 and 50% payable at maturity on December 2017. The loan carries interest at prevailing market rate. Current portion as of December 31, 2013 amounted to ₱15.00 million.	**135,000**	150,000
Unsecured loan granted in May 2012 payable over 7-year period inclusive of 2 year grace period; 50% of principal is payable in 20 equal quarterly amortizations to commence on August 2014 and 50% payable at maturity on May 2019. The loan carries interest at prevailing market rate. Current portion as at December 31, 2013 amounted to ₱5.00 million.	**100,000**	100,000
Unsecured loan obtained in February 2013 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	**500**	–
Unsecured loan obtained in October 2008 with interest rate equal to91-day PDS Treasury Fixing (PDST-F) rate plus a spread of minimum of 1% per annum, payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence on January 2011 and 50% payable at maturity on October 2013.	**–**	666,667
Unsecured loan obtained in April 2011 with interest rate equal to 91-day PDST-F rate plus a spread of up to 1% per annum, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting July 2013 up to April 2016. The loan was fully paid in 2013.	**–**	500,000
Unsecured 5-year loan obtained in September 2008 payable in twelve (12) quarterly amortizations starting December 2010 with a balloon payment at maturity date in September 2013 with interest rate equal to 91-day PDST-F rate plus a spread of minimum of 1% per annum, payable quarterly. The loan was fully paid in 2013.	**–**	406,250

(Forward)

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Unsecured loan granted on November 2011 with a term of five years with interest at prevailing market rate, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting February 2014 up to November 2016. The loan was fully paid in 2013.	₱–	₱400,000
Unsecured loan obtained in November 2008 with interest rate equal to 91-day PDST-F rate plus a spread of minimum of 1% per annum, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting February 2011 up to November 2013 and lump sum full payment due in November 2013.	–	333,333
Unsecured loan obtained in June 2008 with interest rate equal to 91-day PDST-F rate plus a spread of minimum of 1% per annum, payable quarterly in arrears. 50% of the principal is payable in twelve (12) equal quarterly installments starting September 2010 up to June 2013 and lump sum full payment due in June 2013. The loan was fully settled in 2013.	–	291,667
Unsecured loans obtained in August 2008 with interest rate equal to 91-day PDST-F rate plus a spread of 1% per annum. The principal is payable in twelve (12) equal quarterly installments starting November 2010 up to August 2013. Principal payments for the six months ended June 30, 2013 amounted to ₱125.00 million. The loan was fully paid in 2013.	–	187,500
Unsecured loan obtained by the Group in October 2008 with interest rate equal to 91-day PDST-F rate plus a spread of minimum of 1% per annum. The principal is payable in twelve (12) quarterly equal installments starting January 2011 up to October 2013. The loan was fully settled in 2013.	–	166,667
Total	**₱14,115,250**	₱10,135,417

The Group's long term debts are unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; maintaining certain financial ratios; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted as of December 31, 2013 and 2012.

18. Bonds Payable

On November 19, 2009, the Parent Company issued fixed rate bonds (the "Bonds") with aggregate principal amount of ₱5.00 billion, comprised of three (3)-year fixed rate bonds due in 2012 and five (5)-year fixed rate bonds due in 2014. The three-year bonds have a fixed interest rate of 7.5269% per annum. Interest is payable quarterly in arrears starting on February 19, 2010. The five (5)-year bonds have a fixed interest rate of 8.4615% per annum. Interest is payable quarterly in arrears starting on February 20, 2010. The ₱0.50 billion three-year fixed rate bond was paid by the Parent Company on November 16, 2012.

Unamortized debt issuance cost on these bonds payable amounted to ₱10.92 million and ₱22.27 million as of December 31, 2013 and 2012 respectively. Accretion in 2013 and 2012 included as part of 'Interest and other finance charges' amounted to ₱11.35 million and ₱14.61 million, respectively (see Note 22).

On July 7, 2011, the Group issued another fixed rate bonds with principal amount of ₱3.00 billion, to finance its capital requirements in 2011 and 2012. The term of the bonds is five (5) years from the issue date with fixed interest rate of 6.2% per annum, payable quarterly in arrears starting on October 7, 2011.

Unamortized debt issuance cost on 2011 fixed rate bonds amounted to ₱28.10 million and ₱37.04 million as of December 31, 2013 and 2012, respectively. Accretion in 2013 and 2012 included as part of 'Interest and other finance charges' amounted to ₱8.94 million and ₱8.39 million, respectively (see Note 22).

On June 8, 2012, the Group issued another fixed rate bonds with aggregate principal amount of ₱7.00 billion and term of seven (7) years from the issue date. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 8, 2012.

Unamortized debt issuance cost on bonds payable amounted to ₱61.90 and ₱75.77 million as of December 31, 2013 and 2012, respectively. Accretion in 2013 and 2012 included as part of 'Interest and other finance charges' amounted to ₱13.87 and ₱10.91 million, respectively (see Note 22).

On November 8, 2013, the Group issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion seven (7)-year bonds with interest of 4.8562% per annum due in 2020 and ₱2.70 billion ten (10)-year bonds with interest of 5.4333% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014.

Unamortized debt issuance cost on bonds payable amounted to ₱81.07 million as of December 31, 2013. Accretion in 2013 included as part of "Interest and other finance charges" amounted to ₱1.84 million (see Note 22).

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

Significant transactions with related parties are as follows:

a. On January 3, 2012, the Group entered into Receivable Purchase Agreement and Accounts Servicing Agreement with EW. As of December 31, 2013 and 2012, the Parent Company has sold contracts receivable for a total purchase price of ₱266.96 million and ₱849.59 million, respectively, recognizing a gain on sale amounting to ₱58.40 million and ₱113.74 million, respectively, recorded under "Other income" (see Notes 8 and 23). The Group also maintains cash and cash equivalents with EW.

b. In 2013, the Group obtained short-term loans from its ultimate parent amounting to ₱520.00 million with interest rate at 4.0% and was fully paid in December 2013.

   Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. In 2012, the Group purchased from FDC a parcel of land located in San Juan City for total purchase price of ₱109.63 million. The Group originally leased this land, together with the building constructed in it, as its head office recognizing rental expense of ₱43.82 million in 2012 and ₱39.34 in 2011. The Group has started development on the said land in 2013. The Group also charged FDC certain common expenses paid by the Group in its behalf.

   Further, starting in 2009, Promax was appointed by FDC, as a marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays the Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 23).

   Loans guaranteed by FDC amounted to ₱0.68 billion and ₱1.13 billion as of December 31, 2013 and 2012, respectively (see Note 17).

d. In 2013, the Parent Company purchased from FAI a parcel of land located at Alabang, Muntinlupa City for a total purchase price of ₱603.40 million. As of December 31, 2013, outstanding liability amounted to ₱488.75 million. The Parent Company has substantially completed the development project of the first tower on this property as of December 31, 2013.

   In 2011, the Parent Company purchased from FAI a parcel of land located at Filinvest City, Alabang, Muntinlupa City for a total purchase price of ₱429.01 million. The Parent Company has substantially completed the development in 2013 of Tower 1 of the property.

   Due from associate include receivable for the transfer of equipment, furniture and fixtures and inventories to an affiliate for the start-up of operations. It also includes share in Group's common expenses.

   Other transactions with FAI include noninterest bearing cash advances and various charges for rent, management fees, marketing fees, share of expenses and commission charges.

e. In 2007, the Group entered into a development agreement with GCK Realty Corporation (GCK), an affiliate. The agreement provides that the Parent Company shall undertake the construction of a condominium building on the land owned by GCK located in Kamputhaw, Cebu City.

   The agreement further provides that the Parent Company shall shoulder all costs and expenses necessary and incidental to the construction of the building. The saleable condominium units forming part of the building as developed shall be allocated between the Group and GCK on a 92% and 8% share, respectively.

   GCK shall pay the Group management fee and the reimbursable commissions paid by the Group to the brokers based on certain percentage of the gross selling price of the units owned by GCK. The Group shall likewise set aside an amount equivalent to a certain percentage of all collections received from the sale of units of GCK for expenses related to maintenance and upkeep of the building. In 2010, the Group started to remit sales on the sold units belonging to GCK.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱23.40 million, ₱23.90 million and ₱17.30 million in 2013, 2012 and 2011, respectively. Post-employment benefits of key management personnel amounted to ₱2.86 million, ₱5.50 million and ₱1.89 million in 2013, 2012 and 2011, respectively.

