Filinvest Land, Inc.

79 EDSA Highway Hills 1550 Mandaluyong City, Philippines
Up to ₱5.0 Billion, with an Over-subscription Option of ₱3.0 Billion
5.3567% p.a. Seven (7) Year Bonds and 5.7139% p.a. Ten (10) Year Bonds
Offer Price: 100% of Face Value

Filinvest Land, Inc. ("FLI" or the "Issuer" or the "Company") is offering Unsecured Fixed-Rate Peso Retail Bonds with an aggregate principal amount of ₱5,000,000,000.00 with an over-subscription option of up to ₱3,000,000,000.00 (the "Bonds"). The Bonds are comprised of seven (7) year Fixed Rate Bonds due in 2022 (the "Seven Year Bonds") and/or ten (10) year Fixed Rate Bonds due in 2025 (the "Ten Year Bonds"). The Bonds will be issued by the Company pursuant to the terms and conditions of the Bonds on August 20, 2015 (the "Issue Date").

The Seven Year Bonds shall have a term of seven (7) years from the Issue Date, with a fixed interest rate equivalent to 5.3567% p.a. Interest on the Seven Year Bonds shall be payable quarterly in arrears starting on November 20, 2015 for the first Interest Payment Date, and February 20, May 20, August 20 and November 20 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day.

The Ten Year Bonds shall have a term of ten (10) years from the Issue Date, with a fixed interest rate equivalent to 5.7139% p.a. Interest on the Ten Year Bonds shall be payable quarterly in arrears starting on November 20 for the first Interest Payment Date, and February 20, May 20, August 20 and November 20 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day.

The Bonds shall be repaid at maturity at par (or 100% of face value) on the respective Maturity Date or on August 20, 2022 for the Seven Year Bonds and/or on August 20, 2025 for the Ten Year Bonds, unless the Company exercises its Early Redemption Option according to the conditions therefore (see "Description of the Bonds" – "Redemption and Purchase" on page 61).

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

The date of this Prospectus is August 7, 2015.

Joint Issue Managers, Joint Bookrunners, and Joint Lead Underwriters

Co-Lead Underwriters

China Banking Corporation
Eastwest Banking Corporation
SB Capital Investment Corporation
PNB Capital and Investment Corporation

Upon issuance, the Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of FLI, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of FLI's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines (see "Description of the Bonds" – "Ranking" on page 59).

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

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

FLI expects to raise gross proceeds amounting to ₱5,000,000,000.00, and up to a maximum of ₱8,000,000,000.00, if the Over-subscription Option is fully excercised. Without excercising such Over-subscription Option, the net proceeds are estimated to be approximately ₱4,943.83 million, after deducting fees, commissions, and expenses relating to the issuance of the Bonds. If the Over-subscription Option is fully excercised, the net proceeds are estimated to be approximately ₱7,914.57 million after deducting fees, commissions, and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used to refinance debt and partially fund the capital expenditure requirements of the Company, which are discussed further in the section entitled "Use of Proceeds" on page 47 of this Prospectus. The Joint Lead Underwriters shall receive a fee of 0.45% on the final aggregate nominal principal amount of the Bonds issued, which is inclusive of underwriting fees and selling commission to be ceded to other underwriters and/or selling agents.

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

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

In deciding whether to invest in the Bonds, a prospective purchaser of the Bonds ("Prospective Bondholder") should, therefore, carefully consider all the information contained in this Prospectus, including but not limited to, several factors inherent to the Company, which includes significant competition, exposure to risks relating to the performance of the economies of other countries, and other risks relating to customer default (detailed in "Risk

Factors and Other Considerations" section on page 22 of this Prospectus), and those risks relevant to the Philippines vis-à-vis risks inherent to the Bonds.

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

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

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

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

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

FILINVEST LAND, INC.

Original Signed and Notarized

By:

LOURDES JOSEPHINE G. YAP

President and Chief Executive Officer

SUBSCRIBED AND SWORN to before me this 7 August 2015 in Makati City, Philippines, affiant exhibiting to me the following as competent evidence of her identity, PP No. EB6037431 with expiry date of 26 July 2017 and issued in Metro Manila.

Doc. No. 523;
Page No. 106;
Book No. III;
Series of 2015.

JAN DAVID I. GARCIA
Appointment No. M-519
Notary Public for Makati City
Until December 31, 2015
Penthouse, Liberty Center
104 H.V. dela Costa Street, Makati City
Roll of Attorneys No. 62555
PTR No. 4754655 / Makati City / 01-06-2015
IBP No. 979420 / PPLM / 01-05-2015

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

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

(a) Known and unknown risks;

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

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

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

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

(f) FLI's dividend policy; and

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

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

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

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

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

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

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

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

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

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

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

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

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

DEFINITION OF TERMS

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

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

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

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

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

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

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

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

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

   a. A broker dealer;

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

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

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

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

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

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

"BIR" shall mean the Bureau of Internal Revenue.

"BOI" shall mean the Board of Investments.

"Bonds" shall refer to the SEC-registered fixed-rate Peso-denominated retail bonds with an aggregate

principal amount of₱5,000,000,000.00 with an over-subscription option of up to ₱3,000,000,000.00, which shall be issued by FLI on August 20, 2015. The Bonds are comprised of Seven Year Bonds which shall mature seven (7) years from the Issue Date or on August 20, 2022 and/or Ten Year Bonds which shall mature ten (10) years from the Issue Date or on August 20, 2025.

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

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

"BPO"shall mean business process outsourcing.

"BPI Capital" shall mean BPI Capital Corporation.

"BSP" shall mean Bangko Sentral ng Pilipinas.

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

"Co-Lead Underwriters" shall mean China Banking Corporation, Eastwest Banking Corporation, PNB Capital and Investment Corporation, and SB Capital Investment Corporation.

"CPI" shall refer to Cyberzone Properties, Inc.

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

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

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

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

"FAC" shall refer to Filinvest Asia Corporation.

"FAI" shall refer to Filinvest Alabang, Inc.

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

"FCI" shall refer to Filinvest Cyberparks Inc.

"FDC" shall refer to Filinvest Development Corporation.

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

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

"FSI" shall refer to Festival Supermall, Inc.

"GFA" shall mean Gross Floor Area.

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

"GLA" shall mean Gross Leasable Area.

"Gotianun Family" means any of the following: (a) Mr. Andrew L. Gotianun, Sr., Mrs. Mercedes T. Gotianun, Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun, Mrs. Lourdes Josephine G. Yap and Mr. Michael T. Gotianun; (b) the spouses and the direct descendants up to the first degree of

consanguinity of any person described or named in clause (a) above; (c) the estates of legal representatives of any person described or named in clause (a) or (b) above; (d) trusts or other analogous arrangements established for the benefit of any person described or named in clause (a), (b) or (c) above or of which any such person is a trustee, or holder of an analogous office; or (e) ALG Holdings Corp.

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

"HGC" shall refer to the Home Guaranty Corporation.

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

"HRB" shall mean high-rise building.

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

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

"Interest Payment Date" shall mean, for the Bonds, November 20, 2015 for the first Interest Payment Date and February 20, May 20, August 20, and November 20 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day, without adjustment if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on the respective Maturity Dates for the Seven Year Bonds and Ten Year Bonds.

"Issue Date"shall mean August 20, 2015 or such date on which the Bonds shall be issued by FLI to the Bondholders.

"Joint Issue Managers" shall refer to the entities appointed as the Joint Issue Managers for the Bonds pursuant to the Underwriting Agreement dated August 7, 2015.

"Joint Lead Underwriters" shall refer to the BDO Capital & Investment Corporation, BPI Capital Corporation, and First Metro Investment Corporation, the entities appointed as the Joint Lead Underwriters for the Bonds pursuant to the Underwriting Agreement dated August 7, 2015.

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

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

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

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

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

"Maturity Date" shall mean August 20, 2022 or seven (7) years from the Issue Date for the Seven Year Bonds and/or August 20, 2025 or ten (10) years from the Issue Date for the Ten Year Bonds; provided that, in the event that any of the Maturity Dates falls on a day that is not a Business Day, the Maturity Date shall be automatically extended to the immediately succeeding Business Day.

"MRB" shall mean medium-rise building.

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

"Offer Period" shall refer to the period, commencing on August 11, 2015 and ending on August 14, 2015 or such other date as may be mutually agreed between the Issuer and the Joint Issue Managers, during which the Bonds shall be offered to the public.

"OFW" shall refer to an overseas Filipino worker.

"PAS" shall mean Philippine Accounting Standards.

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

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

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

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

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

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

"PEZA" shall mean Philippine Economic Zone Authority.

"Philippines" shall mean the Republic of the Philippines.

"PhilRatings" shall mean Philippine Rating Services Corporation.

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

"PSE" shall refer to the Philippine Stock Exchange.

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

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

"RHPL" shall refer to Reco Herrera Pte Ltd.

"SEC" means the Philippine Securities and Exchange Commission.

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

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

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

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

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

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

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

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

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

"VAT" shall refer to value-added tax.

EXECUTIVE SUMMARY

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

THE COMPANY

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

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

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

In 2009, FLI likewise broke ground as it launched its first high-rise residential development in Makati, *The Linear*. This was followed by two high-rise projects located within Filinvest City in Alabang, *The*

Levels and *Studio City.* Other condominium projects include *Studio Zen, Vinia Residences, Studio A* and *100 West.*

FLI's investment properties are the following:

A 100.0% ownership interest in Festival Supermall. Festival Supermall, with approximately 200,000 sq.m. of floor area, is one of the largest shopping malls in Metro Manila in terms of floor area. FLI has a long-term lease agreement with FAI for the land on which Festival Supermall is located, as well as for adjacent land that is available for mall expansion. For the years ended 31 December 2012, 2013, 2014 and for the three months ended 31 March 2015, Festival Supermall generated ₱853.74 million, ₱867.95 million, ₱875.71 million, ₱218.89 million, respectively, in rental income.

A 100% ownership interest in the common stock of Cyberzone Properties Inc. CPI was formerly a joint venture between FLI and Africa Israel Properties (Philippines), Inc. ("AIPPI"), which is a subsidiary of an Israeli company with investments in residential real estate and shopping malls. On 08 February 2010, FLI was able to increase its ownership in CPI from 60.0% to 100.0% when FLI acquired the balance of ownership interest (40.0%) from its former joint venture partner, Africa-Israel Properties (Phils.), Inc. for ₱780 million. CPI operates the Northgate Cyberzone, a BPO office park with multinational tenants located on a 10-hectare parcel of land owned by FLI which is approximately 15 kilometers south of the Makati City central business district. Of the 10 hectares of land, approximately four (4) hectares are available for future development. CPI generated rental income of ₱272.03 million for the three months ended 31 March 2015. For the years ended 31 December 2012, 2013 and 2014, FLI's share in rental income was ₱722.76 million, ₱831.99 million and ₱998.41 million, respectively.

***FLI has 60.0% ownership interest in the common stock of FAC while the remaining 40.0% is owned by Reco Herrera Pte Ltd. ("RHPL"), an affiliate of the Government of Singapore Investment Corporation Pte Ltd ("GIC"*).** FAC is now accounted for as a subsidiary due to adoption of PFRS 10, Consolidated Financial Statements. RPHL is a corporation organized under the laws of Singapore, and is 100% beneficially-owned by Government of Singapore Investment Corporation Pte. Ltd. ("GIC"). FAC owns 50.0% of the 52-storey PBCom Tower, which is strategically located at the corner of Ayala Avenue and Herrera Street in the Makati City central business district and is believed to be one of the tallest buildings in the Philippines. FAC owns roughly 36,000 sq.m. of leasable space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications. For the years ended 31 December 2012, 2013, 2014 and for the three months ended 31 March 2015, 60.0% of FAC's revenues from rental income totaled ₱164.65 million, ₱163.36 million, ₱193.25 million and ₱54.53 million, respectively.

In 2012, FLI started operating its condotel operations (Grand Cenia) and hotel project (Quest Hotel). The operations are being managed by Property Specialist Resources, Inc., a wholly owned subsidiary of the Company.

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

As at 31 March 2015, FLI had 129 on-going projects nationwide. FLI also has an extensive land bank available for future development. As at 31 March 2015, FLI's land bank consisted of approximately 2,400.33 hectares of raw land and approximately 324.44 hectares were available for future development pursuant to joint venture agreements, which the Company's management believes is sufficient to sustain several years of development and sales. FLI plans to develop these properties into mix-use developments with residential and commercial components.

For the three months ended 31 March 2015, FLI had ₱4,533.09 million in total revenues from real estate sales, rental services and other income, excluding equity in net earnings of an associate, and ₱1,244.72 million in net income. As at 31 March 2015, FLI had total assets of ₱107,814.33 million and total liabilities of ₱54,508.04 million.

RECENT DEVELOPMENTS

In August 2010, FLI launched City di Mare (previously known as Città 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. Buildings 1 and 2 were completed in October 2012 and March 2013, respectively while construction is on-going for Building 3.

San Remo Oasis, the second residential enclave in City 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, wherein Buildings 3, 4, 5, 6 and 7 have already been completed, while construction is on-going for Building 2.

The 8-hectare retail development known as Il Corso shall have a gross leasable area of approximately 32,000 square meters. The whole construction shall be completed in 2015 but FLI already opened the Central Piazza to allow the public a glimpse of the exciting things one can expect in City di Mare.In October 2012, FLI transferred to its new corporate headquarters located along EDSA, Mandaluyong City effectively ending the lease on FDC land and building in San Juan City. In December 2012, FLI purchased from FDC the parcel of land located in San Juan City which was previously being leased as its head office.

In 2013 and 2014, 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 and real estate development business, which now includes MRBs, HRBs and condotels. MRBs and HRBs 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.

COMPETITIVE STRENGTHS

FLI believes that its principal strengths are the following:

***One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name*.** The Company has been involved in the real estate development business through the "Filinvest" brand for more than 40 years through its parent and

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

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

Extensive and diversified land bank. Over the years, the Company has accumulated an extensive, low-cost land bank. As at 31 March 2015, the Company's land bank totaled approximately 2,400.33hectares of raw land, including 324.44 hectares available for development pursuant to joint venture agreements. The bulk of the Company's land bank consists of land situated in regional centers primarily outside of Metro Manila that FLI believes are prime locations across the Philippines for existing and future property development projects, including land in the nearby provinces of Rizal, Bulacan, Batangas, Cavite and Laguna, as well as in growth areas such as Cebu, Davao and General Santos City in South Cotabato province. The Company believes that the diversity of its current projects and land bank will allow it to benefit from these areas' continued economic development. The Company also has land available for future developments located in central and southern Philippines, which it believes has allowed it to position itself as a leading residential project developer in these new and expanding markets. The Company also believes that its strong reputation and reliability as a developer allows it to attract joint venture partners with desirable land banks, allowing it to access additional land for future development.

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

Strong credit record and financial position. The Company believes it is currently in sound financial condition, with strong debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. The Company's sound financial management allowed it to continue to meet its debt service obligations for its peso-denominated debts and to meet and exceed the debt service ratios required under its loan agreements throughout and in the aftermath of the Asian financial crisis. The Company believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The Philippine Rating Services Corporation ("Philratings") maintained the PRS Aaa for FLI's (i) ₱3 Billion outstanding bonds due in 2016, (ii) ₱7 billion bonds due in 2019, (iii) ₱4.30 billion bonds due in

2020, (iv) ₱2.70 bonds due in 2023, (v) ₱5.30 bonds due in 2021, and (vi)₱1.70 bonds due in 2024. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by Philratings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name and track record. The rating also reflects the following factors which were considered when the PRS Aaa rating was maintained for FLI's outstanding bond issues: FLI's established brand name; diversified portfolio; and favorable industry conditions.

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

Experienced management team. The Company has an experienced management team with an average of more than 30 years of operational and management experience in real estate development and who also have enjoyed long tenure with both the Company and FDC. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and has also developed positive relationships with key market participants, including construction companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

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

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

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

Widen Reach through Product Expansion and Extension of Geographic Coverage*.* FLI plans to maintain its strong position in the affordable and middle market segments by expanding product offerings and

land bank into certain regional markets. FLI, in particular, plans on offering more inner city high-rise buildings and MRB products to capture the growing demand for such products in Metro Manila, Cebu, Davao, Iloilo and Cagayan de Oro.

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

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

RISKS OF INVESTING

An investment in the Bonds involves a certain degree of risk. A prospective purchase of the Bonds should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether or not to invest in the Bonds.

Risks relating to FLI and the industry

- Competition risk
- Reputational risk
- Regulatory and compliance risk
- Business interruption due to natural calamities
- Financial risk
- Project and construction risk

Risks relating to the Philippines

- Slow down in the Philippines' economic growth
- Political instability
- Terrorism

Risks relating to the Bonds

- Liquidity risk
- Pricing risk
- Reinvestment risk
- Retention of ratings risk
- Bonds have no preference under Article 2244(14) of the Civil Code

A detailed discussion on the above enumerated risks appears on the "Risk Factors and Other Considerations" section on page 22 of this Prospectus.

SUMMARY FINANCIAL INFORMATION

The summary financial information as of and for the years ended 31 December 2012, 2013 and 2014 set forth below have been derived from the audited consolidated financial statements audited by SyCip Gorres Velayo & Co. ("SGV & Co.") and should be read in conjunction with the financial statement, including the notes thereto, included elsewhere in this Prospectus.

The summary financial information as of 31 March 2015 and for the three-month periods ended 31 March 2014 and 2015 have been derived from the interim condensed consolidated financial statements, as reviewed by SGV & Co. in accordance with Philippine Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and included elsewhere in this Prospectus. Unless otherwise stated, the Company has presented its consolidated financial results for the annual periods in accordance with Philippine Financial Reporting Standards, and has presented its consolidated financial results for the interim periods in accordance with Philippine Accounting Standard 34, Interim Financial Reporting. The information is not necessarily indicative of the results of the future operations. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to the SEC Form 17-Q (1st Quarterly Report 2015) and the relevant financial statements of Filinvest Land Inc. and Subsidiaries, including the notes thereto, included in this Prospectus.

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

Consolidated Statements of Income

	For the Three Months Ended 31 March (Unaudited)		For the Years Ended 31 December (Audited)		
(Amounts in ₱ millions, except per share figures)	2015	2014	2014	2013	2012
REVENUE					
Real estate sales	3,548.56	3,054.68	13,204.44	10,478.48	8,798.36
Rental services	596.37	539.49	2,263.55	2,034.08	1,887.09
EQUITY IN NET EARNINGS OF AN ASSOCIATE	33.73	11.46	52.80	186.37	187.30
OTHER INCOME					
Interest income	202.48	167.88	751.70	549.40	516.54
Others - net	185.68	117.62	627.43	568.77	529.53
	4,566.82	3,891.12	16,899.92	13,817.08	11,918.81
COSTS					
Real estate sales	2,084.46	1,781.70	7,726.16	6,036.08	4,927.46
Rental services	129.18	122.79	511.98	491.40	473.62
OPERATING EXPENSES					
General and administrative expenses	319.64	297.69	1,282.33	1,178.59	1,096.90
Selling and marketing expenses	236.11	207.11	1,054.06	892.48	872.25
INTEREST AND OTHER FINANCE CHARGES	232.95	187.91	647.62	474.45	412.96
	3,002.33	2,597.20	11,222.15	9,072.99	7,783.18

INCOME BEFORE INCOME TAX	1,564.49	1,293.92	5,677.77	4,744.09	4,135.63
PROVISION FOR INCOME TAX					
Current	46.02	142.02	712.08	481.99	397.47
Deferred	273.75	68.76	361.71	286.15	248.61
	319.77	210.78	1,073.80	768.15	646.09
NET INCOME	1,244.72	1,083.14	**4,603.98**	**3,975.95**	**3,489.54**
EARNINGS PER SHARE					
Basic / Diluted*	0.05	0.04	0.19	0.16	0.14

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

**Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.There are no dilutive potential ordinary shares as of March 31, 2015 and 2014 and December 31, 2014, 2013 and 2012.*

Consolidated Statements of Financial Position

	As of 31 March (Unaudited)	**As of 31 December (Audited)**		
(Amounts in ₱ millions)	2015	2014	2013	2012
ASSETS				
Cash and cash equivalents	2,871.68	4,245.69	6,390.73	2,165.46
Contracts receivable	19,065.88	16,972.35	13,083.78	10,597.95
Due from related parties	206.88	243.03	204.54	194.24
Other receivables	3,552.25	3,500.96	3,136.74	3,100.29
Financial assets at fair value through other comprehensive income	23.85	23.85	17.85	24.63
Real estate inventories	23,415.55	24,238.99	24,426.96	23,677.46
Land and land development	17,591.56	17,388.47	18,794.69	15,368.37
Investment in an associate	4,008.59	3,974.85	4,018.06	3,912.09
Investment properties	27,406.09	26,311.33	19,592.83	15,978.51
Property and equipment	1,251.93	1,323.19	1,150.82	1,327.94
Deferred income tax assets - net	9.41	24.26	12.32	22.43
Goodwill	4,567.24	4,567.24	4,567.24	4,567.24
Other assets	3,843.43	3,593.36	2,700.49	1,693.38
TOTAL ASSETS	107,814.33	106,407.58	98,097.05	82,629.98

	As of 31 March (Unaudited)	As of 31 December (Audited)		
(Amounts in ₱ millions)	2015	2014	2013	2012
LIABILITIES AND EQUITY				
Accounts payable and accrued expenses	11,036.03	10,845.00	10,441.41	8,511.29
Income tax payable	21.07	120.43	17.24	24.14
Loans payable	16,351.80	16,519.80	14,751.21	11,234.85
Bonds payable	23,798.41	23,786.80	21,318.02	14,364.92
Due to related parties	240.43	259.69	209.20	183.49
Retirement liabilities	243.44	236.32	186.82	159.76
Deferred income tax liabilities- net	2,816.86	2,557.97	2,187.24	1,905.58
Total Liabilities	54,508.04	54,326.01	49,111.13	36,384.03
Common stock	24,470.71	24,470.71	24,470.71	24,470.71
Preferred stock	80.00	80.00	80.00	80.00
Additional paid-in capital	5,612.32	5,612.32	5,612.32	5,612.32
Treasury Stock	(221.04)	(221.04)	(221.04)	(221.04)
Retained earnings	22,983.32	21,758.56	18,437.40	15,683.17
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	(2.62)	(2.62)	(2.62)
Remeasurement losses on retirement plan - net of tax	(112.88)	(112.88)	(105.69)	(105.69)
Share in other components of equity of an associate	361.79	361.79	361.79	361.79
Equity attributable to equity holders of the parent	53,171.5653,171.60	51,946.84	48,632.88	45,878.65
Non-controlling interest	134.69	134.73	353.04	367.31
Total Equity	53,306.29	52,081.57	48,985.91	46,245.95
TOTAL LIABILITIES AND EQUITY	107,814.33	106,407.58	98,097.05	82,629.98

FINANCIAL SOUNDNESS INDICATORS

The following table summarizes financial ratios as of and for the three months ended 31 March 2015 and for the years ended 31 December 2014, 2013 and 2012:

	For the Three Months Ended 31 March (Unaudited)	For the Years Ended 31 December (Audited)		
	2015	2014	2013	2012
Current Ratio [(1)]	2.82	3.13	2.53	3.19
Quick Asset Ratio [(2)]	0.83	1.05	1.40	0.89
Long-term Debt to Equity Ratio [(3)]	0.75	0.77	0.74	0.55
Debt Ratio [(4)]	0.51	0.51	0.50	0.44
EBITDA to total interest paid [(5)]	3.27 times	3.01 times	3.03 times	3.23 times
Interest Coverage Ratio [(6)]	7.73	9.77	10.99	11.01
Solvency Ratio [(7)]	0.02	0.09	0.09	0.08
Price Earnings Ratio [(8)]	8.91 times	8.05 times	8.81 times	10.64 times
Net Profit Margin [(9)]	0.29	0.29	0.21	0.24
Return on Equity [(10)]	0.09	0.09	0.08	0.06

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

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

(3) Long-term Debt to Equity Ratio is computed as Loans payable and bonds payable divided by total equity.

(4) Debt Ratio is computed as total liabilities divided by total assets.

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

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

(7) Solvency Ratio is computed as the sum of net income and depreciation and amortization divided by total liabiliites.

(8) Price Earnings Ratio is computed as closing price divided by annualized earnings per share.

(9) Net Profit Margin is computed as net income divided by total revenues and other income.

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

SUMMARY OF THE OFFERING

Issuer	Filinvest Land, Inc.
Issue / Issue Amount	SEC-registered Unsecured Fixed-Rate Peso-Denominated Retail Bonds (the "Bonds") in the aggregate amount of ₱5,000,000,000.00.
Over-subscription Option	In the event of over-subscription, the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners, in consultation with the the Issuer, shall have the option to increase the Issue Amount by up to ₱3,000,000,000.00.
Use of Proceeds	The net proceeds of the issue shall be used to partially finance its capital expenditure requirements from the 3rd Quarter of 2015 up to 2016.
Offer Price	100% of the face value.
Manner of Distribution	The Bonds will be distributed to retail and/or qualified institutional investors via public offering.
Form and Denomination of the Bonds	The Bonds shall be issued in scripless form in denominations of ₱50,000.00, each as a minimum and in increments of ₱10,000.00 thereafter. Legal title to the Bonds shall be shown in the Register of Bondholders to be maintained by the designated Registrar.
Offer Period	Commencing at 9:00 am on August 11, 2015 and ending at 12:00 noon on August 14, 2015 or such earlier day or later day as maybe jointly determined by the Issuer and the Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters.
Issue Date	August 20, 2015
Maturity Dates	Seven Year Bonds: August 20, 2022 Ten Year Bonds: August 20, 2025 *Provided* that, if such date is declared to be a non-Business Day, the Maturity Date shall be the next succeeding Business Day.
Interest Rate[1]	Seven Year Bonds: 5.3567% per annum

[1] The following was used as basis for determining the Interest Rate:

Seven Year Bonds: Fixed interest rate based on the sum of: (i) the simple average of the closing 7-year PDST-R2 rate for each of the 3 consecutive days ending on (and inclusive of) the interest rate setting date; and (ii) a margin of 125-165 bps;

Ten Year Bonds: 5.7139% per annum

Interest Payment

Interest on the Bonds shall be calculated on the basis of a 30/360-day basis, and shall be paid quarterly in arrears commencing on November 20, 2015, for the first Interest Payment Date and February 20, May 20, August 20, and November 20 of each year for each subsequent Interest Payment Date at which the the Bonds are outstanding, or the subsequent Business Day without adjustment if such Interest Payment Date is not a Business Day. The last Interest Payment Date on the the Bonds shall fall on the respective Maturity Dates for the Seven Year Bonds and the Ten Year Bonds.

Final Redemption

The Bonds shall be redeemed at 100% of face value on the relevant Maturity Date, unless FLI exercises its Early Redemption Option according to the conditions therefore (see "Description of the Bonds" – "Redemption and Purchase" on page 61).

Early Redemption Option

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

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

Ten Year Bonds: Fixed interest rate based on the sum of: (i) the simple average of the closing 10-year PDST-R2 rate for each of the 3 consecutive days ending on (and inclusive of) the interest rate setting date; and (ii) a margin of 145-185 bps.

Using the PDST-R2 closing rate as a benchmark rate is a standard and customary method of pricing bond instruments. Applying the 3-day simple average is a means to address market volatility, which has the effect of smoothening out abnormal interest rate movements, if any. Absent such averaging methodology, the final interest rate of the Bonds may be subjected to undue pressure arising from unexpected market disruptions. The margins are included to account for the credit risk profile of the Issuer and the general market environment at the time of bookbuilding. The final interest rate is determined based on a combination of the following factors:

1. General movements of the financial markets;
2. Results of the bookbuilding exercise; and
3. Issuer's commercial considerations.

