

# FILINVEST LAND, INC.

November 11, 2014

## **THE PHILIPPINE STOCK EXCHANGE**

Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Attention: **MS. JANET A. ENCARNACION**  
Head – Disclosure Department

## **PHILIPPINE DEALING & EXCHANGE CORP.**

37/F, Tower 1, The Enterprise Center  
6766 Ayala Ave. cor. Paseo de Roxas, Makati City

Attention: **MS. VINA VANESSA S. SALONGA**  
Head - Issuer Compliance and Disclosure Department

Ladies:

Please find attached Quarterly Report of Filinvest Land, Inc. for the period ended September 30, 2014.

Thank you.

Very truly yours,



**SHARON P. PAGALING-REFUERZO**  
Corporate Information Officer



111102014001625

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines

Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

**Barcode Page****The following document has been received:****Receiving Officer/Encoder** : Edmundo Guia**Receiving Branch** : SEC Head Office**Receipt Date and Time** : November 10, 2014 05:03:49 PM**Received From** : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000170957

Company Name FILINVEST LAND INC.

Industry Classification

Company Type Stock Corporation

**Document Information**

Document ID 111102014001625

Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)

Document Code 17-Q

Period Covered September 30, 2014

No. of Days Late 0

Department CFD

Remarks

# COVER SHEET

1 7 0 9 5 7

SEC Registration Number

F I L I N V E S T   L A N D ,   I N C .   A N D   S U B S I D I A  
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

5,846 shareholders

Total No. of Stockholders

Total Amount of Borrowings

₱35.59 billion

Domestic

None

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

**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 September 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

| <u>Title of Each Class</u>     | <u>Number of shares of<br/>Common Stock Outstanding</u> | <u>Amount of<br/>Debt Outstanding</u> |
|--------------------------------|---|---------------------------------------|
| 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 ☒ 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 ☒ No ☐

- (b) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

## TABLE OF CONTENTS

### Part I – FINANCIAL INFORMATION

|   |              |
|---|--------------|
| <b>Item 1. Financial Statements</b>   | <b>Annex</b> |
| Notes to Consolidated Financial Statements  |              |
| 1. Corporate Information  | 1            |
| 2. Summary of Significant Accounting Policies   | 1            |
| 3. Significant Accounting Judgments and Estimates   | 4            |
| 4. Segment Reporting  | 4            |
| 5. Investment in FAC  | 7            |
| 6. Accounts Payable and Accrued Expenses  | 8            |
| 7. Long-term Debt   | 8            |
| 8. Other Income – net   | 10           |
| 9. Financial Risk Exposures   | 11           |
| <b>Item 2. Management Discussion and Analysis of Financial Condition and Result of Operations</b> | <b>13</b>    |

### Part II – OTHER INFORMATION

|  |           |
|--|-----------|
| <b>Item 3. Business Development / New Projects</b> | <b>15</b> |
| <b>Item 4. Other Disclosures</b>                   | <b>25</b> |

## **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 All Philippines, Inc. (FAP)             | Real estate developer             | 100% | 100% | 100% |
| Cyberzone Properties, Inc. (CPI)                  | Leasing                           | 100% | 100% | 100% |
| Homepro Realty Marketing, Inc.<br>(Homepro)       | Marketing                         | 100% | 100% | 100% |
| Property Maximizer Professional Corp.<br>(Promax) | Marketing                         | 100% | 100% | 100% |
| Property Specialist Resources, Inc.<br>(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<br>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<br>Operations      | Leasing<br>Operations | Combined    | Adjustments<br>and<br>Eliminations | Consolidated |
| Revenue and other income except<br>equity in net earnings of an<br>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<br>associate                                       | 34,879                         | —                     | 34,879      | —                                  | 34,879       |
| Revenue and other income<br>including equity in net earnings<br>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<br>Operations | Leasing<br>Operations | Combined    | Adjustments<br>and<br>Eliminations | Consolidated |
| Revenue and other income except<br>equity in net earnings of an<br>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<br>associate                                       | 85,933                    | —                     | 85,933      | —                                  | 85,933       |
| Revenue and other income<br>including equity in net earnings<br>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<br>Operations | Leasing<br>Operations | Combined   | Adjustments<br>and<br>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,<br>2014<br>(Unaudited) | September 30,<br>2013<br>(Unaudited) |
|--|--------------------------------------|--------------------------------------|
|  | (In Thousands)                       |                                      |
| Adjusted EBITDA                        | P4,335,832                           | P3,457,144                           |
| 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               | P3,419,661                           | P2,822,088                           |