The amounts and the balances arising from the foregoing significant related party transactions are presented below. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2013			
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**
		(In Thousands)		
a. Bank under common control of the ultimate parent				
Cash and cash equivalents	**₱3,826,198**	**₱3,826,198**	0.5% to 4.5%	No impairment
Interest income	**13,284**	–		
Sale of receivables	**266,961**	–		
Gain on sale of receivables	**58,404**	–		
	₱4,164,847	**₱3,826,198**		
b. Ultimate Parent	**₱334**	**₱696**	Non - interest bearing, payable on demand	Unsecured, no impairment
c. Parent	**37,066**	**8,118**	Non - interest bearing, payable on demand	Unsecured, no impairment
d. Associate	**10,689**	**2,219**	Non - interest bearing, payable on demand	Unsecured, no impairment
e. Affiliates	**2,382**	**193,505**	Non - interest bearing, payable on demand	Unsecured, no impairment
Due from related parties	**₱50,471**	**₱204,538**		
b. Ultimate Parent	**₱520,000**	**₱–**	Bears 4.0% interest per annum, payable on demand	Unsecured, no impairment
c. Parent				
Purchase of land	–	**(61,668)**	Non - interest bearing, payable on demand	Unsecured, no impairment
Share in Group expenses	**7,946**	**(31,968)**	Non - interest bearing, payable on demand	Unsecured, no impairment
Management and marketing income	**3,109**	–	Non - interest bearing, payable on demand	Unsecured, no impairment
	11,055	**(93,636)**		
d. Associate				
Rent	**101,425**	**(11,655)**	Non - interest bearing, payable on demand	Unsecured, no impairment
Management Fee	**2,421**	–	Non - interest bearing, payable on demand	Unsecured, no impairment
Marketing Income	**(5,638)**	–	Non - interest bearing, payable on demand	Unsecured, no impairment
Share in other expenses	**21,995**	**(53,419)**	Non - interest bearing, payable on demand	Unsecured, no impairment
	120,203	**(65,074)**		
e. Affiliates	**33,618**	**(50,491)**	Non - interest bearing, payable on demand	Unsecured
Due to related parties	**₱684,876**	**(₱209,201)**		

	2012			
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**
		(In Thousands)		
a. Bank under common control of the ultimate parent				
Cash and cash equivalents	₱1,732,640	₱1,732,640	0.50% to 4.50%	No impairment
Interest income	11,844	–		
Sale of receivables	849,590	–		
Gain on sale of receivables	113,940	–		
	₱2,708,014	₱1,732,640		

	2012			
	Amount/ Volume	Due from / (Due to)	Terms	Conditions
b. Ultimate Parent	₱127	₱1,764	Non - interest bearing, payable on demand	Unsecured, no impairment
e. Affiliates	158,295	192,479	Non - interest bearing, payable on demand	Unsecured, no impairment
Due from related parties	₱158,422	₱194,243		
b. Ultimate parent	₱127	(₱1,512)	Non - interest bearing, payable on demand	Unsecured, no impairment
c. Parent				
Purchase of land	109,630	(82,224)	Non - interest bearing, payable on demand	Unsecured
Rent expense	33,840	(280)	Non - interest bearing, payable on demand	Unsecured
Share in Group expenses	17,195	(49,167)	Non - interest bearing, payable on demand	Unsecured
Management and marketing income	15,156	30,737	Non - interest bearing, payable on demand	Unsecured
	175,821	(100,934)		
d. Associate				
Rent	96,902	(21,971)	Non - interest bearing, payable on demand	Unsecured, no impairment
Management Fee	6,728	–	Non – interest bearing, payable on demand	Unsecured, no impairment
Marketing Income	(607)	–	Non - interest bearing, payable on demand	Unsecured, no impairment
Share in other expenses	1,929	(20,423)	Non - interest bearing, payable on demand	Unsecured, no impairment
	104,952	(42,394)		
e. Affiliates	31,963	(38,645)	Non - interest bearing, payable on demand	Unsecured
Due to related parties	₱312,863	(₱183,485)		

20. General and Administrative Expenses

The account consists of:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
		(In Thousands)	
Salaries, wages and employee benefits	**₱356,910**	₱329,970	₱280,164
Taxes and licenses	**127,055**	129,400	98,884
Insurance	**97,687**	57,414	26,856
Depreciation and amortization (Notes 13 and 14)	**96,991**	79,057	75,401
Repairs and maintenance	**92,560**	50,343	31,448
Transportation and travel	**74,775**	78,833	71,155
Outside services	**65,474**	71,436	58,166
Entertainment, amusement and recreation	**54,348**	46,088	46,153
Rent (Note 19)	**35,350**	78,049	47,110
Communications, light and water	**29,440**	56,444	71,915

(Forward)

	2012			
	Amount/ Volume	Due from / (Due to)	Terms	Conditions
b. Ultimate Parent	₱127	₱1,764	Non - interest bearing, payable on demand	Unsecured, no impairment
e. Affiliates	158,295	192,479	Non - interest bearing, payable on demand	Unsecured, no impairment
Due from related parties	₱158,422	₱194,243		
b. Ultimate parent	₱127	(₱1,512)	Non - interest bearing, payable on demand	Unsecured, no impairment
c. Parent				
Purchase of land	109,630	(82,224)	Non - interest bearing, payable on demand	Unsecured
Rent expense	33,840	(280)	Non - interest bearing, payable on demand	Unsecured
Share in Group expenses	17,195	(49,167)	Non - interest bearing, payable on demand	Unsecured
Management and marketing income	15,156	30,737	Non - interest bearing, payable on demand	Unsecured
	175,821	(100,934)		
d. Associate				
Rent	96,902	(21,971)	Non - interest bearing, payable on demand	Unsecured, no impairment
Management Fee	6,728	–	Non – interest bearing, payable on demand	Unsecured, no impairment
Marketing Income	(607)	–	Non - interest bearing, payable on demand	Unsecured, no impairment
Share in other expenses	1,929	(20,423)	Non - interest bearing, payable on demand	Unsecured, no impairment
	104,952	(42,394)		
e. Affiliates	31,963	(38,645)	Non - interest bearing, payable on demand	Unsecured
Due to related parties	₱312,863	(₱183,485)		

20. General and Administrative Expenses

The account consists of:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
		(In Thousands)	
Salaries, wages and employee benefits	**₱356,910**	₱329,970	₱280,164
Taxes and licenses	**127,055**	129,400	98,884
Insurance	**97,687**	57,414	26,856
Depreciation and amortization (Notes 13 and 14)	**96,991**	79,057	75,401
Repairs and maintenance	**92,560**	50,343	31,448
Transportation and travel	**74,775**	78,833	71,155
Outside services	**65,474**	71,436	58,166
Entertainment, amusement and recreation	**54,348**	46,088	46,153
Rent (Note 19)	**35,350**	78,049	47,110
Communications, light and water	**29,440**	56,444	71,915

(Forward)

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
		(In Thousands)	
Retirement costs (Note 24)	**₱28,944**	₱24,877	₱19,879
Electronic data processing charges	**28,501**	30,294	24,244
Provision for doubtful accounts - net (Note 9)	**25,463**	18,387	31,589
Office supplies	**12,279**	15,679	14,542
Dues and subscriptions	**11,874**	13,236	9,961
Others	**40,937**	17,395	3,848
	₱1,178,588	₱1,096,902	₱911,315

21. Selling and Marketing Expenses

The account consists of:

	2013	2012	2011
		(In Thousands)	
Brokers' commissions	**₱322,209**	₱292,748	₱233,865
Selling, advertising and promotions	**255,351**	256,172	260,340
Sales office direct costs	**145,734**	73,662	64,738
Service fees	**126,776**	159,085	137,469
Corporate advertisements	**22,657**	57,492	20,698
Salaries and wages	**2,416**	20,061	35,753
Others	**17,339**	13,025	11,950
	₱892,482	₱872,245	₱764,813

22. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱465,222**	₱420,368	₱423,847
Cash and cash equivalents and (Note 7)	**37,242**	54,555	75,485
Others	**46,934**	41,618	43,894
	₱549,398	₱516,541	₱543,226
Interest and other finance charges:			
Interest expense on loans and bonds payable, net of interest capitalized (Notes 8 17 and 18)	**₱384,491**	₱348,108	₱454,903
Amortization of transaction costs of loans and bonds	**60,383**	41,410	18,839
Other finance charges	**29,572**	23,443	5,079
	₱474,446	₱412,961	₱478,821

23. Other Income

The account consists of:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
		(In Thousands)	
Forfeited reservations and collections	**₱202,047**	₱210,820	₱276,943
Income from amusement centers, parking and other lease-related activities	**140,450**	131,222	211,545
Processing fees	**139,890**	64,006	55,450
Gain on sale of contracts receivables (Note 8)	**58,404**	113,739	–
Service fees	**11,190**	5,778	15,318
Foreign currency exchange gain (loss) - net	**(399)**	2,585	1,304
Others (Note 19)	**17,183**	1,375	27,361
	₱568,765	₱529,525	₱587,921

24. Retirement Costs

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service.