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

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

Redemption for Tax Purposes

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

Status of the Bonds

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

Security

The Bonds shall have the benefit of a negative pledge on all existing and future assets of the Issuer, subject to certain permitted liens, as provided under the Trust Agreement.

Bond Rating

PRS Aaa by PhilRatings

Listing

The Bonds are intended to be listed at the Philippine Dealing and Exchange Corp. or such other SEC-registered debt securities exchange.

Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters

BDO Capital & Investment Corporation

BPI Capital Corporation

First Metro Investment Corporation

Co-Lead Underwriters

China Banking Corporation

Eastwest Banking Corporation

PNB Capital and Investment Corporation

SB Capital Investment Corporation

Registrar and Paying Agent	Philippine Depository & Trust Corp.
Trustee	Bank of the Philippine Islands – Asset Management and Trust Group

RISK FACTORS AND OTHER CONSIDERATIONS

GENERAL RISK WARNING

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

PRUDENCE REQUIRED

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

PROFESSIONAL ADVICE

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

RISK FACTORS

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

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

The Company regularly reviews the risks detailed below and provides, whenever possible, risk mitigation and business strategies to address such risks, however, note that there are certain risks that are beyond the control of the Company and are inherent to running a business. The means by which the Company plans to address the risks discussed herein are principally presented in the sections of this Prospectus entitled "Executive Summary" on pages 8 *to* 17*, "Description of Business" section on pages* 79 *to* 108 *and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section on pages* 120 *to* 137*.*

RISKS RELATING TO THE COMPANY AND THE INDUSTRY

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

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

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

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

resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products as compared to competitors' products. This could reduce the Company's real estate sales.

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

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

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

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

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

ability to compete with larger and more experienced competitors, could have a material adverse effect on the Company's results of operations or financial condition.

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

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

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

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

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

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

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

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

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

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

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

The Company believes that it has historically provided a substantial amount of in-house financing to its customers, particularly for buyers of its affordable and middle-income housing products. In cases where

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

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

To minimize the credit risk, the Company conducts credit verification procedures on buyers who wish to avail of the in-house financing scheme. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk, Moreover, the Company has a mortgage insurance contract with the Home Guaranty Corporation for a retail guaranty line over a period of 20 years starting 01 October 1988 and renewable annually. For the year ended 31 December 2012, 2013 and 2014, the contracts covered by the guaranty line amounted to ₱1.14 billion, ₱0.58 billion, and ₱0.23 billion, respectively, including receivables sold with buy back provisions. As of 31 December 2012, 2013 and 2014 and as at 31 March 2015, the remaining unutilized guaranty line amounted to ₱4.67 billion, ₱4.63 billion, and ₱4.63 billion, respectively.

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

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

mandated funds, this could result in reduced sales for these products (which is a significant product segment) and this, in turn, could have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

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

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

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

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

  For its sales of housing units in the Company's middle-income and high-end projects, the Company occasionally begins the construction of a house even before the full amount of the required down payment is made, and thus, before the sale is recorded as revenue. Therefore,

the Company risks spending cash to begin construction of the house , even before being assured that such sale will eventually be booked as revenue, particularly if the buyer is unable to complete the required down payment and the Company is unable to find another purchaser of such property.

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

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

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

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

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

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

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

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

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

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

In 2014, the BSP raised its benchmark interest rates by 50 basis points following earlier adjustments on the reserve requirements for banks and on the interest rate for its Special Deposit Account. BSP may continue its tightening bias for its monetary policy in the near future which may in turn negatively affect the financing costs for both the Company and its customers.

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

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

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

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

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

titles being contested by third parties, FLI conducts thorough title tracing and verifies the titles and ownerships of the properties the Company purchases.

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

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

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

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

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

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

Over the years, the Company believes it has established an excellent reputation and brand name in the property development business. If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its housing and land

development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

To mitigate the risk of projects not being completed on time, FLI relies on the services of its over 100 contractors for land and construction works, many of which have been providing their services to the Company for a number of years. FLI's engineering team oversees the projects to ensure that these are completed within specifications, within cost estimates and on time. Furthermore, the Company has a Customer Service Department where customers' concerns are taken care of.

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

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

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

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

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

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

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

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

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

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

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

In general, developers of real estate projects are required to submit project descriptions to regional offices of the DENR. For environmentally-sensitive projects or at the discretion of the regional office of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Further, although the Company carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Company believes are in line with general real estate industry practice in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. Should an uninsured loss or

a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

- major business combinations involving the Company and its subsidiaries;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company believes that the Philippine property sector is adequately protected against a domestic asset price bubble burst. The country has a very young demographic profile benefitting from rising disposable income. It likewise has one of the fastest growing emerging economies, registering Gross Domestic Product growth rates of 6.8% in 2012, 7.2% in 2013 and 6.1% in 2014, and the growth in the property sector is largely supported by infrastructure investments from both the public and private sectors and strong macroeconomic fundamentals.

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

RISKS RELATING TO THE PHILIPPINES

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

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

the Philippine economy is influenced and affected by global factors, including the performance of other world and regional economies and the global economy, in general.

The 1997 Asian Financial Crisis caused a significant devaluation of the Philippine Pesos that consequently led to the increase in interest rates and the volatility of security prices and the downgrading of the Philippine local currency rating and the ratings outlook for the Philippine banking sector. Such adverse developments substantially and adversely affected the ability of many Philippine companies to meet their debt obligations. Still, the Philippine economy managed to register positive economic growth from 1999 up to 2007, when the Philippines managed to grow by 7.3%. However, in 2008, the Philippine economy was adversely affected when the U.S economy substantially declined due to the problems brought about by the sub-prime lending fall-out that led to a global economic crisis and eventually caused the downfall of a number of major American financial institutions. Despite such an adverse development, the Philippines managed to grow by 3.8%. However, the full effect of the global economic crisis was felt in 2009 as the economies of the U.S., Japan, United Kingdom and Singapore, among others, fell into recession. The Philippines managed to avoid a recession by registering a positive 0.9% GDP growth for 2009. In 2010, the Philippines managed to grow 7.6%, primarily due to government and election spending in the first half of 2010, a low interest rate environment and inflows of money into the emerging economies such as the Philippines. In the midst of a slow global economic recovery, the Philippines' registered economic growth of 3.7% in 2011 caused by resilient and stable economic drivers which comprise strong consumer base, growing investment and prudent fiscal management. The Philippines registered a GDP growth of 7.2% and 6.1% for 2013 and 2014, respectively, as a result of continuous business expansion, high consumer spending and improving government spending. It must be noted that the Philippine economy relies significantly on overseas remittances. There can be no assurance that overseas remittances will sustain its growth in the future. There can be no further assurance that the country's economic performance can be sustained.

From 2010 to 2012, the Philippines have experienced a series of ratings upgrades noting continuing economic development and resilience amidst the global economic environment. In May 2013, Standard & Poor's ("S&P") raised the Philippines' long-term foreign currency denominated debt rating by one notch to BBB- from BB+. The rating upgrade by S&P came shortly after Fitch Ratings ("Fitch") upgraded the Philippines to BBB- from BB+ in March 2013. In their announcements, both S&P and Fitch cited improvements in governance, external finances and fiscal management for the reasons behind their decision. In October 2013, Moodys Investment Service ("Moodys") gave the Philippines with its third Investment Grade rating, with Moodys giving the Philippines a Baa3 rating, with the outlook on the rating being positive, citing the Philippines robust economy, fiscal and debt consolidation and political stability and improved governance. In May 2014 and December 2014, just one year after the previous upgrade, S&P and Moodys again raised the Philippines' long-term rating to BBB from BBB- and Baa2 from Baa3, respectively. There can be no assurance that the rating of the Philippine's sovereign debt will not be downgraded from its current levels.

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

The Philippines has from time to time experienced political and military instability. Political instability in the Philippines occurred in the late 1980's when Presidents Ferdinand Marcos and Corazon Aquino held office. In 2000, the then-President of the Philippines, Joseph Estrada, was subject to allegations of corruption, culminating in impeachment proceedings, mass public protests in Manila, withdrawal of support by the military and his removal from office. The then-Vice President, Gloria Macapagal-Arroyo, was sworn in as President on 2001. On 2003, a group of 70 officers and over 200 soldiers from the Philippine Army, Navy and Air Force expressed their grievances against the present administration and

ultimately attempted a *coup d'etat* against the Arroyo administration**.** The attempt was not successful as it failed to capture the sentiment of the Filipinos and the military. As such, the event which would be later known as the "Oakwood" Mutiny ended after 20 hours of negotiation between the group and the Government. Certain individuals identified with the administration of former President Estrada have been implicated as supporters of the failed *coup d'etat*.

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

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

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

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

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

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

The Philippines has been subject to a number of terrorist attacks since 2000. The Philippine military has been in conflict with the Abu Sayyaf organization which has been identified as being responsible for kidnapping and terrorist activities in the Philippines. Recently, there has been a series of bombings in the Philippines, mainly in cities in the southern part of the country. Although no one has claimed responsibility for these attacks, it is believed that the attacks are the work of various separatist groups,

possibly including the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network. An increase in the frequency, severity or geographic reach of terrorist acts could destabilize the Philippines, increase internal divisions within the Government as it evaluates responses to that instability and unrest and adversely affect the country's economy. Festival Supermall may be particularly vulnerable to and adversely affected by terrorist attacks because of the large numbers of people and general public access to shopping malls. The occurrence of a terrorist attack at Festival Supermall, in particular, could lead to a significant loss of business and have a material adverse effect on the Company's business. There can be no assurance that the Philippines will not be subject to further acts of terrorism in the future, and violent acts arising from, and leading to, instability and unrest may have a material adverse effect on the Company and its financial condition, results of operations and prospects.

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

RISKS RELATING TO THE BONDS

Liquidity Risk

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

Pricing Risk

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

Reinvestment Risk

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

Retention of Ratings Risk

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

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

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

Other Considerations

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

PHILIPPINE TAXATION

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

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

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

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

TAXATION OF INTEREST

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

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

establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

TAX-EXEMPT STATUS

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

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

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

VALUE-ADDED TAX

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

GROSS RECEIPTS TAX

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

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

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

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

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

DOCUMENTARY STAMP TAX

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

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

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

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

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

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

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

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

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

Estate and Donor's Tax

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

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

USE OF PROCEEDS

Following the offer and sale of the Offer, without the Over-subscription Option and after deduction of commissions and expenses, net proceeds would amount to approximately ₱4,943.83 million. If FLI fully excercises the Over-subscription Option, net proceeds would approximately amount to ₱7,914.57 million after fees, commissions and expenses.

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

For a ₱5 billion issuance:

		Total
Estimated proceeds from the sale of Bonds		₱ 5,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax	₱ 25,000,000	
SEC Registration Fee and Legal Research	1,843,250	
Publication Fee	100,000	
Underwriting and Other Professional Fees	28,500,000	
Listing Application Fee	200,000	
Printing Cost	350,000	
Trustee Fees	105,000	
Registry and Paying Agency Fees	75,000	
Estimated net proceeds the Issue		**₱ 4,943,826,750**

For an ₱8 billion issuance:

		Total
Estimated proceeds from the sale of Bonds		₱ 8,000,000,000
Less: Estimated expenses		
Documentary Stamp Tax	₱ 40,000,000	
SEC Registration Fee and Legal Research	2,600,750	
Publication Fee	100,000	
Underwriting and Other Professional Fees	42,000,000	
Listing Application Fee	200,000	
Printing Cost	350,000	
Trustee Fees	105,000	
Registry and Paying Agency Fees	75,000	
Estimated net proceeds the Issue		**₱ 7,914,569,250**

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

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

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

Net Proceeds from the Offering will be used by FLI to partially fund the Company's capital expenditure requirements from the 3rd quarter of 2015 up to 2016.

TIMING AND USE OF PROCEEDS

For the Bonds to be issued

The net proceeds of the Bonds will be utilized to to partially finance the Company's capital expenditure requirements.

Project	Location	Est. Date of Completion	% Completion 31-Mar-15	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	Total
I. Residential Projects										
Sorrento Oasis Bldg. J	Pasig City	1Q2016	51%	33.67	33.67	6.45				73.78
Sorrento Oasis Bldg. O	Pasig City	2Q2016	-	56.84	56.84	56.84	56.84			227.34
Bali Oasis 2, Banjar Bldg.	Pasig City	1Q2016	65%	48.43	48.43	48.43				145.28
Maui Oasis, Kapalua Bldg.	Sta. Mesa, Manila	1Q2016	82%	37.40	37.40	5.25				80.05
Asiana Oasis, Chi Bldg.	Paranaque	4Q2015	-	49.97	49.97	49.97	49.97	49.97	49.97	299.82
Vinia Residences	Quezon City	4Q2016	19%	92.29	92.29	92.29	92.29	92.29	92.29	553.76
Studio A	Quezon City	4Q2017	23%	83.31	83.31	83.31	83.31	83.31	83.31	499.85
Fortune Hill	San Juan City	4Q2016	8%	75.73	75.73	75.73	75.73	75.73	75.73	454.38
Treviso	Quezon City	4Q2016	-	50.00	50.00	50.00	50.00	50.00	50.00	300.00
Alta Spatial, Bldg. 5	Valenzuela	3Q2016	-	59.10	59.10	59.10	59.10	59.10		295.51
Tagaytay Fora, Condotel 1	Tagaytay City	2Q2017	-	41.37	41.37	41.37	41.37	41.37	41.37	248.21
Studio City, Tower 1	Alabang	4Q2015	99%	8.00	8.00					16.00
Amalfi Oasis Bldg. 4	Cebu	4Q2015	76%	157.40	157.40					314.80
San Remo Oasis, Bldg. 2	Cebu	2Q2016	-	101.63	101.63	101.63				304.89
One Oasis Davao, Bldg. 6	Davao City	4Q2015	80%	129.42	129.42					258.84
One Spatial Iloilo, Bldg. 2	Iloilo City	3Q2018	-	57.59	57.59	43.20	43.20	43.20	43.20	287.97
One Oasis Cagayan De	Cagayan De Oro City	1Q2016	48%	71.09	71.09	8.49				150.68

Oro, Bldg. 1										
Sub-total for Residential Projects				**1,153.23**	**1,153.23**	**722.05**	**551.80**	**494.97**	**435.86**	**4,511.13**
II. Retail Leasing Projects										
Festival Mall	Alabang	2Q2017	-	115.18	115.18	175.52	175.52	175.52	175.52	932.44
Festivall Mall Expansion Ph 2	Alabang	4Q2016	-	232.96	537.17	116.48	116.48	116.48	116.48	1,236.05
Brentville strip mall	Laguna	4Q2015	-	17.11	17.11					34.22
SRP Retail	Cebu	2Q2016	-	88.45	479.16	133.28	133.28			834.17
Princeton Mall	Cavite	3Q2016	-		96.23	23.92	23.92	23.92	23.92	191.91
Tagaytay Mall	Tagaytay City	2Q2017	-		302.66	302.66	302.66	302.66	302.66	1,513.30
West Retail	Makati City	2Q2017	-		76.34	78.18	78.18	78.18	78.18	389.06
Cainta	Rizal	4Q2017	-			31.89	31.89	31.89	31.89	127.56
Studio 7, Commercial	Quezon City	4Q2017	-			45.02	45.02	45.02	45.02	180.08
Cyberzone Cebu	Cebu	4Q2017	-	54.98	54.98	103.09	103.09	103.09	103.09	522.32
Binondo	Manila	4Q2017	-		55.76	185.52	185.52	185.52	185.52	797.84
Sub-total for Retail Leasing Projects				**508.68**	**1,734.59**	**1,195.56**	**1,195.56**	**1,062.28**	**1,062.28**	**6,758.95**
III. CPI - Office Leasing Projects										
Vector 1	Alabang	Unpaid Inv./Retention	100%	80.46						80.46
Vector 2	Alabang	Unpaid Inv./Retention	100%	31.57						31.57
Filinvest One	Alabang	Unpaid Inv./Retention	100%	45.45						45.45
Filinvest 2 Bldg.	Alabang	3Q2015	40%	146.98						146.98
Filinvest 3 Bldg.	Alabang	3Q2015	35%	163.41						163.41
Vector 3 Bldg.	Alabang	4Q2016	-	103.50	103.50	119.26	119.26	119.26	119.26	684.03
Megablock Parking bldg.	Alabang	4Q2017	-	103.53	103.53	86.27	86.27	86.27	86.27	552.15
Megablock Tower 1	Alabang	4Q2017	-	241.17	241.17	181.58	181.58	181.58	181.58	1,208.66
Megablock Tower 2	Alabang	4Q2018	-	4.08	4.08	121.23	121.23	121.23	121.23	493.09
Cyberzone Cebu Tower 1	Cebu	4Q2015	85%	104.61	104.61					209.22
Cyberzone Cebu Tower 2	Cebu	1Q2018	-	90.06	90.06	135.08	135.08	135.08	135.08	720.45
Cyberzone Cebu Tower 3	Cebu	4Q2019	-	13.44	13.44	89.68	89.68	89.68	89.68	385.59
Cyberzone Cebu Tower 4	Cebu	4Q2019	-	13.98	13.98	93.22	93.22	93.22	93.22	400.84
District Cooling System	Alabang		-	157.95	157.95					315.90
Sub-total for CPI-Office leasing Projects				**1,300.19**	**832.32**	**826.32**	**826.32**	**826.32**	**826.32**	**5,437.80**

IV. FCI - Office Leasing Projects										
PRA Pasay Tower 1	Pasay City	2Q2016	-	399.74	399.74	87.50	87.50			974.48
PRA Pasay Tower 2	Pasay City	2Q2016	-	399.74	399.74	87.50	87.50			974.48
West Office Leasing	Makati City	4Q2018	-		255.33	63.75	63.75	63.75	63.75	510.33
Studio 7	Quezon City	4Q2018	-	64.77	64.77	163.00	163.00	163.00	163.00	781.54
Cubao Activa	Quezon City	4Q2020	-			63.50	63.50	63.50	63.50	254.00
Sub-total for FCI-Office Leasing Projects				**864.25**	**1,119.58**	**465.25**	**465.25**	**290.25**	**290.25**	**3,494.83**
Grand Total				**3,826.35**	**4,839.72**	**3,209.18**	**3,038.93**	**2,673.82**	**2,614.72**	**20,202.71**

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

In addition to the net proceeds of this Offering, the Company also intends to utilize internally generated funds and utilize its substantial credit lines considering that the projected total funding requirement from 3Q2015 up to 2016 is greater than the net proceeds of the Offering.

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

EXPENSES

The estimated fees and expenses relating to the issue are detailed in the table contained in page 47 under this section on “Use of Proceeds”. Expenses in the said table include the SEC registration fees, underwriting and other professional fees, trustee and registry and paying agency fees, listing fees, marketing and printing and other estimated expenses for the issuance of the Bonds.

DETERMINATION OF OFFER PRICE

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

PLAN OF DISTRIBUTION

THE OFFER

On June 15, 2015, FLI filed a Registration Statement with the Securities and Exchange Commission, in connection with the offer and sale to the public of debt securities with an aggregate principal amount of an aggregate amount of ₱5,000,000,000.00, with an Over-subscription Option of ₱3,000,000,000.00, in Unsecured Fixed Rate Retail Bonds.

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

THE JOINT LEAD UNDERWRITERS OF THE OFFER

BDO Capital & Investments Corporation, BPI Capital Corporation, and First Metro Investment Corporation (the "Joint Lead Underwriters"), pursuant to an Underwriting Agreement with FLI executed on August 7, 2015 (the "Underwriting Agreement"), have agreed to act as the Joint Lead Underwriters for the Offer and as such, distribute and sell the Bonds at the Offer Price. The Joint Lead Underwriters have also committed to underwrite an aggregate principal amount of Five Billion Pesos (₱5,000,000,000.00) on a firm basis with a ₱3,000,000,000.00 Over-subscription Option subject to the satisfaction of certain conditions and in consideration of certain fees and expenses.

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

Bank	Amount
BDO Capital	1,670,000,000.00
BPI Capital	1,670,000,000.00
First Metro Investment	1,660,000,000.00
Total	**5,000,000,000.00**

The Joint Lead Underwriters will receive an underwriting fee of 45 basis points (0.45%) on the final nominal principal amount of the Bonds issued. Such fee shall be inclusive of underwriting and participation commissions. There is no arrangement for the Joint Lead Underwriters to return to FLI any unsold Bonds. The Underwriting Agreement may be terminated in certain circumstances prior to payment of the net proceeds of the Bonds being made to FLI. There is no arrangement as well giving the Joint Lead Underwriters the right to designate or nominate member(s) to the Board of Directors of FLI.

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

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

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

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

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

THE CO-LEAD UNDERWRITERS

FLI has appointed China Banking Corporation, Eastwest Banking Corporation, PNB Capital and Investment Corporation, and SB Capital Investment Corporation as Co-Lead Underwriters to the Offer.

SALE AND DISTRIBUTION

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

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

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

OFFER PERIOD

The Offer Period shall commence on August 11, 2015 and end on August 14, 2015 or such earlier day or later day as may be determined by FLI and the Joint Issue Managers, Joint Lead Underwriters and Joint Bookrunners.

APPLICATION TO PURCHASE

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

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

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

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

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

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

MINIMUM PURCHASE

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

ALLOTMENT OF THE BONDS

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

ACCEPTANCE OF APPLICATIONS

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

REFUNDS

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

PAYMENTS

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

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

PURCHASE AND CANCELLATION

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

REGISTRY OF BONDHOLDERS

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

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

DESCRIPTION OF THE BONDS

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

The Board of Directors of Filinvest Land, Inc. authorized, through a resolution unanimously passed and approved the issuance of an aggregate of up to ₱5,000,000,000.00 principal amount, with an Over-subscription Option of up to ₱3,000,000,000.00, of Unsecured Fixed-Rate Peso Retail Bonds. The Bonds are comprised of 5.3567% per annum Seven Year Bonds and 5.7139% per annum Ten Year Bonds. The Bonds shall be constituted by a Trust Agreement (the "Trust Agreement") executed on August 7, 2015 between FLI and Bank of the Philippine Islands – Asset Management and Trust Group (the "Trustee"), which Trustee shall, wherever the context permits, include all other persons or companies acting and recognized as trustee or trustees under the said Agreement. The description of and the terms and conditions of the Bonds as set out below is subject to the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement executed on August 7, 2015 (the "Registry and Paying Agency Agreement") in relation to the Bonds between FLI and the Philippine Depository & Trust Corp. as registrar and paying agent (the "Registrar and Paying Agent").

The Bonds shall mature on August 20, 2022 or seven (7) years from Issue Date for the Seven Year Bonds and/or August 20, 2025 or ten (10) years from Issue Date for the Ten Year Bonds, unless earlier redeemed by FLI pursuant to the terms thereof and subject to the provisions on redemption and payment as detailed below.

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

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

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

1. Form, Denomination and Title

(a) *Form and Denomination*

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

(b) *Title*

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

(c) *Bond Rating*

The Philippine Rating Services Corporation ("PhilRatings") has assigned a PRS Aaa rating to FLI's proposed issuance of up to ₱8.0 Billion in fixed-rate bonds, inclusive of the ₱3.0 Billion Over-subscription Option, having considered FLI's business plans, growth prospects and cashflow. PhilRatings likewise maintained in a PRS Aaa rating for FLI's outstanding bond issues amounting to ₱24.00 billion, composed of, ₱3.0 billion bonds due in 2016, ₱7.0 billion bonds due in 2019, ₱4.3 billion bonds due in 2020, ₱2.7 billion bonds due in 2023, ₱5.3 billion bonds due in 2021 and, ₱1.7 billion bonds due in 2024. PRS Aaa is the highest rating available. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. FLI's capacity to meet its financial commitment on the obligation is extremely strong.

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

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

2. Transfer of Bonds

(a) *Register of Bondholders*

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

(b) *Transfers; Tax Status*

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

(c) *Secondary Trading of the Bonds*

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

3. Ranking

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

4. Interest

(a) *Interest Payment Dates*

The Seven Year Bonds bears interest on its principal amount from and including Issue Date at the rate of 5.3567% p.a., payable quarterly in arrears, commencing on November 20, 2015, for the first Interest Payment Date and February 20, May 20, August 20, and November 20 of each year or the subsequent Business Day without adjustment to the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

The Ten Year Bonds bears interest on its principal amount from and including Issue Date at the rate of 5.7139% p.a., payable quarterly in arrears, commencing on November 20, 2015, for the first Interest Payment Date and February 20, May 20, August 20, and November 20 of each year or the subsequent Business Day without adjustment to the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

For purposes of clarity, the last Interest Payment Date on the Bonds shall fall on the respective Maturity Dates, or on August 20, 2022 for the Seven Year Bonds and/or on August 20, 2025 for the Ten Year Bonds.

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

The following was used as basis for determining the Interest Rate:

(1) Seven Year Bonds: Fixed interest rate based on the sum of: (i) the simple average of the closing 7-year PDST-R2 rate for each of the 3 consecutive days ending on (and inclusive of) the interest rate setting date; and (ii) a margin of 125-165 bps; (2) Ten Year Bonds: Fixed interest rate based on the sum of: (i) the simple average of the closing 10-year PDST-R2 rate for each of the 3 consecutive days ending on (and inclusive of) the interest rate setting date; and (ii) a margin of 145-185 bps. Using the PDST-R2 closing rate as a benchmark rate is a standard and customary method of pricing bond instruments. Applying the 3-day simple average is a means to address market volatility, which has the effect of smoothening out abnormal interest rate movements, if any. Absent such averaging methodology, the final interest rate of the Bonds may be subjected to undue pressure arising from unexpected market disruptions. The margins are included to account for the credit risk profile of the Issuer and the general market environment at the time of bookbuilding. The final interest rate is determined based on a combination of the following factors: (1) general movements of the financial markets; (2) results of the bookbuilding exercise; and (3) Issuer's commercial considerations.

(b) *Interest Accrual*

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

(c) *Determination of Interest Amount*

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

5. Redemption and Purchase

(a) *Optional Redemption*

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

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

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

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

(b) *Final Redemption*

Unless previously purchased and cancelled, the Bonds shall be redeemed at par or 100% of face value on August 20, 2022 for the Seven Year Bonds and/or August 20, 2025 for the Ten Year Bonds. However if the Maturity Date is not a Business Day payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment in computation as to the amount of interest payable, on the succeeding Business Day.

(c) *Redemption for Tax Reasons*

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

(d) *Change in Law or Circumstance*

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

(e) *Purchase and Cancellation*

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

6. Payments

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

7. Payment of Additional Amounts - Taxation

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

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

(b) The applicable final withholding tax on interest earned on the Bonds prescribed under the Tax Reform Act of 1997, as amended and its implementing rules and regulations as maybe in effect

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

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

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

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

8. Financial Covenant

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. Negative Pledge

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

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

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

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

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

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

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

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

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

10. Events of Default

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

(a) *Payment Default*

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

(b) *Representation/Warranty Default*

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

(c) *Other Default*

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

(d) *Cross Default*

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

(e) *Insolvency Default*

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

(f) *Closure Default*

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

(g) *Expropriation Default*

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

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

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

(i) *Judgment Default*

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

(j) *Writ and Similar Process Default*

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

(k) *Non-Payment of Taxes*

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

11. Consequences of Default

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

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

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

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

12. Notice of Default

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

13. Penalty Interest

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

14. Payment in the Event of Default

FLI covenants that upon the occurrence of any Event of Default, FLI shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto, FLI shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of

collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee.