## 5. Investment in FAC

As of September 30, 2014 and December 31, 2013, noncontrolling interest amounted to P170.38 million and P353.04 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,<br>2014 | December 31,<br>2013 |
|--|-----------------------|----------------------|
|  | (In Thousands)        |                      |
| <b>Assets:</b>                             |                       |                      |
| Cash and cash equivalents                  | <b>P342,794</b>       | P133,689             |
| Other current assets                       | <b>151,850</b>        | 179,389              |
| Other noncurrent assets excluding goodwill | <b>1,384,048</b>      | 1,452,091            |
| Goodwill                                   | <b>494,743</b>        | 494,743              |
| <b>Liabilities:</b>                        |                       |                      |
| Current liabilities                        | <b>(386,211)</b>      | (274,985)            |
| Noncurrent liabilities                     | <b>(1,011,353)</b>    | (607,592)            |
| <b>Total Equity</b>                        | <b>P975,871</b>       | P1,377,335           |
| <b>Attributable to:</b>                    |                       |                      |
| Equity holders of the Parent               | <b>P750,312</b>       | P1,024,348           |
| Noncontrolling interest                    | <b>192,451</b>        | 353,037              |

*Summarized statements of comprehensive income for the period ended September 30:*

|  | 2014            | 2013     |
|--|-----------------|----------|
|  | (In Thousands)  |          |
| Revenue                                      | <b>P256,576</b> | P243,498 |
| Costs  | <b>(73,020)</b> | (62,432) |
| Interest and other finance charges           | <b>(27,125)</b> | (24,281) |
| Income before income tax                     | <b>156,431</b>  | 156,785  |
| Provision for income tax                     | <b>(35,249)</b> | (35,867) |
| <b>Net income/Total comprehensive income</b> | <b>P121,182</b> | P120,917 |
| Attributable to noncontrolling interest      | <b>P48,043</b>  | P47,937  |
| Dividends paid to noncontrolling interest    | <b>20,000</b>   | 52,000   |
| Redemptions of shares attributable to NCI    | <b>188,629</b>  | —        |

*Summarized statements of cash flows information for the period ended September 30:*

|           | 2014            | 2013     |
|-----------|-----------------|----------|
|           | (In Thousands)  |          |
| Operating | <b>P270,480</b> | P209,923 |
| Investing | <b>(5,999)</b>  | —        |
| Financing | <b>525,543</b>  | (60,696) |
|           | <b>P790,024</b> | P149,228 |

## 6. Accounts Payable and Accrued Expenses

This account consists of:

|   | September 30,<br>2014 | December 31,<br>2013 |
|---|-----------------------|----------------------|
|   | (In Thousands)        |                      |
| Accounts payable                            | P5,653,524            | P5,926,971           |
| 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<br>banks | 8,504                 | 37,240               |
| Other payables                              | 184,022               | 141,557              |
|   | <b>P11,408,574</b>    | <b>P10,441,412</b>   |

“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<br>September 30 | 2013<br>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                   | <b>37,756,913</b>    | <b>36,069,225</b>   |

### **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 P4,427.42 million was used for project development and about P2,488.56 million was used for land acquisition as of December 31, 2012. The second tranche amounting to P4.0 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 P49.66 million and P61.90 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 P9.74 million and P10.37 million, respectively.

On November 8, 2013, FLI issued to the public unsecured fixed rate retail bonds with aggregate principal amount of P7 billion comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 and P2.7 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 P6,932,405,621 after deducting fees, commissions, and expenses relating to the issuance of the Bonds while the actual net proceeds amounted to P6,917,093,003.36. 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 P7.14 billion.