The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and is responsible for investment strategy of the Plan.

Republic Act 7641 requires a provision for retirement pay to qualified private sector employees provided that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2013		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
Balance as at January 1, 2013	**₱240,601**	**₱80,845**	**₱159,756**
Net benefit costs in profit or loss			
Current service cost	**19,359**	–	**19,359**
Net interest	**14,436**	**4,851**	**9,585**
	33,795	**4,851**	**28,944**

(Forward)

	2013		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
Benefits paid	**(₱1,883)**	**(₱1,883)**	**₱–**
Contribution	**–**	**1,883**	**(1,883)**
	₱272,513	**₱85,696**	**₱186,817**

	2012		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
Balance as at January 1, 2012	₱199,230	₱103,504	₱95,726
Net benefit costs in profit or loss			
Current service cost	16,741	–	16,741
Net interest	16,934	8,798	8,136
	33,675	8,798	24,877
Benefits paid	(41,307)	(41,307)	–
Remeasurements in other comprehensive income			
Return on plan assets (excluding amount included in net interest)	–	(1,553)	1,553
Actuarial changes arising from changes in demographic assumptions	(6,143)	–	(6,143)
Actuarial changes arising from changes in financial assumptions	55,146	–	55,146
Others	–	(29,904)	29,904
	49,003	(31,457)	80,460
Contribution	–	41,307	(41,307)
	₱240,601	₱80,845	₱159,756

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2013 and 2012, these placements are with EW.

As of December 31, 2013 and 2012, the carrying amount of the plan assets approximates its fair value.

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2013	2012 and	2011
Discount rate	**5.90% - 6.30%**	5.90% - 6.30%	8.50%
Future salary increases	**8.00%**	8.00%	8.00%
Expected average remaining working lives of employees	**14 - 15 years**	14 - 15 years	14 years

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation. Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation. If the discount rate would be 50 basis points lower, the defined benefit obligation would increase by ₱16.38 million and ₱14.46 million in 2013 and 2012, respectively.

The Group does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study annually. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

25. **Operating Leases**

As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2013 and 2012 are as follows:

	2013	2012
	(In Thousands)	
Within one year	**₱1,563,130**	₱1,794,098
After one year but not more than five years	**2,953,973**	2,724,326
After five years	**38,738**	46,348
	₱4,555,841	₱4,564,772

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the consolidated statements of income amounted to ₱322.42 million, ₱223.91 million and ₱217.01 million in 2013, 2012 and 2011, respectively.

As lessee, future minimum rental payables under operating leases as of December 31, 2013 and 2012 are as follows:

	2013	2012
	(In Thousands)	
Within one year	**₱217,825**	₱142,937
After one year but not more than five years	**860,732**	575,136
After five years	**994,244**	1,648,717
	₱2,072,801	₱2,366,790

The Group leases from FDC, parcel of land and building located in San Juan City for its head office for a fixed monthly rental. The lease term ended on October 2012 (see Note 19).

26. **Equity**

The details of the Parent Company's common and preferred shares as of December 31, 2013 and 2012 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	33,000,000	8,000,000
Par value per share	₱1	₱0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	–

In 2013, 2012 and 2011, there was no issuance of additional common shares.

Preferred Shares
The preferred shares may be issued from time to time in one or more series as the BOD may determine, and authority is hereby expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares and no dividend shall be declared or paid on the common shares unless the full accumulated dividends on all preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Group. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

Preferred shares of each and any sub-series may be convertible to common shares as may be determined by the BOD and set forth in the Enabling Resolutions, in such manner and within such period as may be fixed in the Enabling Resolutions. As of December 31, 2013 and 2012, there is no Enabling Resolution by the BOD making the preferred shares convertible to common shares.

As the dividend rate is yet to be determined by the BOD, there were no dividends in arrears on preferred shares as of December 31, 2013 and 2012.

Treasury Shares
On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2013, 2012 and 2011. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declaration
On May 10, 2013, the BOD approved the declaration from of cash dividend of ₱0.048 per share or a total of ₱1.16 billion for all shareholders of records as of June 7, 2013.

On April 27, 2012 the BOD approved the declaration and payment of cash dividend of ₱0.0475 per share or a total of ₱1.15 billion for all shareholders of record as of May 25, 2012.

On April 15, 2011 the BOD approved the declaration and payment of cash dividend of ₱0.039 per share or a total of ₱950.59 million for all shareholders of record as of May 13, 2011.

Retained Earnings
Retained Earnings include undistributed earnings amounting to ₱5.42 billion and ₱4.87 billion in 2013, and 2012, respectively, representing accumulated equity in net earnings of subsidiaries and associates, which are not available for dividend declaration until received in the form of dividends from such subsidiaries and associates. Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized as of December 31, 2013 and 2012.

The Parent Company's retained earnings available for dividend declaration as of December 31, 2013 and 2012 amounted to ₱13.19 billion and ₱11.00 billion, respectively.

Capital Management
The Group prudently monitors its capital and cash positions and cautiously manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2013, 2012 and 2011.

The Group monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its debt-to-equity ratio:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Loans payable	**₱14,751,209**	₱11,234,851
Bonds payable	**21,318,016**	14,364,924
Total long-term debt	**36,069,225**	25,599,775
Total equity	**48,985,912**	46,245,954
Debt-to-equity ratio	**0.74:1.00**	0.55:1.00

On August 12, 1993, SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2013 (amount in thousands):

Year	Number of Shares Registered	Number of Holders of Securities as of Year End
January 1, 2012	24,249,759	6,049
Add/(Deduct) Movement	–	(103)
December 31, 2012	24,249,759	5,946
Add/(Deduct) Movement	–	(72)
December 31, 2013	**24,249,759**	**5,874**

Note: Exclusive of 220,949 treasury shares.

27. Earnings Per Share

	2013	2012	2011
	(In Thousands, Except EPS Figures)		
a.Net income attributable to the equity holder of the parent*	**₱3,918,215**	₱3,431,435	₱2,942,086
b.Weighted average number of outstanding common shares (after considering treasury shares)	**24,249,759**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.16**	₱0.14	₱0.12

** The restatements of the 2012 and 2011 comparative amounts have no effect on the EPS.*

There were no potential dilutive shares in 2013, 2012 and 2011.

28. Income Tax

The components of the Group's deferred income tax assets follow:

	2013	2012
	(In Thousands)	
Deferred income tax assets on:		
Advance rentals	**₱18,235**	₱20,921
Provisions and accruals	**4,590**	2,984
Accrued retirement benefits	**642**	642
Others	**22**	272
	23,489	24,819
Deferred income tax liability on:		
Capitalization of borrowing costs	**(11,169)**	(2,392)
	₱12,320	₱22,427

The components of the Group's net deferred income tax liabilities follow:

	2013	2012 (As restated, Note 2)
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized of borrowing costs	**₱2,123,973**	₱1,835,945
Excess of fair value over cost of net assets acquired in business combination	**143,273**	143,273
	2,267,246	1,979,218
Deferred income tax assets on:		
Accrued retirement benefits	**(55,404)**	(47,285)
Provision for doubtful accounts	**(23,404)**	(14,404)
Others	**(1,194)**	(11,947)
	(80,002)	(73,636)
	₱2,187,244	₱1,905,582

Provision for deferred income tax charged directly to other comprehensive income 2012 amounted to ₱24.14 million (nil in 2013).