15. Application of Payments

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

16. Prescription

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

17. Remedies

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

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

18. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from FLI hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee

to institute such action, suit or proceeding in the latter's name; (iii) the Trustee for 60 days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

19. Waiver of Default by the Bondholders

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

20. Trustee; Notices

(a) *Notice to the Trustee*

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

To the Trustee:	Bank of the Philippine Islands – Asset Management and Trust Group
Attention:	Trust Account Officer IAM
Subject:	Filinvest Land Inc. ₱8.0 Billion Unsecured Peso Retail Bonds due 2022 and 2025
Address:	2F BPI Building, 6768 Ayala Avenue corner Paseo de Roxas, Makati City,
Telephone:	(632) 737 3164
E-mail address:	bpi.assetmanagement.iam@bpi.com.ph

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

(b) *Notice to the Bondholders*

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Register

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

(c) *Binding and Conclusive Nature*

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

21. Duties and Responsibilities of the Trustee

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

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

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

22. Resignation and Change of Trustee

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

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

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

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

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

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

23. Successor Trustee

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

so ceasing to act as such. Upon request of any such successor trustee, FLI shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

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

24. Reports to the Bondholders

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

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

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

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

(i) Trust Agreement

(ii) Registry and Paying Agency Agreement

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

(iv) The Permit to Sell the Bonds

25. Meetings of the Bondholders

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

(a) *Notice of Meetings*

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

the Trustee for the proper dissemination of the requested meeting shall be reimbursed by FLI within ten (10) days from receipt of the duly supported billing statement.

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

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

(c) *Quorum*

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

(d) *Procedure for Meetings*

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

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

(e) *Voting Rights*

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

(f) *Voting Requirement*

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

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

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

26. Amendments

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

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

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

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

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

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

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

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

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

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

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

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

27. Evidence Supporting the Action of the Bondholders

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

28. Non-Reliance

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

29. Own Risk

Investment in the Bonds is not covered by the Philippine Deposit Insurance Corporation. Any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

30. Governing Law

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

INTERESTS OF NAMED EXPERTS

LEGAL MATTERS

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

FLI'S LEGAL SERVICES DIVISION

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

INDEPENDENT AUDITORS

SGV & Co., independent auditors, audited the Company's consolidated financial statements without qualification as of and for the years ended 31 December 2012, 2013 and 2014. SGV & Co. has acted as the Company's independent auditors since 1996. There has neither been a termination nor change in the said appointment. For the years ended 31 December 2013 and 2014, Ms. Dhonabee B. Señeres, a Partner in SGV & Co. signed FLI's audited financial statements. For the year ended 31 December 2012, Ms. Cyril Valencia, a Partner in SGV & Co., signed FLI's audited financial statements.

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

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

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

(In ₱ Thousands)	**2012**	**2013**	**2014**
Audit and Audit-Related Fees:			
Fees for services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements of the Company	1,077.18	1,120.90	1,135.00
Total	**1,077.18**	**1,120.90**	**1,135.00**

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

DESCRIPTION OF BUSINESS

Description of the Business

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

Festival Supermall is a four-story regional shopping complex situated on a total land area of 10 hectares and is located within Filinvest City, a development of Filinvest Alabang, Inc. Approximately 15 kilometers south of the Makati City central business district, it is interescted with three major road networks – the South Expressway, the old National Highway and the Alabang-Zapote Road which links the South Expressway to the Coastal Road connecting Metro Manila and Cavite province. Being Filinvest's flagship retail center, Festival Supermall is in the heart of Filinvest City. It has a natural catchment of BPO/office workers, patrons of the nearby hotels, residents of Filinvest's vertical developments, subdivisions and gated villages of southern Metro Manila such as the high-end Ayala Alabang subdivision. It also captures the regional market from as far as Cavite, Laguna and Batangas.

FLI has leased from FAI the 10 hectares of land on which the Festival Supermall and its adjoining structures (such as parking lots) are situated. The lease is for a term of 50 years from 01 October 2006, renewable for another 25 years. FLI is required to pay monthly rent equivalent to 10.0% of the monthly gross rental generated by the mall. The lease between FAI and FLI allows FLI to construct additions or extensions to the current mall structure, which upon termination of the lease, will be returned to FAI. The Festival Supermall was designed to allow the construction of an additional wing to the current two-wing structure on two adjacent hectares of land, which are available for development, and would thereby complete the masterplan of the retail block.

As Filinvest took on a thrust to grow its retail component, it embarked on the expansion of Festival Supermall. It is an ambitious development that deviates from the usual big box design to a plan that harmonizes with the natural landscape providing more open spaces and a refreshing retail experience to the shoppers. The expansion, which includes the new anchor supermarket and department store, will increase the mall's GFA by 150,255 sqm. Upon completion, this will bring the mall's total GFA to a total of 340,160 sqm of GFA. With these additional leasable spaces and a refreshing design, the mall intends to bring in new concepts that will strengthen its market share on the ABC+ and upper class market and solidify its stronghold on the broad C market and office worker segments.

Festival Supermall presents a distinct choice of being able to house more than one brand of anchor tenants in the supermarket department store categories as well as in the hardware/home furnishings segment. Presently, anchor stores include those operated by some of the Philippines' largest retailers, such as

Robinsons Retail Holdings Inc. (Robinsons Department Store and Handyman Do It Best), SM Investments Corporation (SaveMore Supermarket and Ace Hardware) and Rustan's Supercenters Inc. (Shopwise Supercenter). When expansion is completed, it will have the addition of Landmark Supermarket and Department Store. Moreover, Festival Supermall currently has a number of well-known international and domestic retailers, restaurant chains and service companies, such as Levi's, Dockers, Rockport, Pabder, Uomo, Bench, Giordano, The Body Shop, Payless Shou Source, Etude House, National Bookstore, McDonald's, Jollibee and KFC. Festival Supermall carries a total of 625 tenants and this is expected to increase by approximately 280 new tenants, which will mostly come from global fashion brands upon completion of the expansion.

Festival Supermall is best known for its indoor amusement park and family entertainment facilities. It also features eight (8) digital cinemas with digital surround sound systems, and exhibit, trade and music halls which are leased out to organizers of events such as trade fairs that are sponsored by the Philippine Department of Trade and Industry, among others.

The opening of the new and bigger Festival Supermall will further cement its position as the premier super regional shopping center in the south of Metro Manila. Its total footprint in terms of GFA, inclusive of the mall expansion, will also make the mall amongst the largest regional shopping centers in the Philippines.

FAC owns 50.0% of the 52-storey PBCom Tower which is strategically located at the corner of Ayala Avenue and Herrera Street in the Makati City central business district and is believed to be one of the tallest buildings in the Philippines. FAC owns approximately 36,000 sq.m. of leasable space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications. The PBCom Tower is designated as an information technology building by PEZA and, as a result, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5.0% tax on modified gross income in lieu of the regular corporate income tax of 30%. PBCom Tower's occupancy rate reached 99.0% for the year ended 2014 and 100% for the first half of 2015. FAC's principal tenants include Huawei Technologies, Citigroup Business Process Solutions, Citibank, Blue Pearl International, Global B2B, AIG Shared Services, AIOFX Trade Inc., Monaco, Multinational, EastWest Banking Corporation, ESS Manufacturing Co., and First Cagayan, among its other major tenants. Day-to-day operations are handled by FAI, pursuant to an existing agreement. Leases at the PBCom Tower are typically for a period of three years, with the lease agreements generally requiring tenants to provide a three-month security deposit. Rent is paid at a fixed rate per square meter depending on the unit size and floor.

CPI owns and operates the IT buildings in Northgate Cyberzone; a PEZA registered BPO Park within Filinvest City. FLI earned 60.0% of revenues from leasable space for 2008 and 2009 prior to FLI's acquisition of the 40.0% interest of AIIPI in 2010. Among others, Northgate's major tenants are Convergys, APAC, GenPact Services LLC, e-Telecare Global Solutions, ICICI Bank Limited, Flour Daniel and Infosys. Its day-to-day operations are now handled by FAI. A significant amount of leasable space is planned to be made available so as to meet some of the significant demand of the BPO industry in the next few years. Vector One was completed in 2010, Vector Two in 2011, and Filinvest One and Plaza E in 2013. Four more buildings in Northgate Cyberzone are expected to be finished between 2015 and 2017, which will increase the number of operational BPO office buildings within the Northgate Cyberzone to twenty (20) with a total GLA of 240,000 sq.m. Outside Northgate Cyberzone, CPI also owns FLI Edsa Building (Transcom office) with a leasable area of 7,358 sq.m. and has developments in Cebu. One (1) of the four (4) buildings to be constructed in Cebu is expected to be completed by 2015 with a leasable area of 19,937 sq.m.

In addition to the acquisition of these three strategic investments, FLI also entered into a joint venture agreement with Africa-Israel Investments (Phil.) Inc. to jointly develop the Timberland Sports and Nature Club ("TSNC") and approximately 50 hectares of land comprising Phase 2 of FLI's Timberland Heights township project. AIIPI is an affiliate of Africa-Israel Investment (Phil.) Limited, ("AIIPL"), which is FLI's joint

venture partner in CPI. TSNC started its commercial operations in October 2008. In 2010, FLI acquired the remaining 40.0% interest of AIIPI to obtain full ownership of the previous joint venture undertaken.

Going forward, FLI expects to remain focused on its core residential real estate development business. FLI is targeting significant growth in the next few years due to the expansion of its existing townships and the launching of additional projects in new areas. FLI already undertook the construction of medium-rise building projects in Metro Manila and regional cities. For the year 2015, FLI plans to launch 21 new projects and phases with an estimated sales value of ₱16.19 billion. Moreover, with a more diversified portfolio, FLI expects to generate stable recurring revenue from its retail and office investment properties. These recurring revenues will, in turn, be used to provide internally generated funding for its other projects.

The Company is not and has never been a subject of any bankruptcy, receivership, or similar proceedings. As aforementioned, there were significant amounts of assets purchased by the Company as part of the transactions which were consummated in 2006.

Form and Date of Organization

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

As at 31 March 2015, FDC owns 59.4% of Common Stock and 100.0% of Preferred Stock of FLI. FDC is the holding company for real estate, banking and financial services, and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr., and his family in 1955. The shares of FDC and FLI are both listed in the Philippine Stock Exchange.

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

Subsidiaries

Seven (7) of the Company's eight (8) Subsidiaries are wholly owned. These subsidiaries are engaged in real estate development, marketing and sales, property management, and leasing. Details of these Subsidiaries are as follows:

Subsidiaries	Nature of Business	Ownership	Date of incorporation
Filinvest AII Philippines, Inc. ("FAPI")	Real estate developer	100%	25 September 2006
Cyberzone Properties, Inc. ("CPI")	Leasing	100%	14 January 2000
Homepro Realty Marketing, Inc. ("Homepro")	Marketing	100%	25 March 1997
Property Maximizer Professional Corp. ("Promax")	Marketing	100%	03 October 1997
Property Specialist Resources, Inc. ("Prosper")	Property	100%	10 June 2002

Leisurepro, Inc. ("Leisurepro")	management Marketing	100%	21 April 2004
Countrywide Water Services, Inc. ("CWSI")*	Waterworks and sewerage system operator	-	18 May 2012
Filinvest Cyberparks, Inc. ("FCI")	Leasing	100%	04 February 2014
Filinvest Asia Corporation ("FAC")	Leasing	60%	22 January 1997

**In 2014, FDC subscribed to the remaining unissued shares of and acquired the Company's interest in CWSI, resulting to FDC having 100% interest in CWSI as of December 31, 2014.*

FLI's revenue generating activities are complemented by its operating Subsidiaries, mentioned in the paragraph above. The table below shows the Net Income/Total Revenue contribution of FLI's Subsidiaries from 2012 to 2014:

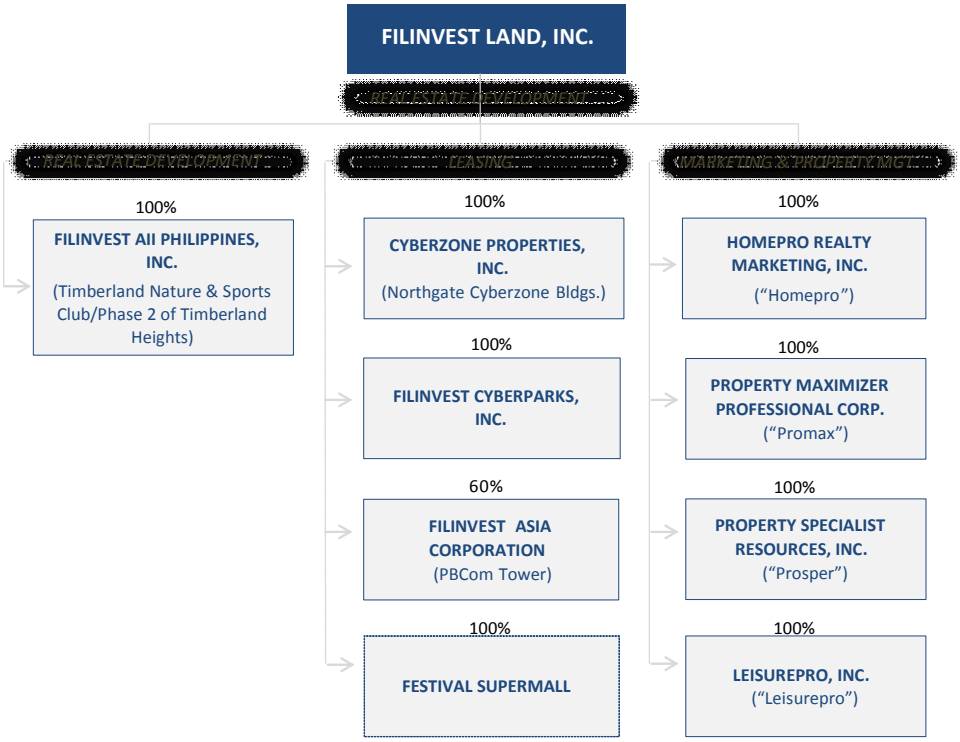
	2014	2013	2012
FLI – Parent [(1)]	26.42%	24.57%	25.38%
CPI	4.17%	4.83%	4.91%
FAC	1.15%	1.16%	1.37%
Others [(2)]	0.69%	1.22%	1.00%

Note:

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

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

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



Cyberzone Properties, Inc.

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

CPI operates the Northgate Cyberzone, which is located on a 10-hectare parcel of land within Filinvest City owned by FLI. Of the 10 hectares, approximately four (4) hectares are available for future development.

Construction is ongoing for the following new BPO office buildings in Northgate Cyberzone:

- Filinvest Two and Three: This is a twin-tower project located along Alabank Zapote Road. Each will have 14 storeys and a GLA of approximately 23,784 sq.m. Target completion is on August 2015.
- Vector Three: This is a 16 storey building with a leasable area of approximately 36,345 sq.m. Target completion is on 2016.
- Megablock: This is a 4-tower development with a GLA of approximately 156,000 sq.m. Target completion of Tower 1 is on 2017.

Current buildings with leases are as follows:

- 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 Convergys.
- 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 6,540 sq.m. , for a combined GLA of 13,080 sq.m. Plaza B and Plaza C were 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., Teradyne 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 has an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza D is being leased to ICICI First Source Ltd., a 100% owned subsidiary of India's largest private sector bank, and Verizon Communications Phils Inc, the Philippine branch of Verizon Business Solutions, a leading communications company in the United States of America.
- Plaza E: This is a twelve-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 is currently 100% leased out to Arvato Corp., EXL Service Phils. and Hinduja.
- 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.

- Capital One Building: This is another building that was constructed on a BTS basis to meet the requirements of its previous tenant, HSBC. Completed in 2005, the building has an approximate GLA of 18,000 sq.m. The building is currently occupied by Capital One.
- 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 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, Lattice Semiconductor and Cape East Philippines. iHub II has an approximate GLA of 14,180 sq.m. and has been leased out primarily to Convergys and AIG Shared Services.
- 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, Firstsource 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 17,889 sq.m. It was completed in October 2011. Tenants of the building include Infosys, Genpact, GE Money and Flour Daniel.
- Filinvest One (formerly called AZ Building): This is a 10-storey building with a GLA of approximately 19,637 sq.m. Tenants of the building include HSBC, Ford Philippines, Denso Phil., AMEC Services, and PHL Center.

With the construction of the new buildings in Northgate Cyberzone, FLI expects to be able to provide an additional 240,000 sq.m. of leasable office space that will address the expected increase in demand from BPO companies in the Northgate Cyberzone location. These BPO companies usually require significant amounts of office space for their operations. FLI, through CPI, plans to focus on attracting such businesses by offering custom-designed office spaces that are suited for call centers and BPOs.

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

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

CPI has already started construction of its first BPO building at the 1.2 hectare joint venture project with the Provincial Government of Cebu. The first building will have a GLA of approximately 19,937 sq.m. When completed, the project, which will be called Filinvest Cebu Cyberzone, is projected to have four (4) buildings with a total GLA of over 100,000 sq.m. Target completion for the first building is on 2015. Currently, FLI is one of the largest BPO office space providers in the country.

Filinvest AII Philippines, Inc.

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

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

Filinvest Asia Corporation

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

The PBCom Tower is designated as an information technology building by PEZA and, as a result, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5.0% tax on modified gross income in lieu of the regular corporate income tax of 30%. PBCom Tower's occupancy rate reached 95.0% and 100.0% for the years ended2013 and 2014, respectively. FAC's principal tenants include Citibank N. A., Citigroup Business Process Solutions Pte. Ltd., East West Banking Corporation, FDC Utilities, Inc., Huawei Technology, ESS Manufacturing, First Cagayan, Blue Pearl International, Global B2B, AIG Shared Services, AIOFX Trade Inc., Monaco and Multinational.

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

Other Subsidiaries

Promax, HomePro and Leisurepro, which were incorporated on October 3, 1997, March 25, 1997 and April 21, 2004, respectively, are engaged in the real estate marketing business and handle the marketing and sale of socialized, affordable, middle income, high-end and farm estate property development projects, its leasing operations and other real estate products of the Filinvest Group.

Prosper, on the other hand, which was incorporated on June 10, 2002, is currently managing the condotel operations of a high-rise condominium (Grand Cenia) and hotel project (Quest Hotel) of FLI. Prior to Prosper's condotel and hotel management business, it was engaged in the business of real estate marketing.

Equity Investment

Filinvest Alabang, Inc. ("FAI")

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

Business Groups, Product Categories, Target Markets and Revenue Contribution

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

Real Estate Segment

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

Residential Projects

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

(a) *Socialized housing*: These developments are marketed and sold under FLI's Pabahay brand and consist of projects where lots typically sell for ₱160,000.00 or less per lot and housing units typically sell for ₱450,000.00 or less per unit. FLI's socialized housing comprises large-scale, mass-housing projects that have historically ranged in size from approximately six to fifty five (55) hectares and have been developed in phases typically comprising 1,000 lots of 35 to 50 sq.m each, organized in clusters of expandable row houses with supporting amenities and facilities. Buyers for these projects are eligible to obtain financing from the Government-mandated Pag-IBIG Fund. Maximum sale prices for the Company's specialized housing products

do not exceed the Government-mandated ceilings of ₱450,000.00 per unit. Any income realized from the development and improvement of socialized housing cites are exempt from taxation.

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

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

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

Other Real Estate Projects

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

(a) *Entrepreneurial Communities*

Because of the anticipated growth of small and medium-sized businesses as well as the Government support for entrepreneurial programs, FLI has launched two entrepreneurial communities under its "Asenso Village" brand. One project is in Laguna province, which forms part of the Company's Ciudad de Calamba township development, and another in Cavite province. Each Asenso Village currently consists of three phases, with its land being "dual-zoned" allowing for both residential and commercial use. The Company has also cooperated with the Government by providing venues for various livelihood and small business seminars and programs conducted by government agencies in each Asenso Village. At present, sales in each Asenso Village consist of subdivision lot sales as well as shophouses that incorporate living quarters and an area for buyers to set up and operate their small enterprises and home-based businesses. Subject to market conditions, FLI plans to develop additional "Asenso Villages" in other locations.

(b) *Townships*

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

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

Ciudad de Calamba

Ciudad de Calamba is a 350-hectare development that features themed residential communities and industrial and comercial components, located in Calamba, Laguna. This township project is a PEZA-registered special economic zone anchored by the Filinvest Technology Park-Calamba, which provides both industrial-size lots and ready-built factories to domestic and foreign enterprises engaged in light to medium non-polluting industries. The project is wholly-owned by FLI. As of May 2015, 35 companies had either purchased lots or leased factories in the Filinvest Technology Park-Calamba. FLI also donated to the city government of Calamba a parcel of land located within the Ciudad de Calamba, which is currently being used as health center, police station, day-care center, and recreational area for its nearby barangays. The Company also intends to develop the Ciudad de Calamba Commercial Center as part of this township project. The master plan for Ciudad de Calamba includes a mix of affordable and middle-income subdivisions as set out below:

- *Vista Hills*, the 1st residential subdivision development introduced in Ciudad de Calamba, is an affordable housing project which has a total developed area of approximately 5.2 hectares. Land development and construction of its village amenities for Vista Hills are already completed.
- With the success of Vista Hills in the market, *Punta Altezza*, also an affordable subdivision project was launched. The project consists of 3 phases and has a totral developed area of approximately 9.7 hectares. Land development and construction of its amenities are already completed.
- *Montebello***,** is a middle-income subdivision project which is expected to have a total developed area of approximately 12.9 hectares. Two phases have already been launched. Land development and construction of its amenities has been completed.
- FLI's first **"***Asenso Village***"** entrepreneurial community development is located within the Ciudad de Calamba and has a total developed area of approximately 20 hectares. Development of this project is almost complete.

- *Aldea Real* is an affordable subdivision project, which has a total developed area of approximately 16.9 hectares. Land development for Phases 1, 2 & 3 have already been completed, while themain amenities are now nearing completion
- *La* Brisa *Townhomes*, La Brisa, which literally means "The Breeze" in Spanish, is located at Brgy. Punta, Calamba City. With its Spanish Mediterranean theme, La Brisa is the first townhouse development at Ciudad De Calamba that offers not just an affordable and quality home to families but also a worthy investment for those who would like to establish a "House for Rent" business. La Brisa is very accessible to the industrial estates operating within the vicinity, thereby providing a valuable venture for companies that provide housing privilege to employees.
- *Pueblo Solano* is a 68 hectare portion of Ciudad de Calamba, which has initially developed low-affordable and socialized housing projects. Within Pueblo Solano, Valle Dulce, an economic housing development offers low-affordable housing units, and its first phase covers 12.4 hectares. Valle Alegre offers socialized housing units and currently covers 10.6 hectares. Land development for both projects have already been completed and is now nearing completion of its amenity areas.

Havila (formerly, Filinvest East County)

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

- *Mission Hills* is located in the municipality of Antipolo and consists of seven subdivision projects, which are expected to have a total developed area of approximately 77.7 hectares. Three subdivisions (Santa Barbara, Santa Monica and Santa Catalina) are being developed as high-end projects while another three (Santa Isabel, Santa Cecilia and Santa Clara) have been developed as middle-income projects. Development works for all seven subdivisions have been completed.
- Two subdivision projects were being developed in the municipality of Taytay which has a total developed area of approximately 80 hectares. Development work has been completed for Highlands Pointe, a high-end subdivision, and Villa Montserrat, an affordable-segment subdivision. These subdivision projects are almost sold out.*Forest Farms*, which is situated in the municipality of Angono, is a farm estate subdivision project which has a total developed area of 34.9 hectares.
- *Anila Park* expanded Havila's affordable range in Antipolo, with its first phase having 1.4 hectares and its on-going townhouse phase having another 1.6 hectares.
- In 2014, a middle-income subdivision (*Amarilyo Crest*) and a high-end subdivision (*The Peak*) were launched in Taytay and Antipolo, Rizal having a total area of 16.7 hectares. Land development for these projects is expected to be completed in 2015.

Timberland Heights

Timberland Heights is a 677-hectare township project anchored by the Timberland Sports and Nature Club. It is located in the municipality of San Mateo, Rizal, which is just across the Marikina River, 9 kilometers from Quezon City's Batasan Pambansa. The masterplan provides for various land uses such as residential subdivisions, institutional establishments, and commercial/mixed-use developments. Residential subdivisions are designed to provide residents with resort-like amenities. Institutional uses such as schools, church, hospital, and socio-civic developments are also zoned within the property, while leisure-commercial developments are allocated for tourism-oriented activities.

Current developments include:

Residential

- *BanyanRidge* is a mountain side residential subdivision, which has a total developed area of approximately 6.3 hectares. Land development and amenities have been completed.
- *Mandala I Farm Estates* is a farm estate subdivision, which has a total developed area of approximately 40 hectares. Land development and amenities have been completed.
- *Mandala II Farm Estates* is a farm estate subdivision with a total area of 19.8 hectares. Land development has been completed.
- *The Ranch* is a high-end residential city view subdivision, which has a total developed area of approximately 5.74 hectares. Land development and amenities have been completed.
- *Banyan Crest is* a 14.7 hectare high-end subdivision. Land development has been completed.
- *The Glades* is a mountainside residential subdivision with a total land area of 11.5 hectares. Target completion for the land development is on 2015.
- *The Leaf,* a condotel*,* located right across the Timberland Sports and Nature Club, was launched in November 2012. It coversapproximately 4,718 sq.m. of land.

Institutional

- *The Manila Waldorf School*, the pioneer of Steiner education in the Philippines. Steiner (or Waldorf) education is one of the fastest growing non-traditional education movements in the world. The school offers a full kindergarten to high school program.

Leisure-Recreational

- *Timberland Sports and Nature Club* is a world-class club with ballrooms and overnight lodging facilities, restaurants, roof deck, spa, sauna, gym, salon, locker rooms, childrens' play area, aerobics studio, swimming pools, basketball court, badminton court, tennis courts, indoor climbing wall, billiards, and table tennis.
- *Adventure Farm* is a tourism oriented facility with butterfly farm, fish feeding, chicken feeding, vermiculture, organic vegetable and herbs farming, ornamental and tree nursery, and camping areas.

City di Mare (previously known as *Città di Mare)*

In August 2010, FLI gave Cebu a preview of its most ambitious seaside development when it launched City di Mare at the Grand Ballroom of Crimson Resort and Spa in Mactan, Cebu. In 2014, it was rebranded as City di Mare, the Lifestyle Capital of Cebu.

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

The 8-hectare retail development known as Il Corso shall have a gross leasable area of approximately 32,000 square meters. The whole construction shall be completed in 2015 but FLI already opened the Central Piazza to allow the public a glimpse of the exciting things one can expect in City di Mare.City di Mare has four resort-themed residential enclaves inspired by world-class resorts, with each 10-hectare development flaunting a distinct architectural character. With over 65% of the property allocated for wide, open areas and landscaped gardens, City di Mare provides a generous amenity of breathing space and a refreshing dose of nature throughout the site. Residences are spread out over the sprawling development, maximizing the abundant sunlight and allowing the invigorating sea air to circulate freely.

- Amalfi Oasis features clusters of five-storey buildings with luxuriant gardens, resort-style amenities and pedestrian-friendly environs, bask in fresh air, radiant sunshine and charming landscapes. The first building was completed in October 2012, while the second building was completed in March 2013. The construction of the third building is ongoing and is about 76% complete. Thisis scheduled to be completed by 2015. Amalfi Oasis will have a total of 9 buildings.
- San Remo Oasis, the second recently opened residential enclave in City di Mare, involves the development of 3.4 hectares of land with well-planned living spaces with numerous choice units to suit anyone's lifestyle. The development consist of eight (8) five-storey buildings, the 1st building of which was completed in 2012, while another five buildings were completed in 2014. Constuction is on-going for the remaining buildings and are targeted for completion in 2015.