Unamortized debt issuance cost on bonds payable amounted to P71.81 million and P81.07 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 P9.26 million and P1.84 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                                    | P175,067        | P186,959        |
| 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           |
|   | <b>P441,837</b> | <b>P409,985</b> |

## 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, on the Company's annualized profit before tax through the impact on floating rate borrowings.

|                    | Increase (decrease)<br>in basis points | Effect on annualized<br>income before income tax<br>(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       |
| <b>Cash &amp; Cash Equivalents</b>                            | <b>2,405,910</b>   | <b>2,405,910</b>  | <b>6,390,732</b>  | <b>6,390,732</b>  |
| <b>Mortgage, Notes &amp; Installment Contract Receivables</b> | <b>16,119,398</b>  | <b>16,420,303</b> | <b>13,083,775</b> | <b>13,319,036</b> |
| <b>Other Receivables</b>                                      | <b>2,891,313</b>   | <b>2,891,313</b>  | <b>3,136,739</b>  | <b>3,136,739</b>  |
| <b>Long-term Debt</b>   | <b>37,756,913</b>  | <b>36,253,705</b> | <b>36,069,225</b> | <b>33,796,388</b> |

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**

| <b>Financial Ratios</b>    | <b>Particulars</b>  | <b>As of and for the<br/>nine months ended<br/>September 30, 2014</b> | <b>As of Dec. 31, 2013<br/>and for the nine<br/>months ended<br/>September 30, 2013</b> |
|----------------------------|---|---|---|
| Earnings per Share         | <u>Net income</u><br>Weighted average number of outstanding common shares | 0.12  | 0.10  |
| Debt to Equity Ratio       | <u>Long Term Debt</u><br>Total Stockholder's Equity                       | 0.75  | 0.74  |
| Debt Ratio                 | <u>Total Liabilities</u><br>Total Assets                                  | 0.51  | 0.50  |
| EBITDA to<br>Interest paid | <u>EBITDA</u><br>Interest paid  | 2.90 times  | 2.88 times  |
| Price Earnings Ratio       | <u>Closing Price of Share</u><br>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 2013 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:

| <b>FLI Land Bank as of September 30, 2014</b> |                      |                             |                 |                   |
|---|----------------------|-----------------------------|-----------------|-------------------|
| <b>Area in Hectares</b>                       |                      |                             |                 |                   |
| <b>Location</b>                               | <b>Company Owned</b> | <b>Under Joint Ventures</b> | <b>Total</b>    | <b>% to Total</b> |
| <b>Luzon</b>                                  |                      |                             |                 |                   |
| 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%             |
| <b>Sub-total</b>                              | <b>1945.85</b>       | <b>285.14</b>               | <b>2230.98</b>  | <b>91.98%</b>     |
| <b>Visayas</b>                                |                      |                             |                 |                   |
| Cebu  | 5.06                 | 31.65                       | 36.71           | 1.51%             |
| Iloilo  | 0.92                 | -                           | 0.92            | 0.04%             |
| <b>Sub-total</b>                              | <b>5.98</b>          | <b>31.65</b>                | <b>37.63</b>    | <b>1.55%</b>      |
| <b>Mindanao</b>                               |                      |                             |                 |                   |
| 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%             |
| <b>Sub-total</b>                              | <b>149.50</b>        | <b>7.65</b>                 | <b>157.15</b>   | <b>6.48%</b>      |
| <b>Total</b>                                  | <b>2,101.32</b>      | <b>324.44</b>               | <b>2,425.76</b> | <b>100.00%</b>    |