The Group did not recognize deferred income tax assets on the following deductible temporary differences of the subsidiaries since management believes that the tax benefit related to these assets will not reverse through income tax deductions in the near future.

	2013	2012
	(In Thousands)	
NOLCO	**₱2,244**	₱2,200
MCIT	**100**	281

The carryforward benefits of the NOLCO and the excess of the MCIT over the RCIT, which can be claimed by the Group as credits against the RCIT, are as follows:

Year Incurred	NOLCO	MCIT	Expiry Date
	(In Thousands)		
2013	₱44	₱–	December 31, 2016
2012	395	–	December 31, 2015
2011	1,805	100	December 31, 2014
	₱2,244	₱100	

The following are the movements in NOLCO and MCIT:

	NOLCO		MCIT	
	2013	2012	2013	2012
	(In Thousands)			
At January 1	**₱2,200**	₱44,081	**₱281**	₱1,985
Addition	**44**	12,401	**–**	–
Applied/expired	**–**	(54,282)	**(181)**	(1,704)
At December 31	**₱2,244**	₱2,200	**₱100**	₱281

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2013	2012 (As restated, Note 2)	2011 (As restated, Note 2)
		(In Thousands)	
Income tax at statutory tax rate	**₱1,423,227**	₱1,240,689	₱1,068,528
Adjustments for:			
Tax-free net income on sales of BOI-registered projects (Note 33)	**(383,841)**	(303,958)	(186,855)
Income covered by PEZA (Note 32)	**(146,121)**	(114,930)	(90,138)
Interest on HGC-enrolled contracts receivables	**(28,036)**	(63,950)	(70,556)
Equity in net earnings of an associate	**(55,910)**	(56,188)	(19,022)
Tax-free realized net income on socialized housing units	**(41,143)**	(25,637)	(118,188)
Change in unrecognized deferred tax	**(192)**	(10,162)	(99)
Income subjected to final tax	**(3,563)**	(10,948)	(12,328)
Deductible expense - Optional Standard Deduction	**(11,947)**	(14,000)	(19,339)
Nondeductible interest expense	**1,176**	4,652	7,201
Income subjected to capital gains tax	**(90)**	(801)	(1,401)
Other nondeductible expenses	**14,585**	1,319	2,379
	₱768,145	₱646,086	₱560,182

29. Fair Value Measurement

The following table sets forth the carrying values of financial assets and liabilities recognized as of December 31, 2013 and 2012.

	2013				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVTOCI					
Quoted	₱3,321	₱3,321	₱3,321	₱–	₱–
Unquoted	14,531	14,531	–	–	14,531
	17,852	17,852	3,321	–	14,531
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Contracts receivable	12,602,877	12,838,138	–	–	12,838,138
Non-financial assets					
Investment properties	19,592,830	28,110,773	–	–	28,110,773
Total assets	₱32,213,559	₱40,966,763	₱3,321	₱–	₱40,963,442

	2013				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses					
Accounts payable	**₱5,926,971**	**₱5,673,554**	**₱–**	**₱–**	**₱5,673,554**
Deposits for registration and insurance	**1,127,420**	**1,079,215**	**–**	**–**	**1,079,215**
Retention fee payable	**955,846**	**914,977**	**–**	**–**	**914,977**
Liabilities on receivables sold to bank	**37,240**	**34,716**	**–**	**–**	**34,716**
	8,047,477	**7,702,462**	**–**	**–**	**7,702,462**
Loans payable	**14,751,209**	**14,428,301**	**–**	**–**	**14,428,301**
Bonds payable	**21,318,016**	**19,368,087**	**–**	**–**	**19,368,087**
	₱44,116,702	**₱41,498,850**	**₱–**	**₱–**	**₱41,498,850**

	2012				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVTOCI					
Quoted	₱3,321	₱3,321	₱3,321	₱–	₱–
Unquoted	21,305	21,305	–	–	21,305
	24,626	24,626	3,321	–	21,305
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Contracts receivable	10,119,953	10,308,865	–	–	10,308,865
Non-financial assets					
Investment properties	15,978,511	21,542,715	–	–	21,542,715
Total assets	₱26,123,090	₱31,876,206	₱3,321	₱–	₱31,872,885
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses					
Accounts payable	₱4,436,564	₱4,246,872	₱–	₱–	₱4,246,872
Deposits for registration and insurance	1,023,940	980,160	–	–	980,160
Retention fee payable	730,875	699,625	–	–	699,625
Liabilities on receivables sold to bank	189,441	176,601	–	–	176,601
	6,380,820	6,103,258	–	–	6,103,258
Loans payable	11,234,851	10,657,169	–	–	10,657,169
Bonds payable	14,364,924	12,745,453	–	–	12,745,453
	₱31,980,595	₱29,505,880	₱–	₱–	₱29,505,880

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contracts receivable*: Estimated fair value of contracts receivable is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used is 19% in 2013 and 2012. Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVTOCI*: Fair values were determined using quoted market prices at reporting date. Financial assets at FVTOCI not quoted in an active market are recorded at cost.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used are 4.28% and 4.98% in 2013 and 2012, respectively.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 5.0% to 7.7% and 6.4% to 7.9% as of December 31, 2013 and 2012, respectively.

During the years ended December 31, 2013 and 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVTOCI, accounts payable and accrued expenses, due to related parties and long-term debt. The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:
- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group also monitors the foreign currency risk arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Group uses a combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2013 and 2012, the Group has ₱3.8 billion and ₱5.00 billion, respectively, in undrawn uncommitted short-term credit lines, and, ₱10.52 billion and ₱7.68 billion, respectively, in undrawn committed long-term credit facilities.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2013 and 2012 based on contractual undiscounted payments.

	2013						
	On demand	Less than 3 months	3 months to 1 year	1 to 3 Years	3 to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱4,783,619	₱785,058	₱192,538	₱165,756	₱–	₱–	₱5,926,971
Deposits for registration and insurance	–	334	137,833	504,679	192,760	291,814	1,127,420
Retention fees payable	269,300	269,146	57,892	4,690	226,143	128,675	955,846
Accrued expenses	267,193	–	–	–	–	–	267,193
Accrued interest on bonds and loans	–	91,397	123,796	–	–	–	215,193
Liabilities on receivables sold to banks	–	–	23,325	13,915	–	–	37,240
Other payables	141,557	–	–	–	–	–	141,557
	5,461,669	1,145,935	535,384	689,040	418,903	420,489	8,671,420
Due to Related Parties	209,201	–	–	–	–	–	209,201
Loans Payable	–	640,000	905,000	3,353,686	7,447,748	2,443,816	14,790,250
Bonds Payable	–	–	4,500,000	3,000,000	–	14,000,000	21,500,000
Interest on loans and bonds payable	–	482,477	1,399,133	2,903,423	2,040,781	1,275,479	8,101,293
	₱5,670,870	₱2,268,412	₱7,339,517	₱9,946,149	₱9,907,432	₱18,139,784	₱53,272,164

	2012						
	On demand	Less than 3 months	3 months to 1 year	1 to 3 Years	3 to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱3,467,784	₱541,055	₱–	₱387,701	₱298	₱39,726	₱4,436,564
Deposits for registration and insurance	31,963	89,703	222,303	363,037	176,208	140,726	1,023,940
Retention fees payable	141,949	10,674	210,375	97,428	168,586	101,863	730,875
Accrued expenses	179,280	–	11,529	–	–	–	190,809
Accrued interest on bonds and loans	–	81,926	76,699	–	–	–	158,625
Liabilities on receivables sold to banks	–	–	91,652	97,789	–	–	189,441
Other payables	101,814	24,381	–	–	–	–	126,195
	3,922,790	747,739	612,558	945,955	345,092	282,315	6,856,449
Due to Related Parties	183,485	–	–	–	–	–	183,485
Loans Payable	–	–	2,858,500	2,688,333	5,002,584	711,000	11,260,417
Bonds Payable	–	–	–	4,500,000	3,000,000	7,000,000	14,500,000
Interest on Loans and Bonds Payable	–	363,855	1,204,267	2,500,724	1,586,364	728,251	6,383,461
	₱4,106,275	₱1,111,594	₱4,675,325	₱10,635,012	₱9,934,040	8,721,566	₱39,183,812