(c) *Leisure projects*

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

Residential farm estates

In 2003, FLI began marketing its residential farm estate projects which may serve as alternative primary homes near Metro Manila to customers, after the Company's market research revealed that there is a demand among customers, such as retirees and farming enthusiasts for such. For this Project, customers can purchase lots (with a minimum lot size of 750 sq.m.) on which they are allowed to build a residential unit (using up to 25.0%

of the total lot area). The remaining lot area can be used for small-scale farm development, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers being responsible for the construction of residential units on their lots. To help attract buyers, FLI personnel are available on site to provide buyers with technical advice on farming as well as to maintain demonstration farms.

At present, FLI has three residential farm estates:

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

Private membership club

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

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

Residential resort development

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

end market segment.

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

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

(d) *Medium-Rise Buildings*

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

FLI currently has seventeen (17) ongoing MRB projects in Luzon, Visayas and Mindanao. For 2015, FLI intends to retain its dominant position as one of the market leaders in MRB projects by launching five (5) more MRB projects nationwide and three (3) additional buildings of existing projects with an estimated sales value of ₱2.33 billion and ₱1.88 billion, respectively. This will bring the Company's total MRB projects to 22. These new MRB projects are part of the total ₱16.19 billion estimated sales value of new projects slated for launch by FLI in 2015.

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

Project Name	Location
Metro Manila	
One Oasis Ortigas	Pasig City
Bali Oasis	Pasig City
Maui Oasis	Sta. Mesa, Manila
Capri Oasis	Pasig City
Sorrento Oasis	Pasig City
One Spatial	Pasig City
Bali Oasis 2	Pasig City
Asiana Oasis	Paranaque City
Girin Oasis	Cainta, Rizal
Fortune Hill	San Juan City
The Signature	Balintawak, Quezon City

Project Name	Location
Visayas	
One Oasis Cebu	Mabolo, Cebu City
Amalfi Oasis	City di Mare, Cebu
San Remo Oasis	City di Mare, Cebu
Mindanao	
Eight Spatial	Maa, Davao
One Oasis Davao	Davao City
One Oasis Cagayan de Oro	Cagayan de Oro

(e) *High-Rise Buildings*

The Linear

FLI started to develop in 2009 The Linear, a master-planned residential and commercial hub in Makati City. Two-L-shaped towers, each 24 storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals. The construction of Tower 1 has been completed, while Tower 2 is expected to be delivered in the 3rd quarter of 2015.

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 was completed 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 a 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”, was completed in 2014.

Vinia Residences

Vinia Residences is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to young professionals 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. It also offers 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. The project is 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 and is located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is beside the Makati Business District and accessible to both north and south of Metro Manila.

Grand Cenia

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

Analysis of Real Estate Sales

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

Category	December 31					
	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
Residential Lots and House & Lot Packages						
Socialized	408.27	3.09%	243.72	2.33%	220.34	2.50%
Affordable	1,339.65	10.15%	1,119.67	10.68%	778.75	8.85%
Middle income	10,490.10	79.44%	8,439.35	80.54%	7,136.36	81.11%
High end and others	367.02	2.78%	261.65	2.50%	320.71	3.65%

Industrial Lots	370.92	2.81%	256.87	2.45%	199.95	2.27%
Residential Farm Lots	202.18	1.53%	140.12	1.34%	131.49	1.50%
Leisure	26.30	0.20%	17.10	0.16%	10.76	0.12%
Total	**13,204.44**	**100.00%**	**10,478.48**	**100.00%**	**8,798.36**	**100.00%**

Sales to OFWs accounted for 38.0%, 27% and 35% for the years ended 31 December 2012, 2013 and 2014, respectively. The table below illustrates the breakdown of effective share of sales to OFWs (direct & indirect) to the total real estate sales of FLI for the years ended 31 December 2012, 2013 and 2014.

	2012	**2013**	**2014**
Americas	1.8%	0.9%	5%
Europe	26.2%	9.8%	8%
Asia/Asia Pacific/Oceania	9.5%	11.4%	8%
Middle East	0.4%	5.3%	14%
Others	0.1%	0.0%	17%
Total	**38.0%**	**27.4%**	**52%**

The table below illustrates the breakdown of sales to OFWs (direct & indirect) per major market region for the years ended 31 December 2012, 2013 and 2014.

	2012	**2013**	**2014**
Americas	4.7%	2.4%	9%
USA	3.9%	2.4%	8%
Canada	0.8%	0.0%	1%
Europe	68.9%	31.6%	17%
Asia/Asia Pacific/Oceania	25.0%	52.3%	16%
Middle East	1.1%	13.7%	26%
Others	0.3%	0.0%	32%
Total	**100.0%**	**100.0%**	**100%**

Analysis of Cost of Sales

The table below shows a comparative breakdown of FLI's journalized cost of sales into various categories for the three months ended March 2015 and for the years ended 31 December 2014, 2013, and 2012 (in ₱ millions, except for percentages):

	December 31			
	2012	**2013**	**2014**	**March 31, 2015**
Land acquisition cost	1,044.27	1,251.42	1,644.85	428.81
Land development and construction cost	3,779.03	4,627.34	5,886.72	1,610.04
Housing construction cost	102.01	157.06	189.47	43.54
Cost of club share	2.14	0.26	5.13	2.07
Total	**4,927.46**	**6,036.08**	**7,726.16**	**2,084.46**

Leasing Segment

FLI's acquired investment properties are categorized as retail and office segments.

Festival Supermall

Festival Supermall is a four-story regional shopping complex situated on a total land area of 10 hectares and is located within Filinvest City, a development of Filinvest Alabang, Inc. (FAI). FLI has leased from FAI the 10 hectares of land on which the Festival Supermall and its adjoining structures (such as parking lots) are situated. The lease is for a term of 50 years from 01 October 2006, renewable for another 25 years, with FLI required to pay monthly rent equivalent to 10.0% of the monthly gross rental generated by the mall.

As Filinvest took on a thrust to grow its retail component, it embarked on the expansion of Festival Supermall. It is an ambitious development that deviates from the usual big box design to a plan that harmonizes with the natural landscape providing more open spaces and a refreshing retail experience to the shoppers. The expansion will increase the mall's GFA with 150,255 sqm including the new anchor supermarket and department store. This will bring the mall a total of 340,160 sqm of GFA. With these additional leasable spaces and a refreshing design, the mall intends to bring in new concepts that will strengthen its market share on the ABC+ and upper class market and solidify its stronghold on the broad C market and Office Workers segments.

The opening of the new and bigger Festival Supermall, after its completion of the construction of its mall expansion, will further cement its position as the premier super regional shopping center in the south of Metro Manila. Its total footprint in terms of Gross Floor Area, inclusive of the mall expansion, will also make the mall amongst the largest regional shopping centers in the Philippines.

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

Festival Supermall's current anchor tenants include stores operated by some of the Philippines' largest retailers, such as Robinsons Retail Holdings Inc. (Robinsons Department Store and Handyman Do It Best), SM Investments Corporation (SaveMore Supermarket and Ace Hardware) and Rustan's Supercenter Inc. (Shopwise Supercenter). Festival Supermall currently has a number of well-known international and domestic retailers, restaurant chains and service companies, such as Levi's, Dockers, Rockport, Pabder Uomo, Bench, Giordano, The Body Shop, Payless Shou Source, Etude House, National Bookstore, McDonald's, Jollibee and KFC. Festival Supermall carries a total of 625 tenants and this is expected to increase by approximately 280 new tenants, which will mostly come from global fashion brands upon completion of the expansion. Moreover, Festival Supermall is best known for its indoor amusement park and family entertainment facilities. It also features eight (8) digital cinemas, and exhibit, trade and music halls which are leased out to organizers of events such as trade fairs that are sponsored by the Philippine Department of Trade and Industry, among others.

*PBCom T*ower

The PBCom Tower is strategically located at the corner of Ayala Avenue and Herrera Street in the Makati City central business district and is believed to be one of the tallest buildings in the Philippines. FAC owns roughly 36,000 sq.m. of leasable space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications. The PBCom Tower is designated as an information technology building by PEZA and, as a result, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5.0% tax on modified gross income in lieu of the regular corporate income tax of 30%. PBCom Tower's occupancy rate reached 99.0% for the year ended 2014 and 100% for the first half of 2015.

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

Northgate Cyberzone

- Northgate Cyberzone is a PEZA registered BPO park within Filinvest City. It was 60.0% owned by FLI until FLI acquired the remaining stake of its former joint venture partner, AIPPI, in 2010. FLI currently derives 100.0% (60.0% only in 2008 and 2009) of its revenues from its sixteen office buildings. Four more buildings in Northgate Cyberzone are expected to be finished between 2015 and 2017, which will increase the number of operational BPO office buildings within the Northgate Cyberzone to twenty (20) with a total GLA of 240,000 sq.m. Out of the ten hectares of Northgate Cyberzone, four hectares are still available for future development. Below are the descriptions of the BPO office buildings at Northgate Cyberzone:
- 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 Convergys.
- *Plaza B and Plaza C:* Plaza B and Plaza C are four-story buildings, each with an approximate GFA of 7,150 sq. m. and an approximate GLA of 6,540 each for a total combined GLA of 13,080 sq.m. Both were completed in 2001. Plaza B is leased out to various tenants which include goFluent, AMS Express, Team Asia, Outboundphil, APPCO Direct Int'l., Teradyne 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 has an approximate GFA of 11,575 sq.m. and an approximate GLA of 10,860 sq.m. Plaza D is being leased to ICICI First Source Ltd., a 100% owned subsidiary of India's largest private sector bank, and Verizon Communications Phils Inc, the Philippine branch of Verizon Business Solutions, a leading communications company in the United States of America.
- Plaza E: This is a twelve-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 is currently 100% leased out to Arvato Corp., EXL Service Phils. and Hinduja.
- *Convergys Building:* This is a three-story building with an approximate GFA of 6,466 sq.m. and an approximate GLA of 6,399 sq. m. Completed in 2004, it was one of the first buildings completed in the Northgate Cyberzone and was "built-to-suit" to meet the requirements of Convergys.

- *Capital One Building:* This is another building that was constructed on a BTS basis to meet requirements of its previous tenant, HSBC. Completed in 2005, the building has an approximate GLA of 18,000 sq.m. The building is currently occupied by Capital One.
- 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 Genpact Services LLC.*Building 5132:* This is a six-story building with an approximate GFA of 10,560 sq. m. and GLA of 9,408 sq. m. Building 5132 has been fully taken up by GenPact Services LLC.
- *iHub I and iHub II:* This a two-tower complex (one with six storeys and the other with nine storeys). iHub I has an approximate GLA of 9,474 sq. m. and has been leased out to numerous tenants which include GenPact, HSBC, W.R. Grace Philippines and Lattice Semiconductor. iHub II has an approximate GLA of 14,180 sq.m. and has been leased out primarily to Convergys and AIG Shared Services.
- *Vector One:* This is an 11-story 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, Firstsource 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 17,889. It was completed in October 2011. Tenants of the building include Infosys, Genpact, GE Money and Flour Daniel.
- *Filinvest One (formerly AZ Building)*: This is a 10-storey building with a GLA of 19,637Sq.m. Tenants of the building include HSBC, Ford Philippines, Denso Phil., AMEC Services and PHL Center.

CPI has ongoing construction of the first BPO building at the 1.2 hectare joint venture project with the Provincial Government of Cebu. The first building will have a GLA of approximately 19,937 sq.m. Upon completion, the project, which will be called Filinvest Cebu Cyberzone, is projected to have four (4) buildings with a GLA of over 100,000 sq.m. Target completion for the first building is on 2015. Currently, FLI is one of the largest BPO office space providers in the country.

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

EDSA Transcom Building

This is a five-storey BPO building that 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.

The table on the next page shows a breakdown of FLI's recorded gross leasing revenues for the three months ended 31 March 2015 and 2014 and for the years ended 31 December 2014 and 2013 (in ₱ millions, except for percentages).

	March 31				December 31			
	2015		2014		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Festival Supermall	218.89	36.70%	222.12	41.17%	875.71	38.69%	867.95	42.67%
Northgate Cyberzone	272.03	45.61%	230.91	42.80%	998.41	44.11%	831.99	40.90%
PB Com Tower	90.89	15.24%	76.29	14.14%	322.09	14.23%	272.26	13.39%
Others	14.56	2.44%	10.17	1.89%	67.34	2.97%	61.87	3.04%
Total	**596.37**	**100.00%**	**539.49**	**100.00%**	**2,263.55**	**100.00%**	**2,034.08**	**100.00%**

Marketing and Sales

Real Estate Segment

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

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

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

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

In addition to in-house sales agents and independent brokers, FLI also employs representatives who staff its sales offices and provide customers with information about FLI's products, including financing packages and technical development assistance. FLI also assigns each project a sales and operations coordinator who will provide customers with assistance from the moment they make their sales reservation, during

the process of obtaining financing, and through the steps of establishing title on their new home. FLI also has personnel who can advise customers on financing options, collecting necessary documentation and applying for a loan. FLI also helps design down payment plans for its low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, FLI has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

Leasing Segment

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

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

Customer Financing for Real Estate Projects

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of FLI's housing and land development business. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100.0% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. FLI also provides a significant amount of in-house financing to qualified buyers. The interest rates charged by FLI for in-house financing typically range from 13.5% per annum to 19.0% per annum, depending on the terms of the loan.

In-house financing

FLI offers in-house financing to buyers who chose not to avail of Government or bank financing. FLI typically finances 80.0% of the total purchase price, which is secured primarily by a first mortgage over the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five (5) to ten (10) years. The interest rates charged by FLI for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the terms of the loan.

Pag-IBIG Fund

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

Pag-IBIG also recently increased the maximum loan amount for housing loans to ₱6 million per unit from ₱3.0 million previously, at an interest rate of 6.5% to 10% per annum, depending on the loan amount and the term of the loan which can be fixed over a maximum of 30 years. In 2003, HUDCC

adjusted the loan ceiling of Socialized Housing Package from P 400,000.00 to P 450,000.00.

Mortgage loans

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

Deferred cash purchases

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

Real Estate Development

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

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

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

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

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

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

In 2014, the Company launched a total of 18 new projects and phases with an estimated sales value of ₱12.46 billion. This brought to 147 the number of ongoing projects and phases FLI has at year end 2014.

Expenses on site development for the years ended 31 December 2012, 2013 and 2014 were ₱421.89 million, ₱1,112.98 million and ₱445.41 million, respectively. Site development expenses as percentage of revenues for the years ended 31 December 2012, 2013 and 2014 were 4.8%, 10.6% and 3.4%, respectively.

Suppliers

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

The Company has about 150 suppliers, the major ones of which include the following:

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

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

Competition

Real Estate Segment

Real estate development and selling is very competitive. The Company believes it is strongly positioned in the socialized, affordable to middle-income residential subdivision market, as well as in mid-rise buildings and in the farm estates. Success in these markets depends on acquiring well-located land, depending on

the direction of urban growth, at attractive prices. The Company believes the name and reputation it has built in the Philippine property market for over the past 40 years contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land project developers in the Philippines, particularly in the socialized to middle-income housing sectors, including mid-rise buildings. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete in terms of the pricing of its products, which caters to different market sectors, as well as through its brand name and track record of successfully completing quality projects.

The Company directly competes with other major real estate companies that are positioned either as a full range developer or with subsidiary companies which are focused on a specific market segment and geographic coverage. Its competitors include Ayala Land Inc. ("ALI"), Vista Land Inc. ("Vista"), Megaworld Corp. ("Megaworld"), Empire East Land Holdings Inc. ("Empire") and Robinsons Land Corporation ("Robinsons"). The following table shows the real estate sales of FLI and real estate companies FLI considers as competitors for the three months ended 31 March 2015 and for the years ended 31 December 2014 and 2013 (in ₱ millions):

	31 March	**31 December**	
Company	**2015**	**2014**	**2013**
Ayala Land, Inc.	23,680	89,028	76,337
Megaworld Corp.	6,239	24,607	21,251
Vista Land, Inc.	6,057	22,235	20,025
Filinvest Land, Inc.	3,549	13,204	10,478
Robinsons Land Corp.	1,614	5,647	5,301
Empire East Land Holdings Inc.	1,060	3,480	1,706

Note: Based on latest financial disclosures in the PSE

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

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

Leasing Segment

With regard to the Company's acquired assets dedicated to office space leasing and shopping mall operations, the Company competes with property companies such as Ayala Land, Inc. Robinsons Land Corporation and SM Prime Holdings, Inc. In office space leasing, particularly to call centers and other BPO operators, the Company competes with companies such as Robinsons Land Corporation, Ayala Land, Inc., Eton Properties Philippines, Inc. and Megaworld Corporation which have leasing operations via its subsidiaries.

Intellectual Property and Trademarks

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

Below are FLI servicemarks that are registered with the Intellectual Property Office:

TRADEMARK	DATE OF REGISTRATION	DATE OF EXPIRATION
The Linear Makati & Design	12-Aug-10	12-Aug-20
One Oasis Ortigas	10-Dec-09	10-Dec-19
One Oasis Ortigas and Design	10-Dec-09	10-Dec-19
We Build the Filipino Dream (Slogan)	10-Dec-09	10-Dec-19
One Oasis	10-Dec-09	10-Dec-19
Filinvest (New Logo)	15-Sep-11	15-Sep-21
Studio A	20-Dec-12	20-Dec-22
The Signature	17-Apr-14	17-Apr-24
Fortune Hill	22-May-14	22-May-24
Fora Rotunda Tagaytay	14-Aug-14	14-Aug-24

The Company has filed an application with the World Intellectual Property Office ("WIPO") for the international registration of the "Filinvest" trademark under the Madrid Protocol for the following countries: Austria, Australia, Benelux, Denmark, France, Italy, Norway, Spain, Sweden, Switzerland, United Kingdom and the United States of America. It has also filed separate applications for international registration in United Arab Emirates, Qatar, Kuwait and Malaysia. FLI has also registered "Filinvest Land, Inc." as a business name with the Department of Trade and Industry.

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

The Glades	Serulyan Mactan
100 West	Citi Di Mare (Logo and Tagline)
Timberland Heights (Horizontal Orientation)	I-Go
Timberland Heights (Stacked Orientation)	Kembali (Reversed Logo)

One Binondo	Kembali
The Leaf	The Veranda
Vinia	

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

Government and Environmental Regulations

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

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

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

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

FLI believes that it has complied and will comply with all applicable Philippine environmental laws and regulations. FLI's compliance with environmental laws is dictated by and in accordance with the environmental laws and regulations applicable to specific and individual projects.

FLI intends to comply with such laws or regulations. In FLI's opinion, such compliance is not expected to have a material effect on FLI's capital expenditures, earning or competitive position. The cost of such compliance is not significant and FLI does not keep a separate account thereof.

Employees and Labor

As at 31 March 2015, FLI had a total of 940 employees including 8 consultants.The permanent, full-time employees consist of 187 executives and managers, 152 supervisors and 539 support staff.

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

There are no significant arrangements between FLI and its significant employees to assure that these persons will remain with FLI and not compete with it upon their termination. FLI, however, relies on its good relationship with its senior managers and significant employees to ensure loyalty. FLI likewise provides managers, supervisors and general staff the opportunity to participate in both in-house and

external training and development programs which are designed to enhance skills, to improve productivity, to develop leadership and to prepare employees for future assignments. These programs range from the orientation of new employees to technical training for engineers and customer service. FLI has also provided a mechanism through which managers and staff are given feedback on their job performance, which FLI believes will help to ensure the continuous development of its employees. FLI also offers employees benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help the Company compete in the marketplace for quality employees.

FLI does not anticipate any substantial increase in the number of its employees for the remainder of 2015.

Research and Development

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

Related-Party Transactions

The Company is a member of the Filinvest Group. The Company and its subsidiaries, in their ordinary course of business, engage in transactions with FDC and its subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered on an arms-length basis.

The Company's major related-party transactions include:

- FDC has guaranteed the FLI's obligations under a ₱2.25 billion credit facility extended by the International Finance Corporation ("IFC"). As of 30 June 2013, the Company had fully availed of this facility. The last and final payment by FLI on its obligation with IFC will be made in June 15, 2015.
- Interest and non-interest bearing cash advances made to and received from FDC, FAI, FAPI, CPI and other affiliates in order to meet liquidity and working capital requirements. Interest rates on these cash advances are determined on an arm's-length basis and are based on market rates.
- Sharing jointly with other members of the Filinvest Group, expenses relating to common facilities and services used by each member of the Filinvest Group, such as payroll services, supplies and utilities.
- A 50-year lease agreement with FAI for the 10-hectare property on which the Festival Supermall and its related structures are located.
- FAC and CPI have each entered into management contracts with FAI pursuant to which FAI provides accounting, business development and other management services to FAC and CPI.
- The Company has a contract with FSI, which provides services relating to the operation of the Festival Supermall. Under the terms of the contract, FSI is entitled to receive monthly management fees.
- Certain savings and current accounts, and time deposits are with EWB, a member of the Filinvest Group.
- Lease agreement between EWB and FLI and with FAC covering an office space for the bank's branches in PBCom Tower in Makati City and in Grand Cenia Hotel and Residences building in Cebu.

- A development agreement with GCK Realty Corporation ("GCK") in which a member of the Gotianun Family has shareholdings, for the development by FLI of a medium-rise condominium building on certain parcels of land owned by GCK in Barrio Camputhaw, Cebu City.
- A development agreement with Fernandez Hermanos, Inc., which is owned and managed by an officer and stockholder, Mr. Luis T. Fernandez, and his siblings, for the subdivision development of parcels of land owned by the latter company in Brgy. Matanos, Kaputian, Samal Island in the province of Davao.

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

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

The Company and its Subsidiaries previously leased an FDC land and building located at San Juan City for its head office for a monthly rental of ₱3.76 million in 2011 and ₱3.27 million in 2010. On 30 October 2012, FLI transferred to its new corporate headquarters located along EDSA, Mandaluyong City and effectively ended the lease on the FDC land and building in San Juan City. On 29 September 2006, FLI entered into a series of transactions with FDC, pursuant to which it acquired ownership interests in FAC, CPI and Festival Supermall.

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

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

The details of the accounts with related parties are as follows (as of 31 March 2015 and 2014, in ₱ millions):

	Rental Income (Expense)		**Management and Marketing Fee Income**		**Due from Related Parties**		**Due to Related Parties**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
AL Gotianun, Inc.	-	-	-	-	-	0.79	-	-
Parent – FDC	-	-	0.30	0.38	-	-	100.51	58.28
Associate - FAI	(27.49)	(24.27)	0.14	(2.70)	-	-	48.49	51.75
Other affiliates	-	-	-	-	206.88	208.36	91.43	38.47
	(27.49)	(24.27)	0.46	(2.32)	206.88	209.15	240.43	148.50

Due from Related Parties as of 31 March 2015 and 2014 amounted to ₱206.88 million and ₱209.15 million, respectively. These are non-interest bearing and payable on demand.

DESCRIPTION OF PROPERTIES

Land Bank

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

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

Potential land acquisitions and participation in joint venture projects are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market, and the suitability or the technical feasibility of the planned development. The Company identifies land acquisitions and joint venture opportunities through actively searching for suitable locations as well as from referrals.

As at March 31, 2015, the Company had a land bank of approximately 2,400.33 hectares of raw land for the development of its various projects, including approximately 324.44 hectares of land under joint venture agreements, which the Company's management believes is sufficient to sustain at least several years of development and sales. Details of the Company's raw land inventory as at 31 March 2015 are set out in the table below (area in hectares).

Location	Company Owned	Under Joint Ventures	Total	% to Total
Luzon				
Metro Manila	53.11	-	53.11	2.21%
Rizal	774.30	86.22	860.53	35.85%
Bulacan	234.78	-	234.78	9,78%
Pampanga	-	59.19	59.19	2.47%
Cavite	382.27	88.99	471.26	19.63%
Laguna	282.13	1.31	283.44	11.81%
Batangas	145.87	43.42	184.29	7.89%
Palawan	-	6.00	6.00	0.25%
Sub-total	**1,872.46**	**285.14**	**2,157.60**	**89.89%**
Visayas				
Cebu	4.94	31.65	36.59	1.52%
Iloilo	0.92	-	0.92	0.04%
Bacolod	50.85	-	50.85	2.12%
Dumaguete	2.14	-	2.14	0.09%

Location	Company Owned	Under Joint Ventures	Total	% to Total
Sub-total	**5.98**	**31.65**	**37.63**	**1.60%**
Mindanao				
General Santos	99.56	-	99.56	4.15%
Davao	45.02	7.65	52.68	2.19%
Sub-total	**144.58**	**7.65**	**152.24**	**6.34%**
Total	**2,075.89**	**324.44**	**2,400.33**	**100.00%**
% to Total	**86.48%**	**13.52%**	**100.00%**	

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

Current Development Projects

The following table sets out FLI's projects with ongoing housing and/or land development or marketing as at 31 March 2015.

Category / Name of Project	Location
SOCIALIZED	
Belleview Meadows	Tanza, Cavite
Belmont Hills	Gen. Trias, Cavite
Belvedere Townhomes	Tanza, Cavite
Blue Isle	Sto. Tomas, Batangas
Castillion Homes	Gen. Trias, Cavite
Melody Plains	San Jose del Monte, Bulacan
Mistral Plains	Gen. Trias, Cavite
Sandia Homes Ph 1	Tanauan, Batangas
Southern Heights	San Pedro, Laguna
Sunny Brooke	Gen. Trias, Cavite
Sunrise Place	Tanza, Cavite
Sunrise Place Mactan	Mactan, Cebu
AFFORDABLE	
Aldea del Sol	Mactan, Cebu
Aldea Real	Calamba, Laguna
Alta Vida Expansion	San Rafael, Bulacan
Alta Vida Prime	San Rafael, Bulacan
Amare Homes	Tanauan, Batangas
Amarilyo Crest	Taytay, Rizal
Anila Park	Taytay, Rizal
Anila Park Townhomes	Taytay, Rizal
Austine Homes	Pampanga
Bluegrass County	Sto. Tomas, Batangas

Brookside Lane	Gen. Trias, Cavite
Claremont Village	Mabalacat, Pampanga
Ocean Cove 2	Davao City
Crystal Aire	Gen. Trias, Cavite
East Bay Palawan	Puerto Princesa, Palawan
Fairway View	Dasmarinas, Cavite
Futura Homes – San Pedro	San Pedro, Laguna
La Brisa Townhomes	Calamba, Laguna
Meridian Place	Gen. Trias, Cavite
Palmridge	Sto. Tomas, Batangas
Parkspring	San Pedro, Laguna
Primrose Hills	Angono, Rizal
Primrose Townhomes	Angono, Rizal
Raintree Prime Residences	Dasmarinas, Cavite
Savannah Fields	Gen. Trias, Cavite
Sommerset Lane	Tarlac City
Springfield View	Tanza, Cavite
Summerbreeze Townhomes	Sto. Tomas, Batangas
The Glens at Park Spring	San Pedro, Laguna
The Peak	Taytay, Rizal
The Residences @ Castillon Homes	Tanza, Cavite
The Villas	Taytay, Rizal
Tierra Vista	San Rafael, Bulacan
Valle Dulce Ph1	Tanza, Cavite
Valle Alegre	Calamba, Laguna
Villa Mercedita	Davao City
Villa Montseratt 1D	Taytay, Rizal
Villa Montseratt 3C	Taytay, Rizal
Villa Montseratt Expansion	Taytay, Rizal
Westwood Mansion Expansion	Tanza, Cavite
Westwood Place	Tanza, Cavite
Woodville	Gen. Trias, Cavite
MIDDLE-INCOME	
Amalfi Oasis	South Road Properties, Cebu
Ashton Fields	Calamba, Laguna
Asiana Oasis	Paranaque, Metro Manila
Bali Oasis 1	Pasig City, Metro Manila
Bali Oasis 2	Pasig City, Metro Manila
Capri Oasis	Pasig City, Metro Manila
Corona Del Mar	Talisay, Cebu
Eight Spatial	Maa, Davao
Escala (La Constanera)	Talisay, Cebu
Filinvest Homes - Butuan	Butuan, Agusan Del Norte

Filinvest Homes- Tagum	Tagum City, Davao
Fuente de Villa Abrille	Davao City
Hampton Orchards	Bacolor, Pampanga
Highlands Pointe	Taytay, Rizal
La Mirada of the South	Binan, Laguna
Manor Ridge at Highlands	Taytay, Rizal
Maui Oasis	Sta. Mesa, Manila
Montebello	Calamba, Laguna
NorthviewVillas	Quezon City
Nusa Dua (Residential)	Tanza, Cavite
Ocean Cove	Davao City
One Oasis Cagayan de Oro	Cagayan de Oro City
One Oasis Cebu	Mabolo, Cebu City
One Oasis Davao	Davao City
One Oasis Ortigas	Pasig City, Metro Manila
One Spatial	Pasig City, Metro Manila
One Spatial Iloilo	Iloilo
Orange Grove	Davao City
Princeton Heights	Molino, Cavite
San Remo Oasis	South Road Properties, Cebu
Somerset Lane, Ph 2	Tarlac City
Sorrento Oasis	Pasig City, Metro Manila
Southpeak	San Pedro, Laguna
Spring Country	Batasan Hills, Quezon City
Spring Heights	Batasan Hills, Quezon City
Studio A	Quezon City
Studio City	Filinvest Corporate City, Alabang
Studio Zen	Pasay City, Metro Manila
Tamara Lane (formerly Imari)	Caloocan City
The Enclave at Filinvest Heights	Quezon City
The Enclave at Highlands Pointe	Taytay, Rizal
The Glades	Timberland Heights, San Mateo, Rizal
The Levels	Filinvest Corporate City, Alabang
The Linear	Makati City
The Pines	San Pedro, Laguna
The Terraces Ph 1B & Ph 2	Taytay, Rizal
The Tropics	Cainta, Rizal
Villa San Ignacio	Zamboanga City
Vinia Residences & Versaflats	Edsa, Quezon City
Viridian at Southpeak	San Pedro, Laguna
West Palms	Puerto Princesa, Palawan
HIGH-END	
Arista	Talisay, Batangas

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

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

Investment in foreign securities

The Company does not have any investment in foreign securities.