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                    |
|----------------------------|-----------------------------|
| <b>SOCIALIZED</b>          |                             |
| Bellevue 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                 |
|----------------------------------|--------------------------|
| <b>AFFORDABLE</b>                |                          |
| 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            |
| <b>AFFORDABLE</b>                |                          |
| 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                             |
|----------------------------------|--------------------------------------|
| <b>MIDDLE-INCOME</b>             |                                      |
| Corona Del Mar                   | Talisay, Cebu                        |
| Filinvest Homes- Tagum           | Tagum City, Davao                    |
| Fuente de Villa Abrille          | Davao City                           |
| Northview Villas                 | 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                 |
|-----------------------------------|--------------------------|
| <b>MIDDLE-INCOME</b>              |                          |
| 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      |
| <b>HIGH-END</b>                   |                          |
| 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              |
| <b>LEISURE - FARM ESTATES</b>     |                          |
| Forest Farms                      | Angono, Rizal            |
| Mandala Residential Farm          | San Mateo, Rizal         |
| Nusa Dua                          | Tanza, Cavite            |
| <b>LEISURE PRIVATE</b>            |                          |
| <b>MEMBERSHIP CLUB</b>            |                          |
| Timberland Sports and Nature Club | San Mateo, Rizal         |
| <b>LEISURE - RESIDENTIAL</b>      |                          |
| <b>RESORT DEVELOPMENT</b>         |                          |
| Kembali Coast                     | Samal Island, Davao      |
| Lacuna De Taal                    | Talisay, Batangas        |

| Category / Name of Project   | Location                         |
|--|----------------------------------|
| <b>INDUSTRIAL/COMMERCIAL</b><br>Filinvest Technology Park<br>The Mercado | Calamba, Laguna<br>Taytay, Rizal |
| <b>CONDOTEL</b><br>Grand Cenia Hotel & Residences<br>The Leaf            | Cebu City<br>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 2012 and 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, PBCor 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):

| <b>Name</b>                    | <b>Reg. No.</b> | <b>Date Registered</b> | <b>Type of Registration</b>                          |
|--------------------------------|-----------------|------------------------|--|
| 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 Oasis, 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<br>(Unaudited) | December 31, 2013<br>(Audited) |
|--|-----------------------------------|--------------------------------|
| <b>ASSETS</b>  |                                   |                                |
| 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                      |
| <b>TOTAL ASSETS</b>  | <b>102,389,836</b>                | <b>98,097,046</b>              |
| <b>LIABILITIES AND EQUITY</b>  |                                   |                                |
| <b>Liabilities</b>   |                                   |                                |
| 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                      |
| <b>Total Liabilities</b>   | <b>51,934,122</b>                 | <b>49,111,134</b>              |
| <b>Equity</b>  |                                   |                                |
| 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                        |
| <b>Total Equity</b>  | <b>50,455,714</b>                 | <b>48,985,912</b>              |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>102,389,836</b>                | <b>98,097,046</b>              |

**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<br>(Unaudited)          | 2013<br>(Unaudited) | 2014<br>(Unaudited)                    | 2013<br>(Unaudited) |
| <b>REVENUE</b>  |                              |                     |  |                     |
| 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           |
| <b>EQUITY IN NET EARNINGS OF AN ASSOCIATE</b>           | 17,414                       | 42,970              | 34,879                                 | 85,933              |
| <b>OTHER INCOME</b>                                     |                              |                     |  |                     |
| 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           |
| <b>COSTS</b>  |                              |                     |  |                     |
| 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             |
| <b>OPERATING EXPENSES</b>                               |                              |                     |  |                     |
| 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             |
| <b>INTEREST AND OTHER FINANCE CHARGES</b>               | 237,653                      | 161,955             | 654,206                                | 469,964             |
|   | 3,023,683                    | 2,280,903           | 8,398,312                              | 6,477,312           |
| <b>INCOME BEFORE INCOME TAX</b>                         | 996,661                      | 734,745             | 3,419,661                              | 2,822,088           |
| <b>PROVISION FOR INCOME TAX</b>                         |                              |                     |  |                     |
| 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             |
| <b>NET INCOME</b>                                       | 885,383                      | 693,415             | 2,890,919                              | 2,438,204           |
| <b>Attributable to:</b>                                 |                              |                     |  |                     |
| 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           |
| <b>EARNINGS PER SHARE</b>                               |                              |                     |  |                     |
| <b>Basic/Diluted</b>                                    |                              |                     |  |                     |
| 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)

|                                   | <b>Nine Months Period Ended September 30,</b> |                    |
|-----------------------------------|---|--------------------|
|                                   | <b>2014</b>                                   | <b>2013</b>        |
|                                   | <b>(Unaudited)</b>                            | <b>(Unaudited)</b> |
| <b>NET INCOME FOR THE PERIOD</b>  | <b>2,890,919</b>                              | <b>2,438,204</b>   |
| Other comprehensive income        | -   | -                  |
| <b>TOTAL COMPREHENSIVE INCOME</b> | <b>2,890,919</b>                              | <b>2,438,204</b>   |
| <b>Attributable to:</b>           |   |                    |
| Equity holders of the parent      | <b>2,842,876</b>                              | <b>2,390,268</b>   |
| Noncontrolling interest           | <b>48,043</b>                                 | <b>47,936</b>      |
|                                   | <b>2,890,919</b>                              | <b>2,438,204</b>   |