The tables below summarize the maturity profile of the Group's financial assets held to manage liquidity as of December 31, 2013 and 2012:

	2013						
	On demand	Less than 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,890,059	₱–	₱–	₱–	₱–	₱–	₱2,890,059
Short-term deposits	–	3,500,673	–	–	–	–	3,500,673
Contracts receivable							
Contracts receivable	283,224	1,968,071	1,732,410	1,954,195	1,420,002	5,244,975	12,602,877
Receivables from government and financial institutions	–	–	480,898	–	–	–	480,898
Due from related parties	204,538	–	–	–	–	–	204,538
Other receivables							
Receivable from tenants-net	274,964	–	–	–	–	–	274,964
Receivable from homeowners' associations-net	168,567	–	–	–	–	–	168,567
Receivable from buyers	179,045	–	–	–	–	–	179,045
Others	80,038	–	–	–	–	–	80,038
Other assets							
Deposits	143,382	–	–	–	–	–	143,382
	4,223,817	5,468,744	2,213,308	1,954,195	1,420,002	5,244,975	20,525,041
Financial Assets at FVTOCI							
Investments in shares of stocks:							
Quoted	–	–	3,321	–	–	–	3,321
Unquoted	–	–	14,531	–	–	–	14,531
	–	–	17,852	–	–	–	17,852
	₱4,223,817	₱5,468,744	₱2,231,160	₱1,954,195	₱1,420,002	₱5,244,975	₱20,542,893

	2012						
	On demand	Less than 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱1,157,104	₱–	₱–	₱–	₱–	₱–	₱1,157,104
Short-term deposits	–	1,008,352	–	–	–	–	1,008,352
Contracts receivable							
Contracts receivable	221,088	953,526	1,680,204	1,971,082	1,466,874	3,827,179	10,119,953
Receivables from government and financial institutions	–	–	477,997	–	–	–	477,997
Due from related parties	194,243	–	–	–	–	–	194,243
Other receivables							
Receivable from tenants-net	211,054	156,992	19,698	4,277	–	–	392,021
Receivable from homeowners' associations-net	134,470	–	–	–	–	–	134,470
Receivable from buyers	171,024	–	–	–	–	–	171,024
Others	18,533	–	–	–	–	–	18,533
Other assets							
Deposits	21,425	–	–	–	–	–	21,425
	2,128,941	2,118,870	2,177,899	1,975,359	1,466,874	3,827,179	13,695,122
Financial Assets at FVTOCI							
Investments in shares of stocks:							
Quoted	–	–	3,321	–	–	–	3,321
Unquoted	–	–	21,305	–	–	–	21,305
	–	–	24,626	–	–	–	24,626
	₱2,128,941	₱2,118,870	₱2,202,525	₱1,975,359	₱1,466,874	₱3,827,179	₱13,719,748

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

Credit risk is managed since the titles of the properties sold are retained by the Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVTOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group entered into various purchase agreements with financial institutions whereby the Group sold its contracts receivable with a provision that the Group should buy back these receivables in case these become overdue for two to three consecutive months or when the contract to sell has been cancelled.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2013 and 2012. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

	December 31, 2013				
	Neither past due nor impaired				
	High grade	Standard Grade	Past due but not impaired	Impaired	Total
			(In Thousands)		
Cash and cash equivalents	₱6,390,732	₱–	₱–	₱–	₱6,390,732
Contracts receivable					
Contracts receivable	–	12,319,653	283,224	–	12,602,877
Receivables from government and financial institutions	480,898	–	–	–	480,898
Due from related parties	204,538	–	–	–	204,538
Other receivables					
Receivables from tenants	–	274,964	–	20,629	295,593
Receivables from homeowners' association	–	168,567	–	78,014	246,581
Receivable from buyers	–	179,045	–	–	179,045
Others	–	80,038	–	–	80,038
Other assets					
Short-term deposits	143,382	–	–	–	143,382
Investment in shares of stock					
Quoted	3,321	–	–	–	3,321
Unquoted	14,531	–	–	–	14,531
	₱7,237,402	₱13,022,267	₱283,224	₱98,643	₱20,641,536

	December 31, 2012 (As restated)				
	Neither past due nor impaired				
	High grade	Standard Grade	Past due but not impaired	Impaired	Total
			(In Thousands)		
Cash and cash equivalents	₱2,165,456	₱–	₱–	₱–	₱2,165,456
Contracts receivable					
Contracts receivable	–	9,898,865	221,088	–	10,119,953
Receivables from government and financial institutions	477,997	–	–	–	477,997
Due from related parties	194,243	–	–	–	194,243
Other receivables					
Receivables from tenants	–	392,021	–	25,166	417,187
Receivables from homeowners' association	–	134,470	–	48,014	182,484
Receivable from buyers	–	171,024	–	–	171,024
Others	–	18,533	–	–	18,533
Other assets					
Short-term deposits	21,425	–	–	–	21,425
Investment in shares of stock					
Quoted	3,321	–	–	–	3,321
Unquoted	21,305	–	–	–	21,305
	₱2,883,747	₱10,614,913	₱221,088	₱73,180	₱13,792,928

As at December 31, 2013 and 2012, the analysis of contracts receivable that were past due but not impaired is as follows:

	Neither past due nor impaired	Past due but not impaired					
		Less than 30 days	30 to 60 days	60 to 90 days	90 to 120 days	Over 120 days	Total
				(In Thousands)			
2013	**₱12,319,653**	**₱27,664**	**₱13,978**	**₱8,075**	**₱6,355**	**₱227,152**	**₱12,602,877**
2012	9,898,864	21,595	10,912	6,302	4,961	177,319	10,119,953

There is no concentration risk on the Group's financial assets as of December 31, 2013 and 2012.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's financial instruments affected by market risk include loans payable and cash and cash equivalents.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2013	+200	**₱86,134**
	-200	**(86,134)**
2012	+200	197,130
	-200	(197,130)

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a two hundred basis point upward or downward fluctuation. The Group, used as basis of these assumptions, the annual percentage change of three-month PDST-F rate for the past five years as obtained from Philippine Dealing and Exchange Corp. (PDEx). Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2013 and 2012.

The following tables set out the carrying amount, by maturity, of the Group's long-term debt that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2013	**₱1,061,919**	**₱838,647**	**₱999,544**	**₱727,341**	**₱679,269**	**₱4,306,720**
As of December 31, 2012	2,399,762	860,246	951,241	909,174	605,000	5,725,423

31. Contingencies and Commitments

The Group is involved in various legal actions, claims and contingencies incidental to the ordinary course of the business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results.

In connection with the joint venture agreement entered into by the Parent Company with Cebu City Government, the Parent Company is committed to (a) purchase 10.6 hectares of the property payable in six (6) years, to be developed into a modern urban center and (b) develop 40 hectares of the property in four (4) phases, mainly mid-rise residential buildings, over a 20-year period (see Note 10).

In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange of the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 15).

32. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and CPI were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone) to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone as opposed to the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower and as such it will not be entitled to any incentives, however, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, CPI was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

33. Registration with the Board of Investments (BOI)

The Group has registered the following New Developer of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) as of December 31, 2013:

Name	Reg. No.	Date Registered
One Oasis - Ortigas (F to M)	2011-120	06/15/11
La Brisa Townhomes	2011-117	06/09/11
The Linear	2011-121	06/15/11
Bali Oasis 3 & 4	2011-134	06/27/11
Ocean Cove	2011-133	06/27/11
Villa Montserrat - Expansion	2011-132	06/27/11
Escala @ Corona del Mar	2011-167	07/29/11
Filinvest Homes Tagum Phase 1	2011-171	08/02/11
Filinvest Homes Tagum Phase 2	2011-214	09/26/11
One Oasis Davao 1, 2, 3	2011-194	09/02/11
Villa Mercedita	2011-154	07/19/11
Villa San Ignacio	2011-148	07/14/11
Tierra Vista	2011-191	08/31/11
Austine Homes	2011-252	11/25/11
The Glens Phase 2	2011-216	09/26/11
The Glens Phase 3	2011-217	09/26/11
The Glens Phase 4	2011-218	09/26/11
Somerset Lane	2011-273	12/21/11
Aldea del Sol Phases 5 & 6	2011-276	12/22/2011
Capri Oasis: Bldg Albero, Brezza, Solare, Cielo, Fiori, Vento	2012-036	3/5/2012
Studio City Tower 1	2012-044	3/19/2012
Anila Park 1	2012-052	3/26/2012
San Remo Oasis - Bldgs. 1-8	2012-069	5/14/2012
One Oasis Cebu- Bldgs. 1-3	2012-082	5/28/2012
Filinvest Homes-Butuan	2012-094	6/7/2012
Sorrento Oasis- Bldgs. A- H2	2012-095	6/7/2012
Maui Oasis- Bldgs. 2 & 3	2012-096	6/7/2012
One Oasis Davao - Bldg. 4	2012-093	6/7/2012
Amare Homes	2013-014	1/18/2013
Castillon Homes - The Residences	2013-064	3/11/2013
Woodville Phase 2	2013-065	3/11/2013

As a registered enterprise, the Group is entitled to certain tax and nontax incentives, subject to certain conditions.

34. Event After the Reporting Period

On February 4, 2014, the Group incorporated Filinvest Cyberparks, Inc. (FCI), a wholly-owned subsidiary with the primary purpose of acquiring by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. and its subsidiaries (the Group) as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 included in this Form 17-A and have issued our report thereon dated March 14, 2014. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, as Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-A (Group A),
March 8, 2012, valid until March 8, 2015
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2012,
January 11, 2012, valid until January 10, 2015
PTR No. 4225219, January 2, 2014, Makati City

March 14, 2014

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 08 2014 SDS
RECEIVED
PRECIOSA C. JAVIER

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

Independent Auditors' Report on Supplementary Schedules

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Schedule of All Effective Standards and Interpretations under PFRS as of December 31, 2013

Group Unappropriated Retained Earnings Available for Dividend Declaration

Financial Soundness Indicators

Group Structure

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 09 2014 SDS
RECEIVED
PRECIOSA C. JAVIER

FILINVEST LAND, INC.AND SUBSIDIARIES

GROUP SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED
DECEMBER 31, 2013

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities
Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2013:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVTOCI				
Quoted:				
The Palms Country Club	1,000	₱3,060	₱3,060	₱–
Philippine Long Distance Telephone Company	26,100	261	261	–
		3,321	3,321	–
Unquoted:				
Manila Electric Company (MERALCO)	1,153,694	11,537	11,537	3,757
Timberland Sports and Nature Club	3,000	2,994	2,994	–
		14,531	14,531	3,757
		₱17,852	₱17,852	₱3,757

The Group investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to employees of the Group with balances above ₱100,000 as of December 31, 2013:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
		(In Thousands)		
Arvin L Pamalaran	₱695	₱41,817	₱29,196	₱13,316
Amelia F Encarnacion	752	387,070	375,083	12,739
Aubrey F Ortega	55	19,111	6,555	12,611
Antonio E Cenon	8,809	307,067	307,229	8,647
Alberto L Cataluña	68	33,946	27,308	6,706
Kathryn Ann R Lao	15,812	33,092	45,004	3,900
Rey Ferdinand C Maribao	106	84,782	81,571	3,317
Jimhar A Hamid	–	1,995	–	1,995
Geraldine Marie C De Goro	1,936	10,124	10,916	1,144
Marco Vicente P. Fernandez	1,648	8,863	9,446	1,065
Wilfredo C. Abuena	738	5,179	5,045	872
Archie M Igot	159	852	180	831
Jeffrey M Nisnisan	114	3,770	3,068	816
Romeo M Estrella	34	1,682	956	760
Winnifred H Lim	834	5,033	5,132	735
Niel Aquino	–	604	20	584
Pablito A. Perez	425	695	562	558
Jeffrey John M Cortes	–	559	45	514
Corazon A Rollon	10	397	19	388
Noel V Advincula	5,235	87,789	92,641	383
Rizalangela L. Reyes	884	786	1,352	318
John Delmer P Vitaliz	260	2,698	2,652	306
Ana Venus A Mejia	–	307	40	267
Joseph M Yap	863	200	858	205
Percival O Flores	22	258	131	149
Liang -Ta C Chien	–	4,595	4,447	148
Elsa N Marquez	78	36	1	113
Marie Angeline C Joven	20	94	1	113
Cesarine Janette C. Manla	1,996	5,293	7,184	105
Remilyn M Magallon	–	244	139	105
	₱41,553	₱1,048,938	₱1,016,781	₱73,710

These advances were obtained by the Group's employees for expenses and disbursements necessary in carrying out their functions in the ordinary course of business such as for selling and marketing activities, official business trips, emergency and cash-on-delivery purchases of materials, equipment and supplies, repair of Group's vehicles, model units and housing units, registration of titles, etc. The advances are liquidated when the purposes for which these advances were granted are accomplished or completed. There were no amounts written off during the year and all receivables are expected to be collected/ liquidated within the next twelve months.

Related Party Transactions

Due from related parties

Below is the list of outstanding receivables from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2013 (amount in thousands):

	Relationship	Nature	Balance as of December 31, 2013
Timberland Sports and Nature Club.	Affiliate	A	₱186,177
Filinvest Development Corporation	Parent Company	A, C	8,118
Davao Sugar Central Corp.	Affiliate	A	6,082
Filinvest Alabang, Inc.	Associate	A, C	2,219
Filinvest Information Technology, Inc.	Affiliate	A	875
ALG Holdings, Inc.	Ultimate Parent	A	696
The Palms Country Club	Affiliate	A	218
Filarchipelago Hospitality Inc.	Affiliate	A	138
GCK Realty	Affiliate	A, C, D	13
FSM Cinemas, Inc.	Affiliate	A	2
			₱204,538

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

a. Expenses - these pertain to the share of the Group of related parties in various common selling and marketing and general and administrative expenses.
b. Advances - these pertain to temporary advances to/from related parties for working capital requirements
c. Management and marketing fee
d. Reimbursable commission expense
e. Rentals
f. Dividends

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of December 31, 2013 (amounts in thousands):

	Volume of Transactions		Receivable	Terms
Filinvest AII Philippines, Inc.	Share in expenses	₱10,544	₱185,903	Non-interest bearing and to be settled within the year
Property Maximizer Professional Corporation	Marketing fee expense	245,013		Non-interest bearing and to be settled
	Share in expenses	143,483	20,419	within the year
Cyberzone Properties, Inc.	Dividend Income	139,741		Non-interest bearing and to be settled
	Rental income	96,061	40,987	within the year
Property Specialist Resources, Inc.	Share in expenses	22,112	8,470	Non-interest bearing and to be settled within the year
Leisurepro, Inc.	Share in expenses	39	6,134	Non-interest bearing and to be settled within the year
Homepro Realty Marketing, Inc.	Share in expenses	39	4,351	Non-interest bearing and to be settled within the year
			₱266,264	

The table below shows the movement of the receivables from related parties.