Investment Properties

FLI's acquisition of major assets and equity interests involved four strategic investment properties, namely: Festival Supermall, PBCom Tower, Northgate Cyberzone and EDSA Transcom Building.

Rental and Others

FLI rented office spaces located in San Juan City, Metro Manila with an aggregate floor area of 4,369 sq.m. for its head office. On 30 October 2012, FLI transferred to its new corporate headquarters located along EDSA, Mandaluyong City and effectively ended the lease on the FDC land and building in San Juan City. FLI is also renting spaces for its sales offices in Quezon City, Rizal, Pampanga, Tarlac, Palawan, Davao City, Butuan, Tagum, Cagayan de Oro and Zamboanga City. The term of the leases is usually for one year, and thereafter, or on a month-to-month basis, or upon the option of both parties, a new contract is drawn. Total rental expense for the years ended 31 December 2012, 2013 and 2014 amounted to ₱78.05 million, ₱35.35 million, and ₱37.38 million, respectively. The Company does not intend to rent properties for the next 12 months except as needed in the ordinary course of business

CERTAIN LEGAL PROCEEDINGS

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

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

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

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

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

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

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

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

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

Various CLOA holders based in Brgy. Hugo Perez, Trece Martirez City filed a complaint with the RTC of Trece Martirez against FLI for recovery of possession with damages, claiming that in 1995 they surrendered possession of their lands to FLI so that the same can be developed pursuant to a joint venture arrangement allegedly entered into with FLI. They now seek to recover possession of said

lands pending the development thereof by FLI. The RTC rendered a decision ordering FLI to vacate the subject property. FLI appealed the decision to the Court of Appeals which affirmed the RTC decision. FLI filed a petition for review on *certiorari* before the Supreme Court. On 10 January 2011, the Supreme Court granted FLI's motion to admit a supplemental petition and required respondent to comment on the supplemental petition within 10 days from notice. The case is pending resolution at the Supreme Court.

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

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

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

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

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

Period		High	Low	Close
2015	**1st Quarter**	2.05	1.98	1.98
2014	**4th Quarter**	1.65	1.42	1.53
	3rd Quarter	1.67	1.45	1.58
	2nd Quarter	1.70	1.44	1.63
	1st Quarter	1.55	1.23	1.44
2013	**4th Quarter**	1.75	1.18	1.41
	3rd Quarter	1.93	1.18	1.41
	2nd Quarter	1.48	1.44	1.47
	1st Quarter	2.07	1.49	1.98

The shares of FLI as reported by the PSE on 22 May 2015 was traded at the range of ₱1.98 to ₱2.05 and closed at ₱1.98 per share.

Common shares outstanding as at 31 March 2015 were 24,249,759,506 shares.

The top 20 Stockholders (preferred and common shares) as at 31 March 2015:

Preferred Shares

	Name	No. of Shares	% to Total
1.	Filinvest Development Corporation	8,000,000,000	100.00%

Common Shares

	Name	No. of Shares	% to Total
1.	Filinvest Development Corporation	14,408,926,734	59.42%
2.	PCD Nominee Corporation (Non-Filipino)	6,851,581,870	28.25%
3.	PCD Nominee Corporation (Filipino)	2,696,073,379	11.12%
4.	Phil. Int'l Life Insurance	50,000,000	0.21%
5.	Michael Gotianun	11,235,913	0.05%
6.	Lucio W. Yan and/or Clara Y. Yan	10,687,500	0.04%
7.	Joseph M. Yap and/or Josephine G. Yap	7,694,843	0.03%
8.	Berck Y. Cheng	7,000,000	0.03%
9.	Joseph M. Yap	6,444,115	0.03%
10.	R Magdalena Bosch	4,877,928	0.02%

	Name	No. of Shares	% to Total
11.	Luis L. Fernandez	4,064,940	0.02%
13.	Enrique P. Fernandez	4,064,940	0.02%
12.	Luis L. Fernandez or Veronica P. Fernandez ITF Marco	4,064,940	0.02%
14.	Luis Rodrigo P. Fernandez	4,064,940	0.02%
15.	Luis L. Fernandez or Veronica P. Fernandez ITF Carlo Fernandez	4,064,940	0.02%
16.	Veronica P. Fernandez	3,468,750	0.01%
17.	Emily Benedicto	3,349,871	0.01%
18.	Alberto Mendoza and/or Jeanie C. Mendoza	2,890,625	0.01%
19.	Filinvest Capital Inc.	2,890,625	0.01%
20.	Lucio Yan	14,408,926,734	59.42%

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

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

Dividends

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

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

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

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

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

On 21 June 2012, FLI paid a regular cash dividend of P0.0237 and special cash dividend of P0.0237 per

share or total of P1.15 billion to all shareholders on record as of 25 May 2012. This is equivalent to 39.2% of the net income attributable to equity holders of the parent P2.94 billion reported in 2011.

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

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

On 08 May 2015, FLI paid a regular cash dividend of ₱0.0373 and special cash dividend of ₱0.0187 per share or total of ₱1.36 billion to all shareholders on record as of 05 June 2015. This is equivalent to 30.0% of the net income attributable to equity holders of the parent of ₱4.53 billion reported in 2014.

FLI's subsidiaries and affiliates do not have a specific or written dividend policy. Dividend declaration is discussed, voted upon and approved by the board of directors.

There are also no restrictions that limit the Company's ability to pay dividends on common equity nor is it likely to have any restrictions in the future.

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

PLAN OF OPERATIONS FOR 2015

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

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

New projects include ten new affordable and middle-income housing projects in Cavite, Batangas, Rizal, Muntinlupa and Cebu, nine MRB projects, which include development of additional buildings in existing projects, in Taguig, Pasig, Sta. Paranaque, Valenzuela, Iloilo, and Davao, and twoHRB projects in Manila and Quezon City.

FLI has set ₱24.0 billion worth of capex for projects to be launched in 2015, about 60% more than the amount spent in 2014. The bulk is earmarked for the construction of the various projects of FLI, covering all market segments.

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

Four (4) new BPO office projects consisting of a total of 7 buildings in Northgate Cyberzone is ongoing construction, specifically: Filinvest Two and Three, a twin tower project, which will give approximately 23,784 sq.m. each, Vector Three, a 16-storey building with a leasable area of approximately 36,345 sq.m. and Megablock 1, the first of a 4-tower development, which will have a total of 156,000 sq.m. in leasable area. These developments will provide an additional gross leasable area totaling to approximately 240,000 sq.m.

Foundation works are already ongoing in Phase 1 of the group's first LEED-certified project in Metro Manila, which is outside of Northgate Cyberzone. Filinvest Cyberzone Pasay is the first development of Filinvest Cyberparks, Inc., rising nine storeys within the bay reclamation area in Pasay City. It will provide a total of 80,000 sq.m. of office space, supported by street-level retail facilities. This project, which is designed by H1 Architecture, will add another sleek and modern structure to the growing number of establishments in the vicinity. Phase 1 is comprised of Towers 1 and 2 that will offer approximately 36,807 sq.m. of office GLA.

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

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

On March 26, 2012 FLI and the Cebu Province entered into a Build Transfer and Operate Agreement on a parcel of land owned by the Cebu province with a total area of 12,290 Sq. m. wherein FLI shall cause the

design, development, construction and completion of Business Process Outsourcing Complex on the property. Upon completion, FLI shall transfer the ownership of the developed property to the Cebu Province, at the same time of the transfer, Cebu Province shall convey and transfer to FLI the right to operate, manage and administer the premises for the entire term of the agreement of 25 years, with option to extend for another 25 years.

Construction of the first BPO building has started at the 1.2 hectare joint venture project with the Provincial Government of Cebu. The first building will have a GLA of approximately 19,937 sq.m. Target completion is 2015. When completed, the project, which will be called Filinvest Cebu Cyberzone, is projected to have four (4) buildings with a GLA of over 100,000 sq.m. Currently, FLI is one of the largest BPO office space providers in the country.

Basis for Consolidation

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

The nature of business and the corresponding percentages of ownership over these entities as at 31 March 2015 and for the years ended 31 December 2014 and 2013:

	Nature of Business	**31 March**	**31 December**	
Subsidiaries		**2015**	**2014**	**2013**
Property Maximizer Professional Corp.	Marketiing	100%	100%	100%
Homepro Realty Marketing, Inc.	Marketing	100%	100%	100%
Property Specialist Resources, Inc.	Property Management	100%	100%	100%
Leisurepro, Inc.	Marketing	100%	100%	100%
Cyberzone Properties Inc.	Leasing	100%	100%	100%
Filinvest AII Philippines, Inc.	Real Estate Developer	100%	100%	100%
Countrywide Water Services, Inc.*	Waterworks and Sewerage System	-	-	100%
Filinvest Cyberparks, Inc.	Leasing	100%	100%	-
Filinvest Asia Corporation	Leasing	60%	60%	60%

**On September 26, 2014, FDC subscribed the remaining unissued shares of and acquired the Company's interest in CWSI, resulting to FDC having 100% interest in CWSI as of December 31, 2014.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED 31 MARCH 2015 COMPARED TO THE THREE MONTHS ENDED 31 MARCH 2014

Results of operations for the three months ended 31 March 2015 compared to the three months ended 31 March 2014

For the three months ended March 31, 2015, FLI's net income from its business segments registered a year-on-year growth of 14.92% or an increase of ₱161.58 million from ₱1,083.14 million in 2014 to ₱1,244.72million in 2015.

Revenues

Total consolidated revenues went up by 17.37% to ₱4,566.82 million during the first three months of 2015 from ₱3,891.12 million for the same period last year. The increase resulted from the continued robust real estate sales that reached ₱3,548.56 million (up by ₱493.87 million or by 16.17 %) and rental revenue of ₱596.37 million (higher by ₱56.88 million or 10.54%). Real estate sales booked during the current period broken down by product type are as follows: Middle Income 84% (inclusive of Medium-Rise Buildings and High-Rise Buildings); Affordable 10%; High-End 3%; Farm Estate 1%; Socialized and Others 2%. 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 "Plaza E."

Interest income for the three months ended March 31, 2015 increased by 20.61% to ₱202.48 million from ₱167.88 million during the same period in 2014. The increase was due to higher interest generated from installment contracts receivable and bank deposits. Other income increased by 57.87% to ₱185.68 million from ₱117.61 million or by ₱68.07 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 an associate increased from ₱11.46 million in 2014 to ₱33.73 million in 2015 or by 194.33% due to higher earnings recorded by Filinvest Alabang, Inc. (FAI) for the period. FLI has a 20% equity interest in FAI.

The Company also registered a foreign exchange loss of ₱8.82 million for the three months in 2015 compared to foreign exchange gain of ₱0.48 million in 2014 due to the recent decline 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 ₱1,781.70 million in 2014 to ₱2,084.46 million in 2015 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 ₱510.92 million or by 26.74% from ₱1,910.44 million during the three months ended March 31, 2014 to ₱2,421.36 million for the same period of 2015.

Expenses

General and administrative expenses increased by ₱21.95 million during the three months of 2015 or by 7.37%, from ₱297.69 million in 2014 to ₱319.64 million in 2015. 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 ₱29.00 million or by 14.00% 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 51.71%% or by ₱108.99 million to ₱319.77 million for the three months of 2015 from ₱210.78 million for the same period in 2014.

Provision for current income tax decreased to ₱46.02 million in 2015 from ₱142.02 million in 2014 or a decrease of ₱96.00 million or by 67.60% due to lower taxable income.

Provision for deferred income tax increased by ₱204.99 million or by 298.12% from ₱68.76 million in 2014 to ₱273.75 million in 2015 due to higher capitalized borrowing cost and other temporary differences.

Financial Condition as of 31 March 2015 compared to as of 31 December 2014

As of March 31, 2015, FLI's total consolidated assets stood at ₱107,814.33 million, higher by 1.30% or by ₱1,406.75 million than the ₱106,407.58 million total consolidated assets as of December 31, 2014. The following are the material changes in account balances:

32.36% Decrease in Cash and cash equivalents

Funds were used for the development of existing and new projects and for the construction of new buildings (investment properties) and for raw land acquisitions.

12.33% 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.

1.47% Increase in Other Receivables

This account increased due to the additions in advances to joint venture partners and contractors.

1.17% Increase in Land and land development

The increase in this account was mainly due to additional payments or new acquisition of raw land during the period.

4.16% Increase in Investment property

The increase was mainly due to the additional costs of investment properties from CPI and various raw land acquired for investment purposes.

5.39% Decrease in Property and equipment

The decrease in this account was mainly due to the reclassification of construction in progress of FSI mall from property and equipment to investment property.

61.21% Decrease in Deferred income tax assets

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

6.96% Increase in Other assets

The increase in this account was mainly due to higher input vat, creditable withholding tax and construction costs related to acquired non-current asset.

1.76% 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.

82.50% Decrease in Income tax payable

The decrease in income tax payable is due to lower current income tax expense offset by creditable withholding taxes.

10.12% Increase in Deferred income tax liabilities

The increase in deferred tax liabilities is mainly due to additional capitalized borrowing costs slightly offset by the realized portion of the sales.

Performance Indicators

Financial Ratios	Particulars	As of and for the three months ended March 31, 2015	As of Dec. 31, 2014 and for the three months ended March 31, 2014
Earnings per Share	Net income (Not Annualized) / Weighted average number of outstanding common shares	0.05	0.04
Earnings per Share	Net income (Annualized) / Weighted average number of outstanding common shares	0.20	0.18
Debt to Equity Ratio	Loans Payble and Bonds Payble / Total Equity	0.75	0.77
Debt Ratio	Total Liabilities / Total Assets	0.51	0.51
EBITDA to Interest paid	EBITDA (Not Annualized) / Interest paid	3.27 times	3.09 times
Price Earnings Ratio	Closing Price of Share / Earnings per Share (Annualized)	9 times	8.89 times

Earnings per share (EPS) posted for the three months of 2015 went up by 14.84% compared to the EPS for the same period in 2014 on account of higher net income.

The Debt-to-equity (D/E) ratio increased due to lower loan level as of the current period while Debt ratio increased due to higher level of total liabilities as of the current period.

Price earnings multiple went up due to the increase of the market share price as of end of the current period. As of March 31, 2015 and 2014, and as of December 31, 2014, market share price of FLI's stock was at ₱1.80, ₱1.60 and ₱1.53 per share, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED 31 DECEMBER 2014 COMPARED TO THE FULL YEAR ENDED 31 DECEMBER 2013

Results of operations for the 12-month period ended 31 December 2014 compared to 12-month period ended 31 December 2013

For the year ended December 31, 2014, FLI's net income registered a year on year growth of 15.80% or ₱628.03 million from ₱3,975.95 million in 2013 to ₱4,603.98 million in 2014.

Revenues

Total consolidated revenues went up by 23.62% to ₱15,467.99 million in 2014 from ₱12,512.56 million in 2013. The increase resulted from the continued robust real estate sales that reached ₱13,204.44 million (up by ₱2,725.96 million or by 26.01%) and rental revenue of ₱2,263.55 million (higher by ₱229.47 million or 11.28%). Real estate sales booked during the current period broken down by product type are as follows: Middle Income 79% (inclusive of Medium-Rise Buildings and High-Rise Buildings); Affordable 10%; 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" and "Plaza E" in 2014. FLI currently operates 14 buildings and is completing construction of three more office buildings, "Filinvest Two" and "Filinvest Three" at Northgate Cyberzone and Filinvest Cebu Cyberzone Tower 1, which will increase its office portfolio to 274,971 sq.m.

Interest income increased by ₱202.30 million or by 36.82% in 2014 from ₱549.40 million in 2013 to ₱751.70 million in 2014. The increase was due to higher interest income derived from cash and cash equivalents and from contract receivables. Other income increased by 10.31% or by ₱58.66 million from ₱568.77 million in 2013 to ₱627.43 million in 2014 due to higher income from amusement centers, parking and other lease-related activities, and processing fees.

Costs and Expenses

Cost of real estate sales increased by ₱1,690.08 million or by 28.00% from ₱6,036.08 million in 2013 to ₱7,726.16 million in 2014. The increase was 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 ₱1,413.32 million or by 20.86% from ₱6,774.44 in 2013 to ₱8,187.76 million in 2014. Cost of rental services likewise increased by 4.19% from ₱491.40 million in 2013 to ₱511.98 million in 2014.

Total operating expenses increased to ₱2,336.38 million in 2014 from ₱2,071.07 million in 2013.

General and administrative expenses increased by ₱103.74 million or by 8.80% to ₱1,282.33 million in 2014 from ₱1,178.59 million in 2013. The increase was due to higher repairs and maintenance, business taxes and licenses, salaries and wages, recreation and other representation expenses, retirement, rental, transportation and outside services; offset by decrease in communications, light and water, insurance, provision for doubtful accounts, and office supplies recorded for the current period.

Selling and marketing expenses increased by 18.10% to ₱1,054.06 million in 2014 from ₱892.48 million in 2013 mainly due to increases in broker's commission, services fees, sales office direct cost and other sales generation expenses as a result of increasing sales volume and activities

Interest and other financial charges increased by 36.50% to ₱647.62 million in 2014 from ₱474.45 million in 2013. This was due to increase in loan availment and issuance of ₱7 billion bonds during the year.

Provision for Income Tax

Provision for income tax increased by 39.79% from ₱768.15 million in 2013 to ₱1,073.80 million in 2014. Provision for current income tax increased to ₱712.08 million in 2014 from ₱481.99 million in 2013 or an increase of ₱230.09 million or by 47.74% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax increased by ₱75.56 million or by 26.41% from ₱286.15 million in 2013 to ₱361.71 million in 2014 due to higher capitalization of interest expense.

Financial Condition as of 31 December 2014 compared to as of 31 December 2013

As of December 31, 2014, FLI's total consolidated assets stood at ₱106,407.58 million, higher by 8.47% or by ₱8,310.53 million than the ₱98,097.05 million total consolidated assets as of December 31, 2013. The following are the material changes in account balances:

33.56% Decrease in Cash and cash equivalents

Funds were used for the development of existing and new projects and for the construction and acquisitions of investment properties and raw land for future developments.

29.72% 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 and its Subsidiaries to its real estate buyers to further increase sales.

18.82% Increase in Due from related parties

The increase was due to temporary advances made to affiliates in the regular course of business. These advances are expected to be collected within the following year.

11.61% Increase in other receivables

This account increased due to the additions in advances to joint venture partners and contractors.

33.61% Increase in Financial assets at fair value through other comprehensive income

This account increased due to acquisition of shares from a country club in Cebu.

7.48% Decrease in Land and land development

Decrease in the account is mainly due to transfer of some rawland to real estate inventories, offset by newly acquired raw land for land banking.

34.29% Increase in Investment property

The increase was mainly due to the additional construction costs of Plaza A-E, Vector buildings, Filinvest One, Two & Three buildings, Megablock, and FLI EDSA Transcom building. Also, additional costs were incurred for the expansion of Festival Supermall.

14.98% Increase in Property & equipment

The increase was mainly due to the Company's additional waterworks and equipment used in water services to subdivision projects.

96.92% Increase in Deferred income tax assets

The increase in this account was mainly due to increase in deferred tax related to advance rentals for the period.

33.06% Increase in Other assets

The increase in this account was mainly due to creditable withholding tax, input vat, various rental deposits and construction costs of the non-current assets acquired in relation to BTO agreement with the Government of Cebu.

598.55% Increase in Income tax payable

The increase in income tax payable is due to higher current income tax expense in excess of the creditable withholding taxes.

24.13% Increase in Due to related parties

The increase was due to temporary advances from affiliates which were all in the regular course of business. These advances are expected to be paid or liquidated within the first quarter of the following year.

11.99% Increase in Loans payable

The increase was due to additional borrowings made to finance the various projects of the Company and its Subsidiaries.

11.58% Increase in Bonds payable

The increase was due to the issuance of fixed-rate bonds by the Company with an aggregate principal amount of ₱7 billion in November 2014 to finance the various projects of the Company, offset by full payment of ₱4.5 billion bonds issued in 2009.

26.50% Increase in Retirement Liabilities

The increase was due to the accrual of the liability to the retirement fund for the year, net of cash contributions to the fund.

16.95% Increase in Deferred Income Tax Liabilities - net

The increase was mainly due to the additional capitalized borrowing cost on long-term loans.

Performance Indicators

Financial Ratios	***Particulars***	**2014**	**2013**
Earnings per Share	Basic[1]	0.19	0.16
Earnings per Share	Diluted[2]	0.19	0.16

Debt to Equity Ratio	Loans Payable and Bonds Payable / Total Equity	0.77	0.74
Debt Ratio	Total Liabilities / Total Assets	0.51	0.50
EBITDA to Total Interest Paid	EBITDA / Total Interest Paid	3.01	3.03
Price Earnings Ratio	Closing Price of Share / Earnings Per share	8.05	8.81

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

[2]*Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.There are no dilutive potential ordinary shares as of December 31, 2014 and 2013.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED 31 DECEMBER 2013 COMPARED TO FULL YEAR ENDED 31 DECEMBER 2012

Results of operations for the 12-month period ended 31 December 2013 compared to 12-month period ended 31 December 2012

For the year ended 31 December 2012, FLI's net income registered a year on year growth of 13.94% or ₱486.41 million from ₱3,489.54 million in 2012 to ₱3,975.95 million in 2013.

Revenues

FLI recorded real estate sales of ₱ 10,478.48 million in 2013, higher by 19.10% than the real estate sales in 2012 of ₱ 8,798.36 million. Recorded sales in 2013 consisted mostly of sales of medium-rise buildings and condominium projects, which are accounted for based on the stage of completion, along with sales of affordable and middle-income lots and housing units.

In 2013, FLI launched a total of 17 new housing and land development projects including additional phases of existing projects as well as new MRBs. FLI is also considering other regions for land acquisitions and development or joint venture arrangements. As of December 31, 2013, FLI had signed joint venture agreements for the development of several properties on a total of approximately 324.44 hectares of raw land with landowners in Metro Manila and selected provinces in the Philippines.

Revenue from rental services increased by ₱ 146.99 million or by 7.79% to ₱ 2,034.08 million in 2013 from ₱ 1,887.09 million in 2012. This increase was brought about by higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from higher take up rate of "Filinvest One" in 2013. Other sources of revenue from rental services include the ready-built-factories in Filinvest Technology Park in Calamba, Laguna, and commercial and office spaces in Alabang, Muntinlupa City and Makati City.

Interest income increased by ₱ 32.86 million or by 6.36% in 2013 from ₱ 516.54 million in 2012 to ₱ 549.40 million in 2013. The increase was due to higher interest income derived from cash and cash equivalents and from contract receivables. Other income increased by 7.41% or by ₱39.24 million from ₱529.53 million in 2012 to ₱568.77 million in 2013 due to higher income from amusement centers, parking and other lease-related activities, and processing fees.

Costs and Expenses

With the higher sales, the corresponding cost of real estate sales increased by 22.50% from ₱ 4,927.46 million in 2012 to ₱ 6,036.08 million in 2013. Cost of rental services likewise increased by 3.75% from ₱473.62 million in 2012 to ₱ 491.40 million in 2013.

Total operating expenses increased to ₱ 2,071.07 million in 2013 from ₱ 1,969.15 million in 2012.

General and administrative expenses increased by ₱ 81.69 million or by 7.45% to ₱ 1,178.59 million in 2013 from ₱ 1,096.90 million in 2012. The increase was due to higher repairs and maintenance, insurance expenses, salaries and wages, recreation and other representation expenses; offset by decrease in rental, taxes and licenses, communications, light and water, transportation and outside services recorded for the current period.

Selling and marketing expenses increased by 2.32% to ₱ 892.48 million in 2013 from ₱ 872.25 million in 2012 mainly due to the increase in broker's commission, sales office direct cost and other sales generation expenses as a result of increasing sales volume and activities.

Interest and other financial charges increased by 14.89% to ₱ 474.45 million in 2013 from ₱ 412.96 million in 2012. This was due to increase in loan availment and issuance of ₱ 7 billion bonds during the year.

Provision for Income Tax

Provision for income tax increased by 18.89% from ₱ 646.09 million in 2012 to ₱ 768.15 million in 2013. Provision for current income tax increased to ₱ 481.99 million in 2013 from ₱397.47 million in 2012 or an increase of ₱84.52 million or by 21.26% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax decreased by ₱ 37.54 million or by 15.10% from ₱248.61 million in 2012 to ₱ 286.15 million in 2013 due to higher realized gross profit on capitalized interest through cost of sales.

Financial Condition as of 31 December 2013 compared to as of 31 December 2012

As of 31 December 2013, FLI's total consolidated assets stood at ₱98,097.05 million, higher by 18.72% or by ₱15,467.07 million than the ₱82,629.98 million total consolidated assets as of 31 December 2012. The following are the material changes in account balances:

195.12% Increase in Cash and Cash Equivalents

The increase in this account was mainly due to improved cash generation from operations and proceeds from the Company's issuance of fixed rate retail bonds amounting to P7.0 billion in November 2013. Funds will be used to finance the development of existing and new projects of the Company lined up for the following year.