**FILINVEST LAND, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Amounts in Thousands of Pesos)

|   | Nine Months Period Ended September 30, |                     |
|---|--|---------------------|
|   | 2014<br>(Unaudited)                    | 2013<br>(Unaudited) |
| <b>Capital Stock</b>  |  |                     |
| 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<br>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)           |
| <b>Retained earnings</b>  |  |                     |
| 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             |
| <b>Total Equity</b>   | <b>50,455,714</b>                      | <b>47,452,049</b>   |

**FILINVEST LAND, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands of Pesos)

|   | Nine Months Period Ended September 30, |                     |
|---|--|---------------------|
|   | 2014<br>(Unaudited)                    | 2013<br>(Unaudited) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |  |                     |
| 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           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |  |                     |
| 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 activities                                   | (4,611,825)                            | (3,692,036)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |  |                     |
| 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           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                    | <b>(3,984,822)</b>                     | <b>357,321</b>      |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>                         | <b>6,390,732</b>                       | <b>2,165,457</b>    |
| <b>CASH AND CASH EQUIVALENTS, ENDING</b>                            | <b>2,405,910</b>                       | <b>2,522,778</b>    |

## ANNEX B

### FILINVEST LAND, INC. AND SUBSIDIARIES

#### AGING OF RECEIVABLES

(Amounts in Thousands of Pesos)

As of September 30, 2014

| Type of Account Receivable                | Current    | 1-30 days | 31-60 days | 61-90 days | 91-120 days | >120 days | Total      |
|---|------------|-----------|------------|------------|-------------|-----------|------------|
| 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<br>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<br>of each issue | Number of<br>Shares | Amount Shown<br>in the Statement<br>of Financial<br>Position | Value Based<br>on Market<br>Quotation at<br>end of year | Income Received<br>and Accrued |
|---|---------------------|--|---|--------------------------------|
| (In Thousands Except Number of Shares)                  |                     |  |   |                                |
| <b>Financial assets at FVTOCI</b>                       |                     |  |   |                                |
| <b>Quoted:</b>  |                     |  |   |                                |
| The Palms Country Club                                  | 1,000               | 3,060  | 3,060   | -                              |
| Philippine Long Distance<br>Telephone Company           | 26,100              | 261  | 261   | -                              |
|   |                     | 3,321  | 3,321   | -                              |
| <b>Unquoted:</b>  |                     |  |   |                                |
| Manila Electric Company<br>(MERALCO)                    | 1,153,694           | 11,536   | 11,536  | -                              |
| Timberland Sports and<br>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/<br>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 Gotiamun, 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 All 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 |
|   |                       |          | <b>₱40,913</b> |  |

| 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 All Philippines, Inc.             | ₱185,901                     | ₱9,114          | (₱195,015)        | —   |
| Property Maximizer Professional Corporation | 24,453                       | 119,651         | (144,104)         | —   |
|   | <b>₱270,296</b>              | <b>₱217,378</b> | <b>(₱512,885)</b> | <b>₱40,913</b>                              |

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           |
|                              | <b>₱4,567,242</b> |

# 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 |
|---|-----------|-----------|------------|
| <u>Term loans</u>   |           |           |            |
| 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  | —          |
| <u>Developmental loans</u>  |           |           |            |
| 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 November 2014 and 50% payable at maturity on August 2019. | 600,000   | 60,000    | 540,000    |

| Type of Obligation   | Amount  | Current | Noncurrent |
|--|---------|---------|------------|
| <u>Developmental loans</u>   |         |         |            |
| 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 to 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.                                | 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  |
|---|-------------|------------|-------------|
| <b>Developmental loans</b>  |             |            |             |
| 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  |
| <b>Bonds</b>  |             |            |             |
| 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 ₱4.3 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 | P64,747                        | P67,416                  |
| 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                         | –                        |
|                                       |                |         | P169,702                       | P132,182                 |