Name	Balance at beginning of year	Additions	Collections	Balance as of December 31, 2013
Filinvest AII Philippines, Inc.	₱183,531	₱10,544	(₱8,172)	₱185,903
Property Maximizer Professional Corporation	118,632	143,483	(241,696)	20,419
Cyberzone Properties, Inc. (CPI)	18,255	96,061	(73,329)	40,987
Property Specialist Resources, Inc.	8,666	22,030	(22,226)	8,470
Leisurepro, Inc	6,095	39	–	6,134
Homepro Realty Marketing, Inc	4,312	39	–	4,351
	₱339,491	₱272,196	(₱345,423)	₱266,264

The intercompany transactions between FLI and the subsidiaries pertain to share in expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

Schedule D. Intangible Asset

As of December 31, 2013, the Company's intangible assets consist of Goodwill. Goodwill in the Company's consolidated statements of financial position arose from the acquisition of two major assets consisting of (in thousands):

Festival Supermall structure	₱3,745,945
Filinvest Asia Corporation	494,744
CPI	326,553
	₱4,567,242

Schedule E. Long term debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Term loans			
Guaranteed loan amounting to ₱1.13 billion and ₱1.12 billion obtained in October 2005 and July 2007, respectively. Both loan principal is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. The loans carry a fixed interest rate of 7.72% and 7.90% per annum, respectively.	₱675,000	₱450,000	₱225,000
Developmental loans			
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.07% per annum, payable quarterly in arrears. The principal is payable at maturity on July 2018.	1,493,337	–	1,493,337
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting September 2015 up to June 2018.	1,143,509	–	1,143,509
Unsecured loan obtained in January 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum GRT 5 years (fixed rate) 6.39% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017	997,063	–	997,063
Unsecured loan obtained in April 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 6.12% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017.	996,841	–	996,841
Unsecured loan obtained in November 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.50% per annum, payable quarterly in arrears. The principal is payable at maturity on November 2017.	996,003	–	996,003

(Forward)

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 4.27%, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on November 2015 and 50% payable at maturity on August 2018.	₱995,811	₱–	₱995,811
Unsecured loan obtained in February 2013 with interest at prevailing market rate plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	747,569	–	747,569
Unsecured loan obtained in December 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.62% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on March 2016 and 50% payable at maturity on December 2020.	700,000	–	700,000
Unsecured loan obtained in March 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum, payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence on June 2013 and 50% payable at maturity on March 2016.	654,880	124,289	530,591
Unsecured loan obtained in June 2011 with interest rate equal to 91-day PDST-F rate plus a spread of 1% per annum, payable quarterly in arrears. The 50% balance is paid in July 2011 and the remaining 50% balance is payable in twelve (12) equal quarterly installments starting September 2013 up to June 2016.	622,737	248,584	374,153
Unsecured loans obtained in August 15, 2012 with interest of 5.79% per annum (inclusive of GRT), subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on Nov ember 2014 and 50% payable at maturity on August 2019.	600,000	15,000	585,000
Unsecured loan obtained in October 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.21% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on January 2016 and 50% payable at maturity on October 2020.	547,360	–	547,360
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.27% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on November 2015 and 50% payable at maturity on August 2020.	500,000	–	500,000
Unsecured loan obtained in March 2013 with interest rate of 4.32% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable at maturity on March 2014.	499,467	499,467	–
Unsecured loan obtained in December 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.29% per annum, payable quarterly in arrears. The principal is payable at maturity on December 2017.	497,965	–	497,965
Unsecured loan obtained in December 2011 with interest at prevailing market rate 4.2% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting March 2014 to December 2016.	349,207	116,241	232,966
Unsecured loan obtained in May 17, 2012 with interest at prevailing market rate, subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on August 2014 and 50% payable at maturity on May 2019.	300,000	15,000	285,000

(Forward)

Type of Obligation	Amount	Current	Noncurrent
	(In Thousands)		
Unsecured loan obtained in October 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 6.03% per annum), payable quarterly in arrears. The principal is payable at maturity on October 2017.	₱300,000	₱–	₱300,000
Unsecured loan obtained in May 2013 with interest rate equal to BSP overnight reverse repurchase agreement plus 1% per annum plus GRT (Fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	300,000	–	300,000
Unsecured loan obtained in May 2013 with a fixed interest rate of 4.74% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	248,960	–	248,960
Unsecured loan granted in November 10, 2011 with a term of 7 years with 2 years grace period on principal repayment. Interest is based on prevailing market rate, subject to quarterly repricing and payable quarterly in arrears. 50% of principal is payable in 12 quarterly amortization commencing on February 10, 2014 and 50% is payable on maturity.	200,000	20,000	180,000
Unsecured loan granted in May 2010 with a term of five years with 50% of principal payable in 12 equal quarterly amortization to commence on August 2012 and 50% payable at maturity in May 2015. The loan carries interest at prevailing market rate payable quarterly in arrears.	150,000	33,333	116,667
Unsecured loan granted in December 2012 with a term of five years with 50% of principal payable in 20 equal quarterly amortization to commence on March 2013 and 50% payable at maturity on December 2017. The loan carries interest at prevailing market rate payable quarterly in arrears.	135,000	15,000	120,000
Unsecured loan granted in May 2012 payable over 7-year period inclusive of 2 year grace period; 50% of principal is payable in 20 equal quarterly amortizations to commence on August 2014 and 50% payable at maturity on May 2019. The loan carries interest at prevailing market rate.	100,000	5,000	95,000
Unsecured loan obtained in February 2013 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	500	–	500
	14,076,209	1,091,914	12,984,295
Bonds			
Fixed rate bonds with aggregate principal amount of ₱4.50 billion, comprised of five (5)-year fixed rate bonds due in 2014 was issued by the Company on November 19, 2009. The bonds have a term of 5 years and one (1) day from the issue date, with a fixed interest rate of 8.4615% per annum. Interest is payable quarterly in arrears starting on February 20, 2010.	4,489,084	4,489,084	–
Fixed rate bonds with principal amount of ₱3.00 billion and term of five (5) years from the issue date was issued by the Company on July 7, 2011. The fixed interest rate is 6.1962% per annum, payable quarterly in arrears starting on October 7, 2011.	2,971,900	–	2,971,900
Fixed rate bonds with principal amount of ₱7.00 billion and term of seven (7) years from the issue date was issued by the Company on June 8, 2012. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 10, 2012.	6,938,102	–	6,938,102
Fixed rate bonds with aggregate principal amount of ₱7.00 billion issued by the Group on November 8, 2013. This comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 with a fixed interest rate of 4.8562% per annum, and ₱2.7 billion ten (10) year fixed rate bonds due in 2023 with a fixed interest rate of 5.4300% per annum.	6,918,930	–	6,918,930
	21,318,016	4,489,084	16,828,932
	₱36,069,225	₱6,030,998	₱30,038,227

Each loan balance is presented net of unamortized deferred costs.

Schedule F. Indebtedness to Related Parties

Below is the list of outstanding payables to related parties of the Group presented in the Group statements of financial position as of December 31, 2013:

	Relationship	Nature	Balance at beginning of period	Balance at end of period
			(In Thousands)	
Filinvest Development Corp.	Parent Company	A, C, E	₱100,934	₱93,636
Filinvest Alabang, Inc	Associate	A, C	42,394	65,074
Pacific Sugar Holdings, Corp.	Affiliate	A	26,768	27,009
East West Banking Coporation	Affiliate	A	–	17,322
Festival Supermall, Inc. – Management	Affiliate	A	8,206	6,151
Seascape Resorts, Inc.	Affiliate	A	–	5
Quest Restaurants Inc.	Affiliate	A	–	4
AL Gotianun, Inc.	Ultimate Parent	A, B	1,512	–
Filarchipelago Hospitality Inc.	Affiliate	A	3,671	–
			₱183,485	₱209,201

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

a. Expenses - these pertain to the share of the Group of related parties in various common selling and marketing and general and administrative expenses.
b. Advances - these pertain to temporary advances to/from related parties for working capital requirements
c. Management and marketing fee
d. Reimbursable commission expense
e. Rentals

Schedule G. Guarantees of Securities of Other Issuers

The Company does not have guarantees of securities of other issuers as of December 31, 2013.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
		(In Thousands)				
Common Shares	33,000,000	24,249,759	–	14,017,206	30,096	None
Preferred Shares	8,000,000	8,000,000	–	8,000,000	–	None