23.46% Increase in Contracts Receivable

Contracts receivable increased due to additional sales booked during the period. Several attractive financing schemes are being offered by the Company and its Subsidiaries to its real estate buyers to further increase sales.

5.30% Increase in Due from related parties

The increase was due to temporary advances made to affiliates in the regular course of business. These advances are expected to be collected within the following year.

27.52% Decrease in Financial assets at fair value through other comprehensive income

This account decreased due to return of investments received from certain shares from an electric power distributor.

22. 29% Increase in Land and Land Development

The increase in this account was mainly due to acquisition of parcels of land in Cavite, and in the cities of Pasig, Quezon, Taguig, and Valenzuela, and Manila***.***

22.62% Increase in Investment property

The increase was mainly due to the additional construction costs of Plaza E, Vector buildings, Filinvest One, Two & Three buildings, Megablock, and FLI EDSA Transcom building. Also, project costs were increased for the expansion of Festival Supermall. The Company also purchased a lot located in Pasay City which it aims to develop as a BPO center. An additional parcel of land located in SRP, Cebu City was also paid during the year.

13.34% Decrease in Property & equipment

The decrease was mainly due to depreciation during the current period and the reclassification of building into investment properties account.

45.07% Decrease in Deferred income tax assets - net

The decrease in this account was mainly due to decrease in advance rentals as majority were realized as income for the period.

59.47% Increase in Other assets

The increase in this account was mainly due to creditable withholding tax, input vat, various rental deposits and other non-current assets acquired in relation to BTO agreement with the Government of Cebu.

22.68% Increase in Accounts payable and accrued expenses

The increase is mainly due to acquisitions of raw land and to the increases in deposits from tenants and buyers, retention from billings of contractors, and accrual of interests on loans and bonds.

28.58% Decrease in Income tax payable

The decrease in income tax payable was due to application of creditable withholding taxes on the tax due for the year.

14.01% Increase in Due to related parties

The increase was due to temporary advances from affiliates which were all in the regular course of business. These advances are expected to be paid or liquidated within the first quarter of the following year.

31.30% Increase in Loans payable

The increase was due to additional borrowings made to finance the various projects of the Company and its Subsidiaries.

48.40% Increase in Bonds payable

The increase was due to the issuance of fixed-rate bonds by the Company with an aggregate principal amount of ₱7 billion in November 2013 to finance the various projects of the Company.

16.94% Increase in Retirement Liabilities

The increase was due to the accrual of the liability to the retirement fund for the year, net of cash contributions to the fund, and adoption to PAS 19, *Employee Benefits* (Revised).

14.78% Increase in Deferred Income Tax Liabilities - net

The increase was mainly due to the additional capitalized borrowing cost on long-term loans.

Performance Indicators

Financial Ratios	Particulars	2013	2012
Earnings per Share	Basic	0.16	0.14
Earnings per Share	Diluted	0.16	0.14
Debt to Equity Ratio	Loans Payable and Bonds Payable / Total Equity	0.74	0.55
Debt Ratio	Total Liabilities / Total Assets	0.50	0.44
EBITDA to Total Interest paid	EBITDA / Total Interest Paid	3.03	3.23
Price Earnings Ratio	Closing Price of Share / Earnings Per share	8.81	10.64

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FULL YEAR ENDED 31 DECEMBER 2012 COMPARED TO FULL YEAR ENDED 31 DECEMBER 2011

Results of operations for the 12-month period ended 31 December 2012 compared to 12-month period ended 31 December 2011

For the year ended 31 December 2012, FLI's operating net income registered a year on year growth of 16.26% or ₱487.96 million from ₱3,001.58 million in 2011 to ₱3,489.54 million in 2012.

Revenues

FLI recorded real estate sales of ₱8,798.36 million in 2012, higher by 26.53% than the real estate sales in 2011 of ₱ 6,953.47 million. Recorded sales in 2012 consisted mostly of sales of affordable and middle-income lots and housing units including the medium-rise-buildings and condominium projects, which are accounted for based on the stage of completion.

In 2012, FLI launched a total of 20 new housing and land development projects including additional phases of existing projects as well as new MRBs. FLI is also expanding the geographic regions in which it seeks to acquire land and where it will pursue joint venture opportunities. As of 31 December 2012, FLI had signed joint venture agreements for the development of several properties on a total of approximately 379.2 hectares of raw land with landowners in Metro Manila and selected provinces in the Philippines.

Revenue from Rental services increased by ₱249.75 million or by 15.25% to ₱1,887.09 million in 2012 from ₱1,637.34 million in 2011. This increase was brought about by higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from higher take up rate of Vector 1 in 2012. Other sources of revenue from rental services include the ready-built-factories in Filinvest Technology Park in Calamba, Laguna.

Equity in net earnings from an associate also increased to ₱187.30 million in 2012 from ₱63.41 million in 2011 or by 195.38% due to higher earnings of Filinvest Alabang, Inc. (FAI) where FLI is a 20% equity holder.

Other income decreased by 9.93% or by ₱58.39 million from ₱587.92 million in 2011 to ₱529.53 million in 2012 due to lower amusement and other sales of the mall, service fees and amounts collected from tenants in excess of expenses incurred.

Cost and Expenses

With the higher sales, the corresponding cost of real estate sales increased by 36.41% from ₱3,612.29 million in 2011 to ₱4,927.46 million in 2012. Cost of rental services likewise increased by 3.78% from ₱456.37 million in 2011 to ₱473.62 million in 2012.

Total operating expenses increased to ₱1,969.15 million in 2012 from ₱1,676.13 million in 2011.

General and administrative expenses increased by ₱185.58 million or by 20.36% to ₱1,096.90 million in 2012 from ₱911.32 million in 2011.

The following are the significant movements in the general and administrative expense accounts which resulted primarily from the increased volume of business:

66% increase in rent expense

60% increase in repairs and maintenance

31% increase in taxes and licenses

33% increase in dues and subscription

23% increase in outside services

25% increase in retirement cost, from ₱19.88 million in 2011 to ₱24.88 million in 2012.

114% increase in insurance expenses, from ₱26.86 million in 2011 to ₱57.41 million in 2012.

Selling and marketing expenses increased by 14.05% to ₱872.25 million in 2012 from ₱764.81 million in 2011 mainly due to the increase in broker's commission, advertising, promotion and sales generation expenses as a result of increasing sales volume and activities.

Interest and other financial charges decreased by 13.75% to ₱412.96 million in 2012 from ₱478.82 million in 2011. This was due to higher capitalization of borrowing costs in 2012, and brought about by payment of loans and fixed-rate retail bonds amounting to₱2,371.42 million and₱500.00 million, respectively.

Provision for Income Tax

Provision for income tax increased by 15.34% from ₱560.18 million in 2011 to ₱646.09 million in 2012. Provision for current income tax decreased to ₱397.47 million in 2012 from ₱505.42 million in 2011 or a decrease of ₱107.95 million or by 21.36% due to higher income from BOI registered projects entitled to income tax holiday.

Provision for deferred income tax increased by ₱193.84 million or by 353.92% from ₱54.77 million in 2011 to ₱248.61 million in 2012 due to advance rentals and due to higher capitalization of borrowing costs.

Financial Condition as of 31 December 2012 as compared to 31 December 2011

The Company's financial position as of 31 December 2011 discussed below is equivalent to the consolidated statement of financial position as of 01 January 2012 as presented in the audited consolidated financial statements, included elsewhere in this Prospectus.

As of 31 December 2012, FLI's total consolidated assets stood at ₱82,629.98 million, higher by 19.89% than the ₱68,290.97 million as at the previous year-end.

81% Increase in Cash and cash equivalents

The increase represents mainly proceeds from the Company's issuance of fixed rate retail bonds amounting to ₱7.0 billion in June 2012. Funds will be used to finance the development of existing and new projects of the Company lined up for the following year.

25% Increase in Contracts receivable
Contracts receivable increased due to additional sales booked during the current period.

24% Decrease in Due from related parties
The decrease was due to increase in collections of temporary advances made to affiliates in the regular course of business.

23% Increase in Other receivables
This account increased due to down payments made to contractors which are to be applied against their billings and ordinary advances to joint venture partners which will be offset against the proceeds from sales of the joint venture inventories.

24% Increase in Real estate inventories
The movement in this account was mainly due to development and construction costs set up for projects during the year and additional phases of existing projects.

9% Increase in Land and land development
The increase in this account was mainly due to acquisition of new properties in various parts of the country which are intended for development of housing projects and payment made to the Cebu City Government for the purchase of part of the 10.6 hectare SRP property.

3% Increase in Investment in an associate
The increase in this account represents the equity share of the Group in the current net earnings of FAI.

24% Increase in Investment properties
The increase was mainly due to the transfer of a building under construction to Investment properties account upon completion of its construction.

3% Increase in Property and equipment
The increase in this account was mainly due to building and leasehold improvements and acquisition of additional equipment.

5% Decrease in Deferred tax assets - net
The increase was mainly due to advance rentals from Northgate Cyberzone buildings and from PBCom Tower in Makati City.

104% Increase in Other assets
The increase in this account was mainly due to higher creditable withholding tax and input vat for the year.

37% Increase in Accounts payable and accrued expenses
The increase is mainly due to increase in deposits from tenants and buyers, retention from billings of contactors, and accrual of interests on loans and bonds.

64% Decrease in Income tax payable
The decrease in income tax payable was due to application of creditable withholding taxes on the tax due for the year.

276% Increase in Due to related parties
The increase was due to temporary advances from affiliates which were all in the regular course of business. These advances are expected to be paid or liquidated within the first quarter of the following year.

28% Increase in Loans payable
The increase was due to additional borrowings made to finance the various projects of the Company.

80% Increase in Bonds payable
The increase was due to the issuance of fixed rate retail bonds by the Company with an aggregate principal amount of ₱7 billion in June 2012 to finance the various projects of the Company.

67% Increase in Retirement liabilities
The increase was due to the accrual of the liability to the retirement fund for the year, net of cash contributions to the fund, and due to early adoption by the Company of revised PAS 19, *Employee Benefits.*

17% Increase in Retained earnings
This was brought about by the Company's net income attributable to equity holders of the parent of ₱3.43 billion for the year net of cash dividends paid in 2012.

13% Increase in Deferred income tax liabilities – net
The increase in this account was mainly due to the capitalization of pat of interests on long-term loans.

Performance Indicators

Financial Ratios	Particulars	2012	2011
Earnings per Share	Basic	0.14	0.12
Earnings per Share	Diluted	0.14	0.12
Debt to Equity Ratio	Loans Payable and Bonds Payable / Total Stockholder's Equity	0.55	0.38
Debt Ratio	Total Liabilities / Total Assets	0.44	0.36
EBITDA to Total Interest Paid	EBITDA / Total Interest Paid	3.36	5.28
Price Earnings Ratio	Closing Price of Share / Earnings Per share	10.64	8.25

Other Disclosures

The information is not necessarily indicative of the results of the future operations. The information set out above should be read in conjunction with, and is qualified in its entirety by reference to the SEC Form 17-Q (1st Quarterly Report 2015) and the relevant financial statements of Filinvest Land, Inc. and Subsidiaries, including the notes thereto, included in this Prospectus.

Aside from the possible material increase in interest rates of the outstanding long-term debts with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of FLI within the next 12 months. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments, or any significant amount in its accounts payable that have not been paid within the stated terms.

There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried uniformly over the calendar year; there are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships to the Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

The Company does not have any contingent liability of borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Set forth below are the directors and officers of the Company and their business experience for the past five (5) years as at 31 March 2015:

Andrew L. Gotianun, Sr.
Chairman Emiritus

Mr. Gotianun, 87, Filipino, is the founder of the Filinvest Group of Companies and is presently serving in various capacities in the member companies of the Filinvest Group. He was first elected as Director of the Company on November 24, 1989. He is Chairman Emeritus and Director of Filinvest Development Corporation ("FDC") and East West Banking Corporation ("EWBC"), both publicly-listed companies, and a Director in FDC Utilities, Inc. ("FDCUI") and its subsidiaries. He is also the Chairman and President of Pacific Sugar Holdings Corporation ("PSHC"). He also worked for the Insular Bank of Asia and America from 1980 to1985 and for Filinvest Credit Corporation from 1970 to 1985. He is a graduate of San Beda College with an Associate Degree in Commercial Science.

Jonathan T. Gotianun
Chairman of the Board

Mr. Gotianun, 61, Filipino, was first elected as a Director of FLI on June 17, 1994. He also serves as the Chairman of the Board of Directors of FDC and EWBC, both publicly-listed companies. He is also the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and Director and Chairman of the Executive Committee of FDCUI and its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.

Andrew T. Gotianun, Jr.
Vice Chairman

Mr. Gotianun, 63, Filipino, was first elected as a Director of FLI on November 24, 1989. He is also a Director of FDC, a publicly-listed company, and a Director in FAI, FDCUI and TSNC. He served as director of Family Bank and Trust Co. from 1980 to 1984. He has been in the realty business for more than 16 years. He obtained his Bachelor of Science (Major in Accounting) degree from Republican College in 1981.

Lourdes Josephine G. Yap
President & Chief Executive Officer, Director

Mrs. Yap, 59, Filipino, was first elected as a Director of FLI on November 24, 1989. Mrs. Yap, who was elected as the President and CEO of FLI on October 31, 2012, is also a Director and the President and CEO of FDC, a publicly-listed company, The Palms Country Club, Inc. ("TPCCI"), Timberland Sports and Nature Club, Inc. ("TSNC") and FAI, and a Director in FDCUI and EWBC, a publicly-listed company. She obtained her Master's Degree in Business Administration from the University of Chicago

in 1977.

Michael Edward T. Gotianun
Director

Mr. Gotianun, 58, became a Director of FLI after his election in May 2015. He is concurrently a Special Assistant to the Chairman of the Board of East West Banking Corporation since 2006 and Vice President of Filinvest Development Corporation since 1990. He also served as General Manager for Filinvest Technical Industries Alabang from 1987 to 1990 and Loans Officer for Family Bank & Trust Company Makati from 1979 to 1984. He earned his degree in Business Management from the University of San Francisco in California, USA.

Mercedes T. Gotianun
Director

Mrs. Gotianun, 86, Filipino, was a Director of FLI from 1991 to 2010 and its Chief Executive Officer from 1997 to 2007. She was first elected as a Director of FLI on November 24, 1989. She serves as a Director of EWBC and FDC, both publicly-listed companies, and also a Director of FAI, PSHC, FDCUI and TPCCI. She was involved in the operations of Family Bank and Trust Co. since its founding in 1970 and was President and Chief Executive Officer of the bank from 1978 to 1984. She obtained her university degree from the University of the Philippines.

Efren C. Gutierrez
Director

Mr. Gutierrez, 79, Filipino, was a Director of FLI from 1994 to 2001, and was re-elected to FLI's Board in 2006. He was first elected as a Director of FLI on June 17, 1994. He served as the President of FAI from 1999 to 2005. He is a Director of The Palms Country Club, Inc. He is not a Director of any other publicly-listed company. He obtained his Bachelor of Laws degree from the University of the Philippines.

Val Antonio B. Suarez
Independent Director

Atty. Suarez, 56, Filipino, became an independent director of FLI after his election in May 2015. Concurrently, he serves as independent director in Filinvest Development Corporation and Lepanto Consolidated Mining Corporation. He is also a Managing Partner in Suarez & Reyes Law Offices since 2000 and likewise holds various directorship positions and key management positions in various companies. Previously, he served as President and Chief Executive Officer of the The Philippine Stock Exchange, Inc. in 2010 and Chief Representative of HSBC Investment Bank Asia Limited from 1995 to 2000. He obtained his Bachelor of Arts in Economics from the University of the Philippines, Bachelor of Laws from Ateneo de Manila University and Master of Laws from Georgetown University.

Lamberto U. Ocampo
Independent Director

Mr. Ocampo, 89, Filipino, was an independent director of FLI from 2002 to 2008, having been first elected as an independent director of FLI on May 30, 2002. In 2012, Mr. Ocampo was re- elected as an independent director of FLI. He is a Civil Engineer by profession. He served as director of DCCD Engineering Corporation from 1957 to April 2001, as its Chairman of the Board from 1993 to 1995, and President from 1970 to 1992. He is not a Director of any other publicly-listed company. He obtained his Master's

Degree in Engineering from the University of California-Berkeley.

Nelson M. Bona ***Chief Financial Officer & Senior Vice President***

Mr. Bona, 64, Filipino, was appointed as FLI's Chief Financial Officer in January 2007. He was formerly an Executive Vice President of EWBC and Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc.

Ana Venus A. Meija

Deputy Chief Finance Officer and Treasurer

Ms. Mejia, 49, Filipino, has been with the Filinvest Group for 17 years, joining in January 1996 as Assistant Controller of Filinvest Development Corp and has served the Group in various capacities. She was appointed as Treasurer of FLI on 2012. Prior to joining Filinvest, she worked with Shoemart and Sycip, Gorres, Velayo & Company. She is a Certified Public Accountant and a Magna Cum Laude from Pamantasan ng Lungsod ng Maynila.

Elma Christine R. Leogardo ***Acting Corporate Secretary and Compliance Officer***

Atty. Leogardo, 56, Filipino, was appointed by the Board of Directors as Acting Corporate Secretary and Acting Compliance Officer on July 15, 2014. She concurrently serves as a Vice President of the Legal Department of the Company. Prior to joining the Company, she was a senior partner at Villaraza Cruz Marcelo & Angangco. She is a fellow of the Institute of Corporate Directors, a trustee of the Legal Management Council of the Philippines, was former President and current trustee of the Maritime Law Association of the Philippines, and a member of the Integrated Bar of the Philippines and the Philippine Bar Association. She holds a Bachelor of Arts degree, *cum laude*, from the University of the Philippines, and a Bachelor of Laws degree from the same university.

The members of the Nomination Committee of FLI are Andrew L. Gotianun, Sr. (Chairman), Mercedes T. Gotianun, Lourdes Josephine G. Yap, Lamberto U. Ocampo (Independent Director) and Rizalangela L. Reyes. Ms. Reyes sits in the committee in an ex-officio capacity as the head of FLI's Human Resources Department. The Audit Committee of FLI is composed of Cirilo T. Tolosa (Chairman/Independent Director), Jonathan T. Gotianun and Efren C. Guiterrez.

Mr. Andrew L. Gotianun, Sr. is the spouse of Ms. Mercedes T. Gotianun and the father of Mr. Andrew T. Gotianun Jr., Mr. Jonathan T. Gotianun, Mr. Michael Edward T. Gotianun and Ms. Josephine Yap. Ms. Yap is married to Mr. Joseph Yap. Other than the persons disclosed in the prospectus, there are no other family relationships known to the Company.

The directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been duly appointed or elected and qualified.

Officers and committee members are appointed or elected annually by the Board of Directors at its first meeting following the annual stockholders' meeting, each to hold office until the corresponding meeting

of the Board of Directors in the next year or until a successor shall have been duly elected, appointed or shall have qualified. There is no person who is not an executive officer of the Company who is expected to make a significant contribution to the business. The Company, however, engages the regular services of consultants. As at 31 March 2015, the Company had eight (8) consultants in the area of business development, marketing, planning and design and construction management.

Except as may have been disclosed in the Prospectus, there were no transactions during the last two years or any proposed transactions, to which the Company was or is to be a party, in which any director or officer, any nominee for election as a director, any security holder or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Except for (a) criminal cases filed in 2007 before the Department of Justice (DOJ) in I.S. 2007-001 and 2007-011 and which were dismissed by the DOJ on 26 March 2009 and 07 April 2009, respectively, and (b) criminal complaints in the Prosecutor's Office (filed against Mr. Joseph M. Yap and other FLI officers) arising from alleged unlawful collection of subdivision dues and other charges being collected by a homeowner's association which was dismissed on January 23, 2012, none of the members of FLI's Board of Directors nor its executive officers are involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past five years and up to December 31, 2014, nor have they been found by judgment or decree to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities.

EXECUTIVE COMPENSATION

The aggregate compensation paid or incurred during the last two fiscal years and the estimate for this year are as follows (in ₱ millions):

Name & Principal Position	Estimate for 2015			2014			2013-		
	Salaries	Bonus	Total	Salaries	Bonus	Total	Salaries	Bonus	Total
L. Josephine G. Yap *President/CEO* Steven Chien Liang Ta *Senior Vice President* Nelson M. Bona *CFO/Senior Vice President* Venus A. Mejia *Senior Vice President* Francis V. Ceballos *Senior Vice President*									
Total for the CEO and the four highest paid officials	23.1	4.83	27.93	21.95	4.56	25.51	19.07	4.33	23.4
Total of all officers and Directors as a group	44.78	7.77	52.55	42.64	7.40	50.04	38.02	7.39	45.41

Except for a per diem of ₱50,000 being paid to each directors for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

There has been no action taken at the annual meeting of the stockholders last May 8, 2015 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of FLI will participate. Neither is there any proposed grant or extension to any such person of any option, warrant or right to purchase any securities of FLI.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

The names, addresses, citizenship, number of shares held, and percentage of total of persons owning more than five percent (5%) of the outstanding voting shares of FLI as at 31 March 2015 are as follows:

Title of Class of Securities	Name/Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of shares Held		% of Ownership
Preferred	Filinvest Development Corporation, *The Beaufort, 5th Avenue Corner 23rd street, Bonifacio Global City, Taguig City*	N.A.	Filipino	8,000,000,000	(R)	100%
Common	Filinvest Development Corporation, *The Beaufort, 5th Avenue Corner 23rd street, Bonifacio Global City, Taguig City*	N.A.	Filipino	14,408,926,734	(R)	59.42%
Common	PCD Nominee Corporation (Non - Filipino), *G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City*	Invesco Hong Kong Limited (more than 5%)	Non-Filipino	6,851,581,870	(R)	28.25%
Common	PCD Nominee Corporation (Filipino), *G/F, Philippine Stock Exchange Tower Ayala Avenue, Makati City*	(No single shareholder owns at least 5% of total shares)	Filipino	2,696,073,379		11.12%

Total number of shares of all record and beneficial owners as a group is 8,000,000,000 preferred shares representing 100% of the total outstanding preferred shares, and 24,249,759,506 common shares representing 100% of the total outstanding common shares as at 31 March 2015.

Security Ownership of Management as at 31 March 2015

Title of Class of Securities	Name and Address	Common Shares	Nature of Ownership	Citizenship	% of Ownership
Common	Andrew T. Gotianun	76	(D)	Filipino	Negligible
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Mercedes T. Gotianun	76	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Andrew T. Gotianun Jr.	406,571	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Joseph M. Yap	6,444,115	(D)	Filipino	0.02
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Josephine G. Yap	76	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Jonathan T. Gotianun	61	(D)	Filipino	"
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Efren C. Gutierrez	13,083	(D)	Filipino	“
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Lamberto U. Ocampo	1	(D)	Filipino	“
	c/o 173 P. Gomez St. San Juan MM	0	(I)		
Common	Joseph and/or Josephine Yap	7,694,843	(D)	Filipino	0.03
	79 EDSA, Mandaluyong City, MM	30,345,345	(I)		0.12
Common	Cirilo T. Tolosa	1	(D)	Filipino	“
	79 EDSA, Mandaluyong City, MM	0	(I)		
Common	Michael Edward T. Gotianun	11,235,913	(D)	Filipino	0.05
	79 EDSA, Mandaluyong City, MM	0	(I)		

Title of Class of Securities	Name and Address	Common Shares	Nature of Ownership	Citizenship	% of Ownership
Common	Luis L. Fernandez	4,064,940	(D)	Filipino	0.01
		0	(I)		
Common	Antonio E. Cenon	81,297	(D)	Filipino	"
		0	(I)		
Common	Winnifred H. Lim	0	(D)	Filipino	"
		1,026,563	(I)		

Total ownership of all directors and officers as a group is 0.25% as at 31 March 2015. Interests of the above directors/executive officers in the Company's common shares are direct.

a) No person holds more than 5% of the common stock under a voting trust or similar agreement.

b) There has been no change in control of FLI since the beginning of last year.

Voting Trust Holders of 5% or more

There are no persons holding 5% or more of a class of shares under any voting trust or similar agreement.

Changes in Control

There are no arrangements that may result in change in control of the Company.

DESCRIPTION OF DEBT

Accounts Payable and Accrued Expenses

This account consists of the following (in ₱ thousands):

	March 31, 2015	December 31, 2014
Accounts payable	₱4,980,011	₱5,140,046
Advances and deposits from customers	1,648,192	1,410,239
Deposits for registration and insurance	1,669,613	1,549,182
Retention fees payable	1,357,526	1,304,620
Deposits from tenants	628,192	660,058
Accrued expenses	294,907	322,975
Accrued interest on bonds and loans	239,600	254,278
Liabilities on receivables sold to banks	8,504	8,504
Other payables	209,485	195,096
	₱11,036,030	₱10,844,998

"Accounts payable" includes the outstanding balance of the costs of raw land acquired by the Company and its Subsidiaries 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 developments costs incurred by the Company and its Subsidiaries.

"Advances and deposits from customers" includes collections from accounts which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized receivables on sale of real estate inventories.

"Deposits for registration and insurance" includes payments made by buyers for registration and insurance of real estate properties.

"Deposits from tenants" are advance payments made for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Accrued Expenses" pertain to various operating expenses incurred by the Company and its Subsidiaries in the course of business such as salaries and wages, professional fees and utilities expense.

"Other payables" pertain mainly to withholding taxes and output VAT payables.

Long-Term Debt

This account consists of the following (in ₱ thousands):

	2015 March 31	2014 December 31
Term Loans from a financial institution	225,000	225,000
Developmental loans from local banks	16,126,800	16,294,797
Bonds Payable	23,798,413	23,786,796
Total long-term debts	**40,150,213**	**40,306,593**

Term Loans from a Financial Institution

On 17 June 2005, the Company entered into a Local Currency Loan Agreement with a foreign financial institution whereby the Company was granted a credit line facility amounting to ₱2,250.00 million. In October 2005, the Company availed of ₱1.125 million or half of the total amount granted. The loan is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan carries a fixed interest rate of 7.72% per annum.

In July 2007, the Company availed the remaining balance of the facility amounting to ₱1,125.00 million. The loan is also payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan has a fixed annual interest rate of 7.90%.

Both loans were guaranteed by Filinvest Development Corporation (FDC), the Company's parent company. Principal payments made amounted to nil and ₱450.0 million for the three months ended 31 March 2015 and for the year ended 31 December 2014, 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 ₱28.45 million and ₱25.45 million as of 31 March 2015 and 31 December 2014, respectively.

Bonds

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 ₱16.09 million and ₱18.55 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March

31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱2.46 million and ₱2.30 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 proceeds of the offering amounting to ₱4,427.42 million was used for project development and about ₱2,488.56 million was used for land acquisition as of December 31, 2012. The second tranche amounting to ₱4.0 billion was no longer issued to the public due to expiration of registration, instead FLI applied a new registration for a separate bond offering.

Unamortized debt issuance cost on bonds payable amounted to ₱45.75 million and ₱48.73 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March 31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱3.15 million and ₱2.78 million, respectively.

On November 8, 2013, FLI issued to the public unsecured fixed rate retail bonds with aggregate principal amount of ₱7 billion comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 and ₱2.7 billion ten (10) year fixed rate bonds due in 2023. The seven-year bonds carry a fixed interest rate of 4.8562% per annum while the five-year bonds have a fixed interest rate of 5.4333% per annum.

The Company expects to raise net proceeds of approximately ₱6,932,405,621 after deducting fees, commissions, and expenses relating to the issuance of the Bonds while the actual net proceeds amounted to ₱6,917,093,003.36. The Company utilized the net proceeds of the Bonds to partially finance the projects in the fourth quarter of 2013 and in 2014, the total capital expenditure of which amounts to ₱7.14 billion.