**Nature of intercompany transactions**

The nature of the intercompany transactions with the related parties is described below:

- Expenses - these pertain to the share of the Group of related parties in various common selling and marketing and general and administrative expenses.
- Advances - these pertain to temporary advances to/from related parties for working capital requirements
- Management and marketing fee
- Reimbursable commission expense
- Rentals

**Schedule G. Guarantees of Securities of Other Issuers**

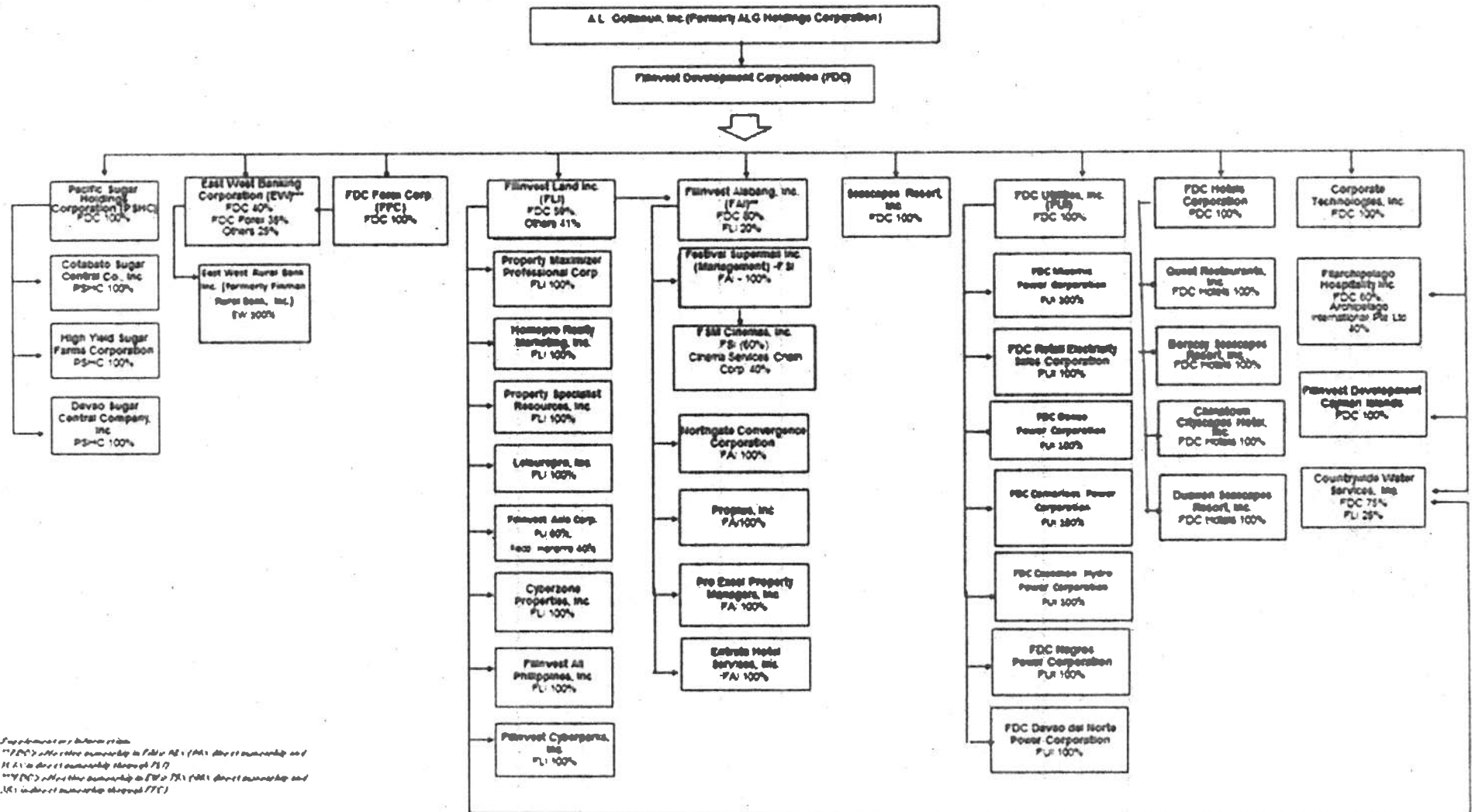
The Company does not have guarantees of securities of other issuers as of June 30, 2014.