Standards adopted by the Group

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2013:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary		√		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First time Adoption of Philippine Financial Reporting Standards	√		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			√
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First–time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First time Adopters			√
	Amendments to PFRS 1: Government Loans			√
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations			√
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			√
PFRS 3 (Revised)	Business Combinations	√		
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PFRS 7 (cont.)	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	√		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	√		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
PFRS 8	Operating Segments	√		
PFRS 9	Financial Instruments	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	√		
PFRS 11	Joint Arrangements	√		
PFRS 12	Disclosure of Interests in Other Entities	√		
PFRS 13	Fair Value Measurement	√		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	√		
PAS 2	Inventories	√		
PAS 7	Statement of Cash Flows	√		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	√		
PAS 10	Events after the Reporting Date	√		
PAS 11	Construction Contracts	√		
PAS 12	Income Taxes	√		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets	√		
PAS 16	Property, Plant and Equipment	√		
PAS 17	Leases	√		
PAS 18	Revenue	√		
PAS 19	Employee Benefits	√		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	√		
PAS 19 (Amended)	Employee Benefits	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs	√		
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	Consolidated and Separate Financial Statements	√		
PAS 27 (Amended)	Separate Financial Statements	√		
PAS 28	Investments in Associates	√		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	√		
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures	√		
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues			√
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	√		
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting	√		
PAS 36	Impairment of Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets	√		
PAS 39	Financial Instruments: Recognition and Measurement	√		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			√
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			√
	Amendments to PAS 39: The Fair Value Option			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			√
	Amendment to PAS 39: Eligible Hedged Items			√
PAS 40	Investment Property	√		
PAS 41	Agriculture			√
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co–operative Entities and Similar Instruments			√
IFRIC 4	Determining Whether an Arrangement Contains a Lease	√		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment			√
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
IFRIC 8	Scope of PFRS 2			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
IFRIC 10	Interim Financial Reporting and Impairment			√
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC– 14, Prepayments of a Minimum Funding Requirement			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
IFRIC 17	Distributions of Non–cash Assets to Owners			√
IFRIC 18	Transfers of Assets from Customers			√
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			√
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			√
SIC–10	Government Assistance - No Specific Relation to Operating Activities			√
SIC–12	Consolidation – Special Purpose Entities			√
	Amendment to SIC - 12: Scope of SIC 12			√
SIC–13	Jointly Controlled Entities – Non–Monetary Contributions by Venturers			√
SIC–15	Operating Leases - Incentives	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
SIC–21	Income Taxes - Recovery of Revalued Non–Depreciable Assets			√
SIC–25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√
SIC–27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			√
SIC–29	Service Concession Arrangements: Disclosures.			√
SIC–31	Revenue - Barter Transactions Involving Advertising Services			√
SIC–32	Intangible Assets - Web Site Costs			√

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

(Amounts in Thousands of Pesos)

Retained Earnings, January 1, 2013		₱15,683,170
Adjustments:		
Equity in net earnings of subsidiaries and an associate		(4,871,526)
Prior-year adjustments		192,793
Unappropriated Retained Earnings, as adjusted, January 1, 2013		11,004,437
Net income based on the face of audited financial statements	3,918,215	
Less: Non-actual/unrealized income net of tax		
Equity in net income of subsidiaries and an associate	(551,897)	
Unrealized foreign exchange gain - net	–	
Unrealized actuarial gain	–	
Fair value adjustment (marked-to-market gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Add: Non-actual/unrealized losses net of tax		
Depreciation on revaluation increment	–	
Adjustment due to deviation from PFRS/GAAP loss	–	
Loss on fair value adjustment of Investment Property	–	
Movement in deferred tax assets	(17,118)	
Net income actual/realized		3,349,200
Less: Dividend declarations during the year		(1,163,988)
Unappropriated Retained Earnings, as adjusted, December 31, 2013		₱13,189,649

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 08 2014 SDS
RECEIVED
PRECIOSA C. JAVIER

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2013 and 2012:

Financial ratios		2013	2012
Current ratio [1]	Current assets / Current liabilities	2.53	3.19
Long-term debt-to-equity ratio	Long-term debt / Equity	0.74	0.55
Debt ratio	Total liabilities / Total assets	0.50	0.44
EBITDA to total interest paid	EBITDA / Total interest paid	3.03	3.23
Price Earnings Ratio	Closing price [2] / Earnings per share	8.81	10.64

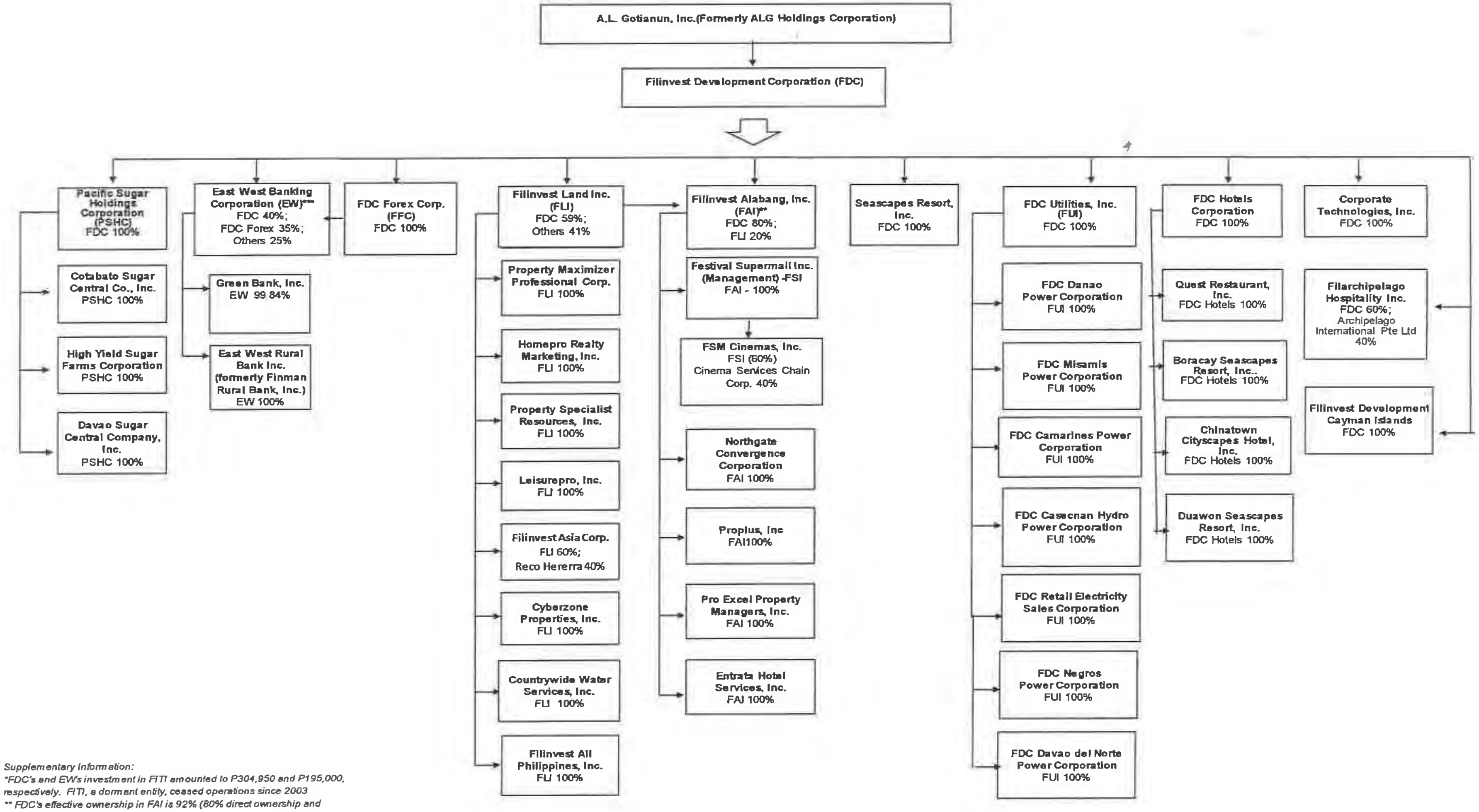
(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, due from related parties, other receivables and real estate inventories and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable, loans payable and bonds payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at December 27, 2013 and 2012

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate Group, subsidiaries, and associates as of December 31, 2013:

A.L. GOTIANUN, INC. (Formerly ALG Holdings Corporation)
Group Structure
(As of December 31, 2013)



Supplementary Information:
**FDC's and EW's investment in FITI amounted to P304,950 and P195,000, respectively. FITI, a dormant entity, ceased operations since 2003*
*** FDC's effective ownership in FAI is 92% (80% direct ownership and 11.8% indirect ownership through FLI)*
****FDC's effective ownership in EW is 75% (40% direct ownership and 35% indirect ownership through FFC)*