Unamortized debt issuance cost on bonds payable amounted to ₱65.83 million and ₱68.77 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March 31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱2.94 million and ₱3.09 million, respectively.

On December 4, 2014, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱ 7.00 billion comprising of ₱ 5.30 billion seven (7)-year fixed rate bonds due in 2021 and ₱ 1.70 billion ten (10)-year fixed rate bonds due in 2024. The seven-year bonds carry a fixed rate of 5.4% per annum while the ten-year bonds have a fixed interest rate of 5.64% per annum. FLI raised net proceeds of ₱ 6,922,093,063. As of June 30, 2015, the Company has fully utilized the net proceeds from the said bond issue in accordance with its intended use of proceeds as per the prospectus submitted to the SEC.

Unamortized debt issuance cost on bonds payable amounted to ₱73.91 million and ₱76.95 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March 31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱3.07 million and nil, respectively.

These bonds require the Company to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio of 1.0x. As of March 31, 2015 and December 31, 2014 and 2013, the Company is not in breach of any of these debt covenants.

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 Company are 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 Company has complied with these contractual agreements. There was neither default nor breach noted for the three months ended 31 March 2015. The Company does not have properties that are mortgaged or encumbered.

CORPORATE GOVERNANCE

FLI's Manual on Corporate Governance was approved on 29 August 2002 in order to monitor and assess the FLI's compliance with leading practices on good corporate governance as specified in its Corporate Governance Manual and Philippine SEC circulars. The Manual on Corporate Governance highlights areas for compliance improvement and sets out actions to be taken by FLI. FLI submits a certificate attesting to compliance with the Manual to the Philippine SEC and the PSE before the end of each year. FLI began submitting the certificate of compliance to the Philippine SEC and the PSE in 2003. On 28 February 2011, FLI filed a Revised Manual on Corporate Governance in compliance with the directive of the SEC on additional mandatory provisions to be incorporated thereto.

FLI is in substantial compliance with its Manual of Corporate Governance as demonstrated by the following: (a) the election of two (2) independent directors to the Board; (b) the appointment of members of the audit, nomination and compensation committees; (c) the conduct of regular quarterly board meeting and special meetings, the faithful attendance of the directors at these meeting and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities and Regulation Code; (e) FLI's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by FLI.

In order to keep itself abreast with the leading practices of corporate governance, FLI encourages the members of top level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions. Furthermore, FLI has also raised its level of reporting to adopt and implement prescribed International Accounting Standards.

FLI welcomes proposal, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors, to improve corporate governance.

There is no known material deviation from FLI's Manual on Corporate Governance.

FINANCIAL INFORMATION

The following pages set forth FLI's unaudited consolidated financial statements as of 31 March 2015 and for the 3-month period ended 31 March 2014 and 2015, and audited consolidated financial statements as of and for the years ended 31 December 2013 and 2014.

COVER SHEET

SEC Registration Number

1	7	0	9	5	7				

Company Name

FILINVEST LAND, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

79 EDSA, Brgy. Highway Hills, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17Q - 1(A)		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	918-8188	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
		3/31/2015

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	918-8188	

Contact Person's Address

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

FILINVEST LAND, INC.
79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

May 15, 2015

ATTY. JUSTINA F. CALLANGAN
Director
Corporate Governance and Finance Department
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City

Dear Atty. Callangan:

We are submitting an amended SEC Form 17Q Report for the period ended March 31, 2015, which was filed to the Commission on May 14, 2015. The amendment aims to correct the comparative period presented in the *Consolidated Statements of Changes in Equity*. The previously filed report presented the December 31, 2014 changes in equity instead of the March 31, 2014 changes in equity.

We hope you find everything in order.

Respectfully yours,

Nelson M. Bona
Chief Financial Officer

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 **March 31, 2015 (Amended)**

2. SEC Identification Number **170957**

3. BIR Tax ID **000-533-224**

4. Exact name of issuer as specified in its charter **FILINVEST LAND, INC.**

Philippines
5. Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: _____ (SEC Use Only)

Filinvest Building, #79 EDSA, Brgy. Highway Hills, Mandaluyong City **1550**
7. Address of issuer's principal office Postal Code

02-918-8188
8. Issuer 's telephone number, including area code

Not Applicable
9. Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the SRC

Title of Each Class	Number of shares of Common Stock Outstanding	Amount of Debt Outstanding
Common Stock, P 1.00 par value	24,249,759,509	40,150,212,644

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [x] No [ ]

12. Indicate by check mark whether the issuer:

(a) has filed reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA Rule 1(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days.
Yes [x] No [ ]

TABLE OF CONTENTS

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 three months ended March 31, 2015 and 2014, and period ended December 31, 2014. The Aging Schedule for the Company's receivables as of March 31, 2015 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 three months ended March 31, 2015.

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), then a wholly-owned subsidiary of the Parent Company was incorporated and started its commercial operations on June 6, 2012. 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 29, 2014, FDC subscribed to the remaining unissued shares of CWSI for a total consideration at par of ₱7.5 million, giving FDC 75% ownership over CWSI. Furthermore, the Parent Company agreed to sell its investment in CWSI on October 31, 2014 for a total consideration of ₱2.5 million. The sale resulted to FDC having 100% equity interest in CWSI. No gain or loss was recognized from the transaction.

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 March 31, 2015, December 31, 2014 and 2013:

Subsidiaries	Nature of Business	**2015**	2014	2013
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
Cyberzone Properties, Inc. (CPI)	Leasing	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	–	–
*Countrywide Water Services, Inc. (CWSI)	Waterworks and sewerage system	–	–	100%

**On September 26, 2014, FDC subscribed the remaining unissued shares of and acquired the Parent Company's interest in CWSI, resulting to FDC having 100% interest in CWSI as of December 31, 2014.*

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 Group's financial statements are consistent with those of the previous financial years except for the adoption of the following amended standard which became effective beginning January 1, 2014.

The nature and the impact of each new standard and amendment are described below:

- *Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities, and PAS 27, Separate Financial Statements)*, amendments 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. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group since it has no investment which will qualify as an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)*, clarifies the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*, provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not entered into any hedging arrangement.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendments)*, remove the unintended consequences of PFRS 13, *Fair Value Measurement,* on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's financial statements.

- Philippine Interpretation IFRIC 21, *Levies (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. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRSs (2010-2012 cycle)
In the 2010 - 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

Annual Improvements to PFRSs (2011-2013 cycle)
In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Determination of the Group's functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of each entity within the Group has been determined to be the Peso. It is the currency that mainly influences the Group's operations.

Classification of Financial Instruments

The Group classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definition of the instruments. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position. The Group determines the classification at initial recognition and re-evaluates this designation at every reporting date.

Real Estate Revenue Recognition

Selecting an appropriate revenue recognition method for a real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on sale which may be ascertained through the significance of the buyer's initial payments in relation to the total contract price; and,
- Stage of completion of the project development.

Operating Lease Commitments - The Group as Lessor

The Group has entered into various property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership on these properties hence classified as operating leases.

Operating Lease Commitments - The Group as Lessee

The Group has entered into various leases for its occupied offices. The Group has determined that all significant risks and rewards of ownership are retained by the respective lessors and therefore account for these leases as operating lease.

Determining Classification of Investment in Club Project

Being a real estate developer, the Group determines how investment in club project shall be accounted for. In determining whether this shall be accounted for as inventories or as financial instruments, the Group considers its role in the development of the Club and its intent for holding the related club shares.

The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell the developed property, together with the related club shares.

Determining control over FAC

The Group determined that it has control over FAC as the Group has the power to direct the relevant activities of FAC despite the existence of a contractual arrangement which grants the other investor rights over certain activities of FAC. Management assessed that the rights held by the investor through contractual arrangement are only designed to protect the other investor's interest and are merely held to prohibit fundamental changes in the activities of FAC rather than bestow the power to direct the relevant activities over FAC. Accordingly, the Group accounted for its investment in FAC as an investment in subsidiary.

Determining significant influence over FAI
The Group determined that it has significant influence over Filinvest Alabang, Inc. (FAI). Management assessed that it has the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. Accordingly, FAI is considered an associate.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the assessment of probability and estimates of potential outflow or in the effectiveness of the strategies relating to these proceedings.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimate on When the Buyer's Investment is Qualified for Revenue Recognition on Real Estate Sales
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Revenue and cost recognized based on percentage of completion for the three months ended March 31, 2015, 2014 and 2013 are as follows:

	2015	2014	2013
		(In Thousands)	
Real estate sales	**₱2,421,356**	₱1,910,447	₱1,696,713
Cost of real estate	**1,392,050**	1,140,563	1,028,794

Evaluation of Impairment of Financial Assets at Amortized Cost
The Group reviews financial assets at amortized cost, other than cash and cash equivalents, at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statements of income. If there is objective evidence that an impairment loss on financial assets at amortized cost, other than cash and cash equivalents, has been incurred, the carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

The Group maintains allowance for doubtful accounts based on the result of the individual and collective assessment. Under the individual assessment, impairment loss is determined as the difference between the receivables carrying balance and recoverable amount. Factors considered in individual assessment include payment history, account status and term.

The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, account status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile adjusted on the basis of current observable data to reflect the effects of current conditions.

The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ, depending on the judgments and estimates made for the period. Based on the Group's experience, its financial assets at amortized cost are highly collectible or collectible on demand.

The contracts receivables are collateralized by the corresponding real estate properties sold. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market prices.

Estimating Useful Lives of Investment Properties and Property and Equipment
The Group estimates the useful lives of its depreciable investment properties and property and equipment based on the years over which these assets are expected to be available for use. The estimated useful lives of depreciable investment properties and property and equipment are reviewed at least annually; and, are updated if expectations differ from previous estimates due to physical wear and tear, as well as technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

Estimating NRV of real estate inventories
The Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investment in an associate, property and equipment, investment properties and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends. If such indicators are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount. The recoverable amount is the asset's fair value less cost to sell, except for investment in an associate, which have recoverable value determined using value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investment in an associate. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of CPI and Festival Supermall structure is based on value-in-use calculations that uses a discounted cash flow model. For the Group's impairment test for goodwill on acquisition of FAC, the Group availed of the services of an independent appraiser to compute the value-in -use using income capitalization approach. The cash flows are derived from budget and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

Estimating Retirement Liabilities
The determination of the Group's obligation and cost for retirement is dependent on selection of certain assumptions used by the actuary in calculating such amounts.

Recognition of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

Fair Values of Financial Instruments
The preparation of consolidated financial statements in compliance with PFRS requires certain financial assets and financial liabilities to be carried at fair value, the determination of which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these financial assets and financial liabilities would affect directly the Group's consolidated net income and other comprehensive income.

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 the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall (the "Mall") and the leasing of office spaces in Makati City and Alabang, Muntinlupa City.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, which in certain respects, are measured similarly as net income in the consolidated financial statements.

The chief operating decision-maker has been identified as the Executive Committee. This committee reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

No operating segments have been aggregated to form the above reportable segments.

Transfer prices between segments are on an arm's length basis and have the terms equivalent to transactions entered into with third parties.

The information about the financial position and result of operations of these business segments are summarized below (amounts in thousands of pesos).

	March 31, 2015 (Unaudited)				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Revenue and other income except equity in net earnings of an associate:					
External	**3,933,095**	**627,420**	**4,560,515**	**(30,441)**	**4,530,074**
Inter-segment	**33,135**	**–**	**33,135**	**(33,135)**	**–**
	3,966,230	**627,420**	**4,593,650**	**(63,576)**	**4,530,074**
Equity in net earnings of an associate	**33,732**	**–**	**33,732**	**–**	**33,732**
Revenue and other income including equity in net earnings of an associate	**3,999,962**	**627,420**	**4,627,382**	**(63,576)**	**4,563,806**
Net income	**831,776**	**418,072**	**1,249,848**	**(5,165)**	**1,244,683**
Adjusted EBITDA	**1,314,080**	**587,656**	**1,901,736**	**(32,649)**	**1,869,087**
Segment assets	**74,022,146**	**32,684,364**	**106,706,510**	**1,277,487**	**108,003,735**
Less deferred tax assets	**–**	**9,660**	**9,660**	**–**	**9,660**
Net segment assets	**74,022,146**	**32,694,442**	**106,716,588**	**1,277,487**	**107,994,075**
Segment liabilities	**46,995,521**	**7,621,726**	**54,617,247**	**80,231**	**54,697,478**
Less deferred tax liabilities	**2,651,913**	**–**	**2,651,913**	**142,982**	**2,794,895**
Net segment liabilities	**44,343,608**	**7,621,726**	**51,965,334**	**(62,751)**	**51,902,583**
Cash flows from:					
Operating activities	**(859,742)**	**724,868**	**(134,874)**	**110,015**	**(24,859)**
Investing activities	**875,676**	**(2,047,803)**	**(1,172,127)**	**–**	**(1,172,127)**
Financing activities	**(779,457)**	**(97,293)**	**(876,750)**	**126,582**	**(750,168)**

	March 31, 2014 (Unaudited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	3,311,964	567,610	3,879,574	91	3,879,665
Inter-segment	28,427	–	28,427	(28,427)	–
	3,340,391	567,610	3,908,001	(28,336)	3,879,665
Equity in net earnings of an associate	11,459	–	11,459	–	11,459
Revenue and other income including equity in net earnings of an associate	3,351,850	567,610	3,919,460	(28,336)	3,891,124
Net income	722,988	360,764	1,083,752	(611)	1,083,141
Adjusted EBITDA	1,062,164	509,009	1,571,173	(7,183)	1,563,990

	March 31, 2014 (Unaudited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Cash flows from:					
Operating activities	463,611	534,694	998,305	(273,186)	725,119
Investing activities	327,323	(2,047,803)	(1,720,480)	–	(1,720,480)
Financing activities	(1,116,781)	487,705	(629,075)	(30,362)	(659,437)

	December 31, 2014 (Audited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Segment assets	73,776,744	31,491,689	105,268,433	1,139,147	106,407,580
Less deferred tax assets	478	23,786	24,264	–	24,264
Net segment assets	73,776,266	31,467,903	105,244,169	1,139,147	106,383,316
Segment liabilities	46,304,859	7,854,514	54,159,373	166,633	54,326,006
Less deferred tax liabilities	2,386,976	27,047	2,414,023	143,945	2,557,968
Net segment liabilities	43,917,883	7,827,467	51,745,350	22,688	51,768,038

Investing activities consist of acquisitions of raw land and additions to property and equipment, investment properties and other investments.

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statements of income:

	March 31, 2015 (Unaudited)	March 31, 2014 (Unaudited)
	(In Thousands)	
Adjusted EBITDA	**₱1,869,087**	₱1,563,990
Depreciation and amortization	**(102,673)**	(93,617)
Operating profit	**1,766,414**	1,470,373
Interest and other finance charges	**(232,953)**	(187,910)
Equity in net earnings of an associate	**33,732**	11,459
Income before income tax	**₱1,567,193**	₱1,293,922

5. Investment in FAC

As of March 31, 2015 and December 31, 2014, noncontrolling interest amounted to ₱134.69 million and ₱134.73 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:

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
	(In Thousands)	
Assets:		
Cash and cash equivalents	**₱193,988**	₱171,421
Other current assets	**130,709**	138,391
Other noncurrent assets excluding goodwill	**1,345,943**	1,387,355
Goodwill	**494,744**	494,744

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
	(In Thousands)	
Liabilities:		
Current liabilities	**(335,971)**	(388,361)
Noncurrent liabilities	**(997,934)**	(971,978)
Total Equity	**₱831,479**	₱831,572
Attributable to:		
Equity holders of the Parent	**₱696,785**	₱696,841
Noncontrolling interest	**134,694**	134,731

Summarized statements of comprehensive income for the period ended March 31:

	2015	2014
	(In Thousands)	
Revenue	**₱101,193**	₱78,780
Costs	**(13,628)**	(7,244)
Interest and other finance charges	**(27,125)**	(24,281)
Income before income tax	**65,005**	53,771
Provision for income tax	**(14,740)**	(11,916)
Net income/Total comprehensive income	**₱50,265**	₱41,855
Attributable to noncontrolling interest	**₱19,963**	₱16,639
Dividends paid to noncontrolling interest	**20,000**	–

Summarized statements of cash flows information for the period ended March 31:

	2015	2014
	(In Thousands)	
Operating	**₱106,295**	₱78,254
Investing	**(258)**	(2,528)
Financing	**(83,471)**	(24,515)
	₱22,567	₱51,211

6. Accounts Payable and Accrued Expenses

This account consists of:

	March 31, 2015	December 31, 2014
	(In Thousands)	
Accounts payable	**₱4,860,103**	₱5,140,046
Advances and deposits from customers	**1,643,590**	1,410,239
Deposits for registration and insurance	**1,669,613**	1,549,182
Retention fees payable	**1,357,526**	1,304,620
Deposits from tenants	**628,192**	660,058
Accrued expenses	**341,399**	322,975
Accrued interest on bonds and loans	**239,600**	254,278
Liabilities on receivables sold to banks	**8,504**	8,504
Other payables	**474,264**	195,096
	₱11,222,791	₱10,844,998

"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.

"Other payables" pertain mainly to withholding taxes and output VAT payables.

7. Long Term Debt

The comparative details of this account are as follows (amounts in thousands of pesos):

	2015 March 31	2014 December 31
Term Loans from a financial institution	**225,000**	225,000
Developmental loans from local banks	**16,126,800**	16,294,797
Bonds Payable	**23,798,413**	23,786,796
Total long-term debts	**40,150,213**	40,306,593

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 nil and ₱225.00 million as of March 31, 2015 and December 31, 2014, 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 ₱28.45 million and ₱25.45 million as of March 31, 2015 and December 31, 2014, respectively.

Bonds

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 ₱15.26 million and ₱18.55 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March 31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱2.46 million and ₱2.30 million, respectively.

On May 24, 2012, The Securities and Exchange Commission authorized FLI to issue P11 billion 7-year fixed-rate bonds in two tranches. The first tranche, amounting to P7.0 billion, was issued to the public on June 8, 2012 with a rate of 6.2731% p.a., payable quarterly in arrears and is due 2019. The Parent Company expected to raise net proceeds amounting to P6,902,774,375 while actual net proceeds was P6,915,976,960 after deducting fees, commissions and expenses relating to the issuance of the bonds.

The proceeds of the offering amounting to ₱4,427.42 million was used for project development and about ₱2,488.56 million was used for land acquisition as of December 31, 2012. The second tranche amounting to ₱4.0 billion was no longer issued to the public due to expiration of registration, instead FLI applied a new registration for a separate bond offering.

Unamortized debt issuance cost on bonds payable amounted to ₱45.75 million and ₱48.73 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March 31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱3.16 million and ₱3.32 million, respectively.

On November 8, 2013, FLI issued to the public unsecured fixed rate retail bonds with aggregate principal amount of ₱7 billion comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 and ₱2.7 billion ten (10) year fixed rate bonds due in 2023. The seven-year bonds carry a fixed interest rate of 4.8562% per annum while the five-year bonds have a fixed interest rate of 5.4333% per annum.

The Parent Company expects to raise net proceeds of approximately ₱6,932,405,621 after deducting fees, commissions, and expenses relating to the issuance of the Bonds while the actual net proceeds amounted to ₱6,917,093,003.36. The Parent Company utilized the net proceeds of the Bonds to partially finance the projects in the fourth quarter of 2013 and in 2014, the total capital expenditure of which amounts to ₱7.14 billion.

Unamortized debt issuance cost on bonds payable amounted to ₱65.83 million and ₱68.77 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March 31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱2.94 million and ₱3.09 million, respectively.

On December 4, 2014, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱ 7.00 billion comprising of ₱ 5.30 billion seven (7)-year fixed rate bonds due in 2021 and ₱ 1.70 billion ten (10)-year fixed rate bonds due in 2024. The seven-year bonds carry a fixed rate of 5.4% per annum while the ten-year bonds have a fixed interest rate of 5.64% per annum. FLI raised net proceeds of ₱ 6,922,093,063.

Unamortized debt issuance cost on bonds payable amounted to ₱73.91 million and ₱76.95 million as of March 31, 2015 and December 31, 2014, respectively. Accretion as of three months period ended March 31, 2015 and 2014 included as part of Interest and Other Finance Charges amounted to ₱3.07 million and ₱0.93 million, respectively.

These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio of 1.0x. As of December 31, 2014 and 2013, the Group is not in breach of any of these debt covenants.

8. Other Income - net

For the three months ended March 31, 2015 and 2014, this account consists of:

	2015	2014
	(In Thousands)	
Processing fees	**₱70,917**	₱52,640
Forfeited reservations and collections	**50,260**	20,375
Income from amusement centers, parking and other lease-related activities	**34,234**	34,788
Service fees	**22,266**	1,545
Others	**4,993**	8,268
	₱182,670	₱117,616

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 ₱16,351.80 million loans outstanding as of March 31, 2015, ₱3,989.55 million are on floating rate basis. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, or the Company's annualized profit before tax through the impact on floating rate borrowings.

	Increase (decrease) in basis points	Effect on annualized income before income tax (In Thousands)
March 31, 2015	+200	(₱79,791)
	-200	79,791

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 March 31, 2015 is ₱22,652.57 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 Thousands of Pesos)

	March 31, 2015		December 31, 2014	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Cash & Cash Equivalents	**2,298,533**	**2,298,533**	4,245,687	4,245,687
Contract Receivables	**19,746,162**	**20,114,768**	16,972,347	17,289,174
Other Receivables	**3,614,515**	**3,614,515**	3,500,956	3,500,956
Long-term Debt	**40,150,213**	**40,510,954**	40,306,593	38,642,173

Due to the short-term nature of Cash & Cash Equivalents, the fair value approximates the carrying amounts.

The estimated fair value of 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 three months ended March 31, 2015 compared to three months ended March 31, 2014

For the three months ended March 31, 2015, FLI's net income from its business segments registered a year-on-year growth of 14.91% or an increase of ₱161.542 million from ₱1,083.14 million in 2014 to ₱1,244.68 million in 2015.

Revenues
Total consolidated revenues went up by 15.32% to ₱4,144.92 million during the first three months of 2015 from ₱3,594.17 million for the same period last year. The increase resulted from the continued robust real estate sales that reached ₱3,548.56 million (up by ₱493.87 million or by 16.17 %) and rental revenue of ₱596.37 million (higher by ₱56.88 million or 10.54%). Real estate sales booked during the current period broken down by product type are as follows: Middle Income 84% (inclusive of Medium-Rise Buildings and High-Rise Buildings); Affordable 10%; High-End 3%; Farm Estate 1%; Socialized and Others 2%. 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 "Plaza E."

Interest income for the three months ended March 31, 2015 increased by 20.61% to ₱202.48 million from ₱167.88 million during the same period in 2014. The increase was due to higher interest generated from installment contracts receivable and bank deposits. Other income increased by 63.47% to ₱191.41 million from ₱117.14 million or by ₱74.35 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 an associate increased from ₱11.46 million in 2014 to ₱33.73 million in 2015 or by 194.37% due to higher earnings recorded by Filinvest Alabang, Inc. (FAI) for the period. FLI has a 20% equity interest in FAI.

The Company also registered a foreign exchange loss of ₱8.82 million for the three months in 2015 compared to foreign exchange gain of ₱0.48 million in 2014 due to the recent decline 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 ₱1,781.70 million in 2014 to ₱2,084.46 million in 2015 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 ₱510.92 million or by 26.74% from ₱1,910.44 million during the three months ended March 31, 2014 to ₱2,421.36 million for the same period of 2015.

Expenses
General and administrative expenses increased by ₱16.23 million during the three months of 2015 or by 5.45%, from ₱297.69 million in 2014 to ₱313.92 million in 2015. 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 ₱29.00 million or by 14.00% 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 53.01% or by ₱111.73 million to ₱322.51 million for the three months of 2015 from ₱210.78 million for the same period in 2014.

Provision for current income tax decreased to ₱76.18 million in 2015 from ₱142.02 million in 2014 or a decrease of ₱65.85 million or by 46.36% due to lower taxable income.

Provision for deferred income tax increased by ₱177.57 million or by 258.26% from ₱68.76 million in 2014 to ₱246.33 million in 2015 due to higher capitalized borrowing cost and other temporary differences.

Financial Condition as of March 31, 2015 compared to as of December 31, 2014

As of March 31, 2015, FLI's total consolidated assets stood at ₱108,003.74 million, higher by 1.50% or by ₱1,596.16 million than the ₱106,407.58 million total consolidated assets as of December 31, 2014. The following are the material changes in account balances:

45.86% Decrease in Cash and cash equivalents
Funds were used for the development of existing and new projects and for the construction of new buildings (investment properties) and for raw land acquisitions.

16.34% 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.

3.24% Increase in Other Receivables
This account increased due to the additions in advances to joint venture partners and contractors.

1.17% Increase in Land and land development
The increase in this account was mainly due to additional payments or new acquisition of raw land during the period.

4.16% Increase in Investment property
The increase was mainly due to the additional costs of investment properties from CPI and various raw land acquired for investment purposes.

5.39% Decrease in Property and equipment
The decrease in this account was mainly due to the reclassification of construction in progress of FSI mall from property and equipment to investment property.

60.19% Decrease in Deferred income tax assets
The decrease in deferred income tax assets is due the advances on rent applied this year.

6.12% Increase in Other assets
The increase in this account was mainly due to higher input vat, creditable withholding tax and construction costs related to acquired non-current asset.

3.48% 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.

76.89% Decrease in Income tax payable
The decrease in income tax payable is due to lower current income tax expense offset by creditable withholding taxes.

9.26% Increase in Deferred income tax liabilities
The increase in deferred tax liabilities is mainly due to additional capitalized borrowing costs slightly offset by the realized portion of the sales.

Performance Indicators

Financial Ratios	Particulars	As of and for the three months ended March 31, 2015	As of Dec. 31, 2014 and for the three months ended March 31, 2014
Earnings per Share	Net income (Not Annualized) / Weighted average number of outstanding common shares	**0.05**	0.04
Earnings per Share	Net income (Annualized) / Weighted average number of outstanding common shares	**0.20**	0.18
Debt to Equity Ratio	Long Term Debt / Total Stockholder's Equity	**0.75**	0.77
Debt Ratio	Total Liabilities / Total Assets	**0.51**	0.50
EBITDA to Interest paid	EBITDA (Not Annualized) / Interest paid	**3.32 times**	3.41 times
Price Earnings Ratio	Closing Price of Share / Earnings per Share (Annualized)	**9 times**	8.89 times

Earnings per share (EPS) posted for the three months of 2015 went up by 14.84% compared to the EPS for the same period in 2014 on account of higher net income.

The Debt-to-equity (D/E) ratio increased due to lower loan level as of the current period while Debt ratio increased due to higher level of total liabilities as of the current period.

Price earnings multiple went up due to the increase of the market share price as of end of the current period. As of March 31, 2015 and 2014, and as of December 31, 2014, market share price of FLI's stock was at ₱1.80, ₱1.60 and ₱1.53 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 March 31, 2015, the Company had a land bank of approximately 2,400.33 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 March 31, 2015 are set out in the table below:

FLI Land Bank as of March 31, 2015 Area in Hectares				
Location	Company Owned	Under Joint Ventures	Total	% to Total
Luzon				
Metro Manila	53.11	–	53.11	2.21%
Rizal	774.30	86.22	860.53	35.85%
Bulacan	234.78	–	234.78	9.78%
Pampanga	–	59.19	59.19	2.47%
Cavite	382.27	88.99	471.26	19.63%
Laguna	282.13	1.31	283.44	11.81%
Batangas	145.87	43.42	189.29	7.89%
Palawan	–	6.00	6.00	0.25%
Sub-total	1,872.46	285.14	2,157.60	89.89%
Visayas				
Cebu	4.94	31.65	36.59	1.52%
Iloilo	0.92	–	0.92	0.04%
Bacolod	50.85	–	50.85	2.12%
Dumaguete	2.14	–	2.14	0.09%
Sub-total	58.85	31.65	90.50	3.77%
Mindanao				
General Santos	99.56	–	99.56	4.15%
Davao	45.02	7.65	52.68	2.19%
Sub-total	144.58	7.65	152.24	6.34%
Total	2,075.89	324.44	2,400.33	100.0%

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 City di 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 City 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 five 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 has been completed, while Tower 2 is expected to be delivered in the 3rd quarter of 2015.