**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<br>Effective as of September 30, 2014  |  | Adopted | Not Adopted | Not Applicable |
|---|--|---------|-------------|----------------|
| <b>Framework for the Preparation and Presentation of Financial Statements</b><br>Conceptual Framework Phase A: Objectives and qualitative characteristics |  | √       |             |                |
| <b>PFRSs Practice Statement Management Commentary</b>   |  |         |             | √              |
| <b>Philippine Financial Reporting Standards</b>   |  |         |             |                |
| <b>PFRS 1 (Revised)</b>   | 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   |         |             | √              |
| <b>PFRS 2</b>   | Share-based Payment  |         |             | √              |
|   | Amendments to PFRS 2: Vesting Conditions and Cancellations   |         |             | √              |
|   | Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions                                      |         |             | √              |
| <b>PFRS 3 (Revised)</b>   | Business Combinations  | √       |             |                |
| <b>PFRS 4</b>   | Insurance Contracts  |         |             | √              |
|   | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts   |         |             | √              |
| <b>PFRS 5</b>   | Non-current Assets Held for Sale and Discontinued Operations   |         |             | √              |
| <b>PFRS 6</b>   | Exploration for and Evaluation of Mineral Resources  |         |             | √              |
| <b>PFRS 7</b>   | 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<br>Effective as of September 30, 2014 |   | Adopted | Not Adopted | Not Applicable |
|--|---|---------|-------------|----------------|
| <b>PFRS 7 (cont.)</b>  | 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                   |         | √           |                |
| <b>PFRS 8</b>  | Operating Segments  | √       |             |                |
| <b>PFRS 9</b>  | Financial Instruments   | √       |             |                |
|  | Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures                   | √       |             |                |
| <b>PFRS 10</b>   | Consolidated Financial Statements   |         | √           |                |
| <b>PFRS 11</b>   | Joint Arrangements  |         | √           |                |
| <b>PFRS 12</b>   | Disclosure of Interests in Other Entities   |         | √           |                |
| <b>PFRS 13</b>   | Fair Value Measurement  |         | √           |                |
| <b>Philippine Accounting Standards</b>   |   |         |             |                |
| <b>PAS 1 (Revised)</b>   | 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                              |         | √           |                |
| <b>PAS 2</b>   | Inventories   | √       |             |                |
| <b>PAS 7</b>   | Statement of Cash Flows   | √       |             |                |
| <b>PAS 8</b>   | Accounting Policies, Changes in Accounting Estimates and Errors                                       | √       |             |                |
| <b>PAS 10</b>  | Events after the Reporting Date   | √       |             |                |
| <b>PAS 11</b>  | Construction Contracts  | √       |             |                |
| <b>PAS 12</b>  | Income Taxes  | √       |             |                |
|  | Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets                                     |         |             | √              |
| <b>PAS 16</b>  | Property, Plant and Equipment   | √       |             |                |
| <b>PAS 17</b>  | Leases  | √       |             |                |
| <b>PAS 18</b>  | Revenue   | √       |             |                |
| <b>PAS 19</b>  | Employee Benefits   | √       |             |                |
|  | Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures                         | √       |             |                |
| <b>PAS 19 (Amended)</b>  | Employee Benefits   | √       |             |                |
| <b>PAS 20</b>  | Accounting for Government Grants and Disclosure of Government Assistance                              |         |             | √              |



| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>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<br>(Revised)  | Borrowing Costs  | √       |             |                |
| PAS 24<br>(Revised)  | Related Party Disclosures  | √       |             |                |
| PAS 26   | Accounting and Reporting by Retirement Benefit Plans   |         |             | √              |
| PAS 27   | Consolidated and Separate Financial Statements   | √       |             |                |
| PAS 27<br>(Amended)  | Separate Financial Statements  |         | √           |                |
| PAS 28   | Investments in Associates  | √       |             |                |
| PAS 28<br>(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<br>Effective as of September 30, 2014 |  | Adopted | Not Adopted | Not Applicable |
|--|--|---------|-------------|----------------|
| PAS 40   | Investment Property  | √       |             |                |
| PAS 41   | Agriculture  |         |             | √              |
| <b>Philippine Interpretations</b>  |  |         |             |                |
| IFRIC 1  | Changes in Existing Decommissioning, Restoration and Similar Liabilities                                       |         |             | √              |
| IFRIC 2  | Members' Share in Co-operative Entities and Similar Instruments  |         |             | √              |
| IFRIC 4  | <i>Determining Whether an Arrangement Contains a Lease</i>   | √       |             |                |
| IFRIC 5  | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds           |         |             | √              |
| IFRIC 6  | <i>Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i> |         |             | √              |
| IFRIC 7  | <i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>       |         |             | √              |
| IFRIC 8  | <i>Scope of PFRS 2</i>   |         |             | √              |
| IFRIC 9  | Reassessment of Embedded Derivatives   |         |             | √              |
|  | Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives                               |         |             | √              |
| IFRIC 10   | <i>Interim Financial Reporting and Impairment</i>  |         |             | √              |
| 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<br>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<br>Bond | 2011 ₱3 Billion<br>Bond | 2012 ₱7 Billion<br>Bond | 2013 ₱7 Billion<br>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<br>2014 | September<br>2013 | December<br>2013 |
|--------------------------------|--|-------------------|-------------------|------------------|
| Current ratio <sup>(1)</sup>   | $\frac{\text{Current assets}}{\text{Current liabilities}}$               | 2.16              | 3.66              | 2.53             |
| Long-term debt-to-equity ratio | $\frac{\text{Long-term debt}}{\text{Equity}}$                            | 0.75              | 0.74              | 0.74             |
| Debt ratio                     | $\frac{\text{Total liabilities}}{\text{Total assets}}$                   | 0.51              | 0.50              | 0.50             |
| EBITDA to total interest paid  | $\frac{\text{EBITDA}}{\text{Total interest paid}}$                       | 2.90              | 2.88              | 3.03             |
| Price Earnings Ratio           | $\frac{\text{Closing price}^{(2)}}{\text{Earnings per share}}$           | 13.48             | 16.23             | 8.81             |
| Quick asset ratio              | $\frac{\text{Current assets - Inventories}}{\text{Current Liabilities}}$ | 0.62              | 1.07              | 1.40             |
| Solvency ratio                 | $\frac{\text{Net income + Depreciation}}{\text{Total Liabilities}}$      | 0.06              | 0.07              | 0.09             |
| Interest coverage ratio        | $\frac{\text{EBIT}}{\text{Interest Expense}}$                            | 6.23              | 6.83              | 10.99            |
| Net profit margin              | $\frac{\text{Net Income}}{\text{Revenue}}$                               | 0.27              | 0.29              | 0.21             |
| Return on equity               | $\frac{\text{Net Income}}{\text{Shareholder's Equity}}$                  | 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)

|   |                    |
|---|--------------------|
| <b>Retained Earnings, January 1, 2014</b>                                 | <b>₱18,437,398</b> |
| Adjustments:  |                    |
| Equity in net earnings of subsidiaries and an associate                   | (5,440,542)        |
| Prior-year adjustments  | 192,793            |
| <b>Unappropriated Retained Earnings, as adjusted,<br/>January 1, 2014</b> | <b>13,189,649</b>  |

|   |                    |
|---|--------------------|
| <b>Net income based on the face of unaudited financial statements</b>   | <b>2,842,876</b>   |
| 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              |
| <b>Net income actual/realized</b>   | <b>2,359,071</b>   |
| Less: Dividend declarations during the year   | -                  |
| <b>Unappropriated Retained Earnings, as adjusted,<br/>September 30, 2014</b>  | <b>₱15,548,720</b> |