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 was completed 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", was 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.

The following table sets out all of FLI's projects with ongoing housing and/or land development or marketing as of March 31, 2015.

Category / Name of Project	Location
SOCIALIZED	
Belleview Meadows	Tanza, Cavite
Belmont Hills	Gen. Trias, Cavite
Belvedere Townhomes	Tanza, Cavite
Blue Isle	Sto. Tomas, Batangas
Castillion Homes	Gen. Trias, Cavite
Melody Plains	San Jose del Monte, Bulacan
Mistral Plains	Gen. Trias, Cavite
Sandia Homes Ph 1	Tanauan, Batangas
Southern Heights	San Pedro, Laguna
Sunny Brooke	Gen. Trias, Cavite
Sunrise Place	Tanza, Cavite
Sunrise Place Mactan	Mactan, Cebu
AFFORDABLE	
Aldea del Sol	Mactan, Cebu
Aldea Real	Calamba, Laguna
Alta Vida Expansion	San Rafael, Bulacan
Alta Vida Prime	San Rafael, Bulacan
Amare Homes	Tanauan, Batangas
Amarilyo Crest	Taytay, Rizal
Anila Park	Taytay, Rizal
Anila Park Townhomes	Taytay, Rizal
Austine Homes	Pampanga
Bluegrass County	Sto. Tomas, Batangas
Brookside Lane	Gen. Trias, Cavite
Claremont Village	Mabalacat, Pampanga
Ocean Cove 2	Davao City
Crystal Aire	Gen. Trias, Cavite
East Bay Palawan	Puerto Princesa, Palawan
Fairway View	Dasmarinas, Cavite
Futura Homes – San Pedro	San Pedro, Laguna
La Brisa Townhomes	Calamba, Laguna
Meridian Place	Gen. Trias, Cavite

Category / Name of Project	Location
AFFORDABLE	
Palmridge	Sto. Tomas, Batangas
Parkspring	San Pedro, Laguna
Primrose Hills	Angono, Rizal
Primrose Townhomes	Angono, Rizal
Raintree Prime Residences	Dasmarinas, Cavite
Savannah Fields	Gen. Trias, Cavite
Sommerset Lane	Tarlac City
Springfield View	Tanza, Cavite
Summerbreeze Townhomes	Sto. Tomas, Batangas
The Glens at Park Spring	San Pedro, Laguna
The Peak	Taytay, Rizal
The Residences @ Castillon Homes	Tanza, Cavite
The Villas	Taytay, Rizal
Tierra Vista	San Rafael, Bulacan
Valle Dulce Ph1	Tanza, Cavite
Valle Alegre	Calamba, Laguna
Villa Mercedita	Davao City
Villa Montseratt 1D	Taytay, Rizal
Villa Montseratt 3C	Taytay, Rizal
Villa Montseratt Expansion	Taytay, Rizal
Westwood Mansion Expansion	Tanza, Cavite
Westwood Place	Tanza, Cavite
Woodville	Gen. Trias, Cavite
MIDDLE-INCOME	
Amalfi Oasis	South Road Properties, Cebu
Ashton Fields	Calamba, Laguna
Asiana Oasis	Paranaque, Metro Manila
Bali Oasis 1	Pasig City, Metro Manila
Bali Oasis 2	Pasig City, Metro Manila
Capri Oasis	Pasig City, Metro Manila
Corona Del Mar	Talisay, Cebu
Eight Spatial	Maa, Davao
Escala (La Constanera)	Talisay, Cebu
Filinvest Homes - Butuan	Butuan, Agusan Del Norte
Filinvest Homes- Tagum	Tagum City, Davao
Fuente de Villa Abrille	Davao City
Hampton Orchards	Bacolor, Pampanga
Highlands Pointe	Taytay, Rizal
La Mirada of the South	Binan, Laguna
Manor Ridge at Highlands	Taytay, Rizal
Maui Oasis	Sta. Mesa, Manila
Montebello	Calamba, Laguna
NorthviewVillas	Quezon City
Nusa Dua (Residential)	Tanza, Cavite
Ocean Cove	Davao City

Category / Name of Project	Location
MIDDLE-INCOME	
One Oasis Cagayan de Oro	Cagayan de Oro City
One Oasis Cebu	Mabolo, Cebu City
One Oasis Davao	Davao City
One Oasis Ortigas	Pasig City, Metro Manila
One Spatial	Pasig City, Metro Manila
One Spatial Iloilo	Iloilo
Orange Grove	Davao City
Princeton Heights	Molino, Cavite
San Remo Oasis	South Road Properties, Cebu
Somerset Lane, Ph 2	Tarlac City
Sorrento Oasis	Pasig City, Metro Manila
Southpeak	San Pedro, Laguna
Spring Country	Batasan Hills, Quezon City
Spring Heights	Batasan Hills, Quezon City
Studio A	Quezon City
Studio City	Filinvest Corporate City, Alabang
Studio Zen	Pasay City, Metro Manila
Tamara Lane (formerly Imari)	Caloocan City
The Enclave at Filinvest Heights	Quezon City
The Enclave at Highlands Pointe	Taytay, Rizal
The Glades	Timberland Heights, San Mateo, Rizal
The Levels	Filinvest Corporate City, Alabang
The Linear	Makati City
The Pines	San Pedro, Laguna
The Terraces Ph 1B & Ph 2	Taytay, Rizal
The Tropics	Cainta, Rizal
Villa San Ignacio	Zamboanga City
Vinia Residences & Versaflats	Edsa, Quezon City
Viridian at Southpeak	San Pedro, Laguna
West Palms	Puerto Princesa, Palawan
HIGH-END	
Arista	Talisay, Batangas
Bahia	Talisay, Batangas
Banyan Crest	San Mateo, Rizal
Banyan Ridge	San Mateo, Rizal
Brentville International	Mamplasan, Binan, Laguna
Fortune Hill	San Juan City
Highlands Pointe	Taytay, Rizal
Kembali Arista	Samal Island, Davao
Mission Hills - Sta Sophia	Antipolo, Rizal
Mission Hills - Sta. Catalina	Antipolo, Rizal
Mission Hills - Sta. Isabel	Antipolo, Rizal

Category / Name of Project	Location
HIGH-END	
Orilla	Talisay, Batangas
Prominence 2	Mamplasan, Binan, Laguna
Sunshine Place	Mamplasan, Binan, Laguna
The Arborage at Brentville Int'l	Mamplasan, Binan, Laguna
The Meridien	Mamplasan, Binan, Laguna
The Ranch	San Mateo, Rizal
The Signature	Quezon City
Village Front	Mamplasan, Binan, Laguna
Woodmore Spring A	Mamplasan, Binan, Laguna
LEISURE - FARM ESTATES	
Forest Farms	Angono, Rizal
Mandala Residential Farm	San Mateo, Rizal
Nusa Dua	Tanza, Cavite
LEISURE PRIVATE MEMBERSHIP CLUB	
Timberland Sports and Nature Club	San Mateo, Rizal
LEISURE - RESIDENTIAL RESORT DEVELOPMENT	
Kembali Coast	Samal Island, Davao
Laeuna De Taal	Talisay, Batangas
INDUSTRIAL/COMMERCIAL	
Filinvest Technology Park	Calamba, Laguna
The Mercado	Taytay, Rizal
CONDOTEL	
100 West	Makati City
Grand Cenia Hotel & Residences	Cebu City
The Leaf	San Mateo, Rizal

On-going developments of the abovementioned projects are expected to require additional funds but FLI believes that it will have sufficient financial resources for these anticipated requirements, both from debt financing and generation from operations.

In 2015, FLI intends to retain its dominant position as the leader in MRB projects by launching five (5) new projects nationwide and four (4) additional buildings of existing projects, with an estimated sales value of ₱ 4.21 billion. This will bring the Company's total MRB projects to 21 (excluding condotel). These new MRB projects are part of the total ₱16.19 billion estimated sales value of new projects slated for launch by FLI in 2015.

In the 1st quarter of 2015, FLI launched the following new MRB/HRB and horizontal projects, and additional buildings/phases of its existing projects with estimated sales value of ₱2.10 billion:

Horizontal	
Meridian Place	Tanza, Cavite
MRB	
One Spatial Ilo-ilo	Ilo-ilo
One Spatial Bldg. 5	Pasig City
8 Spatial Davao Bldg. 2	Davao

In 2015, FLI plans to launch one (1) new and four (4) additional buildings of existing "Oasis" projects. These new 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 Sanremo Oasis in Cebu, One Oasis Davao and One Oasis Cagayan de Oro. Also, the Parent Company plans to launch three (3) new "Spatial" projects in Iloilo, Dumaguete, and Valenzuela City following the success of One Spatial in Pasig City and 8 Spatial Davao which is recently launched in 2014. FLI also plans to launch new MRBs not under "Oasis" and "Spatial" brands located in Tagaytay and Davao. Estimated sales value of these planned launches is ₱ 4.77 billion.

Aside from the MRB's, FLI has pipelined 10 horizontal residential projects with an estimated revenue of about ₱7.34 billion and 2 high-rise buildings (mixed-use) with an estimated sales value of ₱4.08 billion.

Northgate Cyberzone

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 208,000 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 2nd quarter of 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. 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 Cyberzone Cebu
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 for Tower one is 2nd quarter 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 construction of the mall in one in Tagaytay City and will also start constructing another mall at Princeton Heights residential projects located in Cavite.

The Group will continue to carry out an intensive marketing campaign so as to maintain a high occupancy rate in Festival Supermall, PBCom Tower and Northgate Cyberzone properties, thereby maximizing its leasing revenues.

Registration with the Board of Investments (BOI)

As of the date of this report, FLI has registered the following projects with the BOI under the Omnibus Investments Code of 1987 (Executive order No. 226):

Name	Reg. No.	Date Registered	Type of Registration
La Brisa Townhomes	2011-117	9-Jun-11	New Developer of Low-Cost Mass Housing Project
Ocean Cove	2011-133	27-Jun-11	New 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
Tierra Vista	2011-191	31-Aug-11	New Developer of Low-Cost Mass Housing Project
Somerset Lane	2011-273	21-Dec-11	New Developer of Low-Cost Mass Housing Project
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 – Bldg. 1 - 8	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

Name	Reg. No.	Date Registered	Type of Registration
Filinvest Homes-Butuan	2012-094	7-Jun-12	New Developer of Low-Cost Mass Housing Project
Maui Oasis, Bldg. 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
Sorrento Oasis – Bldg. M1 & M2	2014-204	12-Nov-14	New Developer of Low-Cost Mass Housing Project
One Oasis CDO - Bldg. 1	2014-212	4-Dec-14	New Developer of Low-Cost Mass Housing Project
Vinia Residences	2014-205	12-Nov-14	New Developer of Low-Cost Mass Housing Project
Studio City Tower 2	2015-058	5-Mar-15	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, 2014 (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, 2014.

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 March 31, 2015 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 (2014) 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 March 31, 2015 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, 2014 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, 2014 to March 31, 2015.

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:	May 15, 2015

Signature:	**NELSON M. BONA**
Title:	Senior Vice-President / Chief Financial Officer
Date:	May 15, 2015

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)

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Cash and cash equivalents	2,298,533	4,245,687
Contracts receivable	19,746,162	16,972,347
Due from related parties	233,098	243,033
Other receivables	3,614,515	3,500,956
Financial assets at fair value through other comprehensive income	23,852	23,852
Real estate inventories	23,439,242	24,238,988
Land and land development	17,591,561	17,388,474
Investment in an associate	4,008,585	3,974,854
Investment properties	27,406,087	26,311,332
Property and equipment	1,251,930	1,323,190
Deferred income tax assets	9,660	24,264
Goodwill	4,567,242	4,567,242
Other assets	3,813,268	3,593,361
TOTAL ASSETS	108,003,735	106,407,580
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses	11,222,791	10,844,998
Income tax payable	27,830	120,431
Loans payable	16,351,800	16,519,797
Bonds payable	23,798,413	23,786,796
Due to related parties	257,155	259,694
Retirement liabilities	244,594	236,322
Deferred income tax liabilities - net	2,794,895	2,557,968
Total Liabilities	54,697,478	54,326,006
Equity		
Common stock	24,470,708	24,470,708
Preferred stock	80,000	80,000
Additional paid-in capital	5,612,321	5,612,321
Treasury stock	(221,041)	(221,041)
Retained earnings	22,983,284	21,758,564
Revaluation reserve on financial assets at fair value through other comprehensive income	(2,619)	(2,619)
Remeasurement losses on retirement plan	(112,884)	(112,884)
Share in other components of equity of an associate	361,794	361,794
Equity attributable to equity holders of the parent	53,171,563	51,946,843
Non-controlling interest	134,694	134,731
Total Equity	53,306,257	52,081,574
TOTAL LIABILITIES AND EQUITY	108,003,735	106,407,580

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

	Three Months Period Ended March 31,	
	2015 (Unaudited)	2014 (Unaudited)
REVENUE		
Real estate sales	**3,548,555**	3,054,683
Rental services	**596,366**	539,487
EQUITY IN NET EARNINGS OF AN ASSOCIATE	**33,732**	11,459
OTHER INCOME		
Interest income	**202,483**	167,879
Foreign currency exchange gain (loss) - net	**(8,817)**	480
Others	**191,487**	117,136
	4,563,806	3,891,124
COSTS		
Real estate sales	**2,084,458**	1,781,704
Rental services	**129,176**	122,790
OPERATING EXPENSES		
General and administrative expenses	**313,920**	297,688
Selling and marketing expenses	**236,106**	207,110
INTEREST AND OTHER FINANCE CHARGES	**232,953**	187,910
	2,996,613	2,597,202
INCOME BEFORE INCOME TAX	**1,567,193**	1,293,922
PROVISION FOR INCOME TAX		
Current	**76,179**	142,024
Deferred	**246,331**	68,757
	322,510	210,781
NET INCOME	**1,244,683**	1,083,141
Attributable to:		
Equity holders of the parent	**1,224,720**	1,066,502
Noncontrolling interest	**19,963**	16,639
	1,244,683	1,083,141
	-	-
EARNINGS PER SHARE		
Basic/Diluted		
1. Not Annualized		
a. Net income	**1,224,720**	1,066,502
b. Weighted average number of outstanding common shares	**24,249,759**	24,249,759
c. Earnings per share - Basic/Diluted (a/b)	**0.05**	0.04
2. Annualized		
a. Net income	**4,898,880**	4,266,008
b. Weighted average number of outstanding common shares	**24,249,759**	24,249,759
c. Earnings per share - Basic/Diluted (a/b)	**0.20**	0.18

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands of Pesos)

	Three Months Period Ended March 31,	
	2015 (Unaudited)	2014 (Unaudited)
NET INCOME FOR THE PERIOD	**1,244,683**	1,083,141
Other comprehensive income not to be reclassified to profit or loss, net of tax	-	-
Remeasurement losses on retirement plan, net of tax	-	-
TOTAL COMPREHENSIVE INCOME	**1,244,683**	1,083,141
Attributable to:		
Equity holders of the parent	**1,224,720**	1,066,502
Noncontrolling interest	**19,963**	16,639
	1,244,683	1,083,141

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

	Three Months Period Ended March 31,	
	2015	2014
	(Unaudited)	(Unaudited)
Capital Stock		
Common shares - P1 par value		
Authorized - 33 billion shares		
Issued - 24,470,708,509 shares		
Outstanding - 24,249,759,509	**24,470,708**	24,470,708
Preferred shares - P0.01 par value		
Authorized - 8 billion shares		
Issued and outstanding - 8 billion shares	**80,000**	80,000
Treasury shares	**(221,041)**	(221,041)
Additional paid-in capital	**5,612,321**	5,612,321
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Share in components of equity of an associate	**361,794**	361,794
Remeasurement losses on retirement plan	**(112,884)**	(105,686)
Retained earnings		
Balance at beginning of the period	**21,758,564**	18,437,397
Net income	**1,224,720**	1,066,502
Balance at end of the period	**22,983,284**	19,503,899
Equity attributable to equity holders of the parent	**53,171,563**	49,699,376
Noncontrolling interest	**134,694**	369,676
Total Equity	**53,306,257**	50,069,052

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

	Three Months Period Ended March 31,	
	2015	**2014**
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**1,567,193**	1,293,922
Adjustments for:		
Interest expense	**201,099**	160,481
Depreciation and amortization	**102,673**	93,617
Equity in net earnings of an associate	**(33,732)**	(11,459)
Interest income	**(202,483)**	(167,879)
Operating income before changes in operating assets and liabilities	**1,634,750**	1,368,682
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivables	**(2,773,815)**	(892,088)
Due from related parties	**9,935**	(4,599)
Other receivables	**(113,559)**	259,381
Real estate inventories	**989,441**	322,710
Other assets	**(251,418)**	(362,291)
Increase in:		
Accounts payable and accrued expenses	**401,121**	(133,367)
Retirement liabilities	**8,272**	6,059
Net cash generated from operations	**(95,273)**	564,487
Interest received	**202,483**	167,879
Income taxes paid	**(132,069)**	(7,247)
Net cash provided by operating activities	**(24,859)**	725,119
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment properties and property and equipment	**(875,138)**	(428,072)
Acquisition of rawland	**(296,989)**	(1,292,408)
Cash used in investing activites	**(1,172,127)**	(1,720,480)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availments of:		
Loans Payable	**2,300,000**	500,000
Payments of:		
Loans Payable	**(2,465,000)**	(640,000)
Interest paid	**(562,629)**	(458,733)
Increase (decrease) in amounts due to related parties	**(2,539)**	(60,704)
Dividends paid to noncontrolling interest (Note 6)	**(20,000)**	-
Net cash provided by (used in) financing activities	**(750,168)**	(659,437)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(1,947,154)**	(1,654,798)
CASH AND CASH EQUIVALENTS, BEGINNING	**4,245,687**	6,390,732
CASH AND CASH EQUIVALENTS, ENDING	**2,298,533**	4,735,934

ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES
AGING OF RECEIVABLES
(Amounts in Thousands of Pesos)
As of March 31, 2015

	Current	1-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Type of Account Receivable							
a) Mortgage, Notes & Installment Contract Receivable							
1. Installment Contracts Receivable	18,770,336	54,773	25,945	17,297	13,453	336,738	19,218,541
2. Receivable from financing Institutions	527,620						527,620
Sub-total	19,297,957	54,773	25,945	17,297	13,453	336,738	19,746,162
b) Other Receivables	3,614,515	-	-	-	-	-	3,614,515
Net Receivables	22,912,472	54,773	25,945	17,297	13,453	336,738	23,360,677

Account Receivable Description Type of Receivables	Nature/Description	Collection Period
Installment contracts receivables	This is the Company's in-house financing, where buyers are required to make downpayment and the balance will be in the form of a mortgage loan to be paid in equal monthly installments.	5-10 years
Receivable from financing institution	This represents proceeds from buyers' financing under one or more of the government programs granted to finance buyers of housing units and mortgage house financing of private banks.	Within 1 year
Other receivables	This represents claims from other parties arising from the ordinary course of business. It also includes advances for expenses/accommodations made by the Company in favor of officers and employees.	1 to 2 years

Normal Operating Cycle: 12 calendar months

FILINVEST LAND, INC.

GROUP SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED

MARCH 31, 2015

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 March 31, 2015:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVTOCI				
Quoted:				
The Palms Country Club	1,000	3,060	3,060	–
Philippine Long Distance Telephone Company	26,100	261	261	–
Cebu Country Club	1	6,000	6,000	
		9,321	9,321	–
Unquoted:				
Manila Electric Company (MERALCO)	1,153,694	11,537	11,537	–
Timberland Sports and Nature Club	3,000	2,994	2,994	–
		14,531	14,531	–
		₱23,852	₱23,852	₱–

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)

As of March 31, 2015, the Group has no advances to employees with balances above ₱100,000 that are classified as expenses outside the ordinary course of business.

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 March 31, 2015 (amount in thousands):

	Relationship	Nature	Balance at period ending March 31, 2015
Timberland Sports and Nature Club.	Affiliate	A	₱195,789
Festival Supermall, Inc. – Management	Affiliate	A	29,343
Davao Sugar Central Corp.	Affiliate	A	6,843
Filinvest Information Technology, Inc.	Affiliate	A	875
The Palms Country Club	Affiliate	A	227
GCK Realty	Affiliate	C, D	21
			₱233,098

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 March 31, 2015 (amounts in thousands):

		Volume	Receivable	Terms
Cyberzone Properties, Inc.	Rental income	33,135	₱36,964	Non-interest bearing and to be settled within the year
Property Specialist Resources, Inc.	Share in expenses	28	9,004	Non-interest bearing and to be settled within the year
Leisurepro, Inc.	Share in expenses	16	6,197	Non-interest bearing and to be settled within the year
Homepro Realty Marketing, Inc.	Share in expenses	16	4,414	Non-interest bearing and to be settled within the year

		Volume	Receivable	Terms
Filinvest All Philippines, Inc.	Share in expenses	10,653	(117,347)	Non-interest bearing and to be settled within the year
Property Maximizer Professional Corporation	Marketing fee expense	45,721	(52,115)	Non-interest bearing and to be settled within the year
			(₱112,883)	

Name	Balance at beginning of year	Additions	Collections	Balance at period ending March 31, 2015
Cyberzone Properties, Inc. (CPI)	₱12,760	₱33,135	(₱8,931)	₱36,964
Property Specialist Resources, Inc.	11,281	–	(2,277)	9,004
Leisurepro, Inc	6,181	16	–	6,197
Homepro Realty Marketing, Inc	4,398	16	–	4,414
Filinvest All Philippines, Inc.	–	10,653	(128,000)	(117,347)
Property Maximizer Professional Corporation	(501)	–	(51,614)	(52,115)
	₱34,119	₱43,820	(₱190,822)	(₱112,883)

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 March 31, 2015, the Company's intangible assets consist of Goodwill. Goodwill in the Company's consolidated statements of financial position arose from the acquisition of two major assets consisting of (in thousands):

Festival Supermall structure	₱3,745,945
Filinvest Asia Corporation	494,744
CPI	326,553
	₱4,567,242

Schedule E. Long term debt

Below is the schedule of long-term debt of the Group (amounts in thousands):

Type of Obligation	Amount	Current	Noncurrent
Term loans			
Guaranteed loan amounting to ₱1.13 billion and ₱1.12 billion obtained in October 2005 and July 2007, respectively. Both loan principal is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. The loans carry a fixed interest rate of 7.72% and 7.90% per annum, respectively.	₱225,000	₱225,000	–
Developmental loans			
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 5.07%, payable quarterly in arrears. The principal is payable at maturity on July 2018.	1,495,336	–	1,495,336
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.	1,145,484	285,667	859,817
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	–

Type of Obligation	Amount	Current	Noncurrent
Developmental loans			
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.	998,450	74,920	923,530
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.	997,243	–	997,243
Unsecured loan obtained in February 2015 with interest rate equal to PDS Treasury Fixing (PDST-F) of 4.7025% per annum (fixed for 5 years), payable quarterly in arrears. The 20% of principal payable in 4 equal quarterly amortization to commence on February 2016 and 80% payable at maturity on February 2020.	995,157	48,976	946,181
Unsecured loan obtained in February 2015 with interest rate equal to 4.25% per annum (Fixed rate for 3 years, repricing at the end of 3rd year), payable quarterly in arrears. The principal payable at maturity on February 2020.	995,140	–	995,140
Unsecured loan obtained in February 2013 with interestat prevailing market rate, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	748,393	249,115	499,278
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	17,500	682,500
Unsecured loan obtained in July 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.30% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on October 2016 and 50% payable at maturity on July 2021.	700,000	–	700,000
Unsecured loan obtained in July 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 5.52% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on October 2016 and 50% payable at maturity on July 2021.	600,000	–	600,000
Unsecured loans obtained in August 15,2012 with interest of 5.79% per annum (inclusive of GRT), subject to repricing either via floating rate or fixed rate on the 90th day, payable quarterly in arrears. The loan has a fixed term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on Nov ember 2014 and 50% payable at maturity on August 2019.	570,000	60,000	510,000
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.	548,000	13,983	534,017
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	37,500	462,500
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 November 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.80% per annum, payable quarterly in arrears. The principal is payable upon maturity in November 2019.	500,000	–	500,000

Type of Obligation	Amount	Current	Noncurrent
Developmental loans			
Unsecured loan obtained in March 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum, payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence on June 2013 and 50% payable at maturity on March 2016.	499,595	499,595	–
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.	498,558	–	498,558
Unsecured loan obtained in June 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to1% per annum, payable quarterly in arrears. The 50% balance is paid in July 2011 and the remaining 50% balance is payable in twelve (12) equal quarterly installments starting September 2013 up to June 2016.	312,000	249,531	62,469
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	75,000	225,000
Unsecured loan obtained in January 2015 with interest rate equal to 4.25% per annum plus GRT (Fixed rate for 3 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortization to commence on January 2017 and 50% payable at maturity on January 2020.	300,000	–	300,000
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.	277,500	30,000	247,500
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.	249,380	62,181	187,199
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.	203,981	87,441	116,540
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.	175,000	20,000	155,000
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..	116,250	15,000	101,250
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	108,333	108,333	–
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.	92,500	10,000	82,500

Type of Obligation	Amount	Current	Noncurrent
Developmental loans			
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	167	333
	16,126,800	2,944,909	13,181,891
Bonds			
Fixed rate bonds with principal amount of ₱7.00 billion and term of seven (7) years from the issue date was issued by the Company on June 8, 2012. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 10, 2012.	6,954,248	–	6,954,248
Fixed rate bonds with aggregate principal amount of ₱7.00 billion issued by the Group on November 8, 2013. This is comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 with a fixed interest rate of 4.8562% per annum, and ₱2.7 billion ten (10) year fixed rate bonds due in 2023 with a fixed interest rate of 5.43% per annum.	6,934,168	–	6,934,168
Fixed rate bonds with aggregate principal amount of ₱7.00 billion issued by the Parent Company on November 8, 2013. This 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 5.4300% per annum.	6,926,088		6,926,088
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.	2,983,909	–	2,983,909
	23,798,413	–	23,798,413
	₱40,150,213	₱3,169,909	₱36,980,304

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 March 31, 2015.

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 March 31, 2015 (amount in thousands):

	Relationship	Nature	Balance at beginning of period	Balance at end of period
Filinvest Development Corp.	Parent Company	A, C, E	₱128,850	₱100,510
East West Banking Corporation	Affiliate	A	45,906	81,089
Filinvest Alabang, Inc.	Associate	A, C	54,173	48,492
Pacific Sugar Holdings, Corp.	Affiliate	A	27,009	26,993

(Forward)

	Relationship	Nature	Balance at beginning of period	Balance at end of period
Filarchipelago Hospitality Inc.	Affiliate	A	66	66
Seascape Resorts, Inc.	Affiliate	A	62	5
Festival Supermall, Inc. – Management	Affiliate	A	3,624	–
Quest Restaurants Inc.	Affiliate	A	4	–
			₱259,694	₱257,155

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

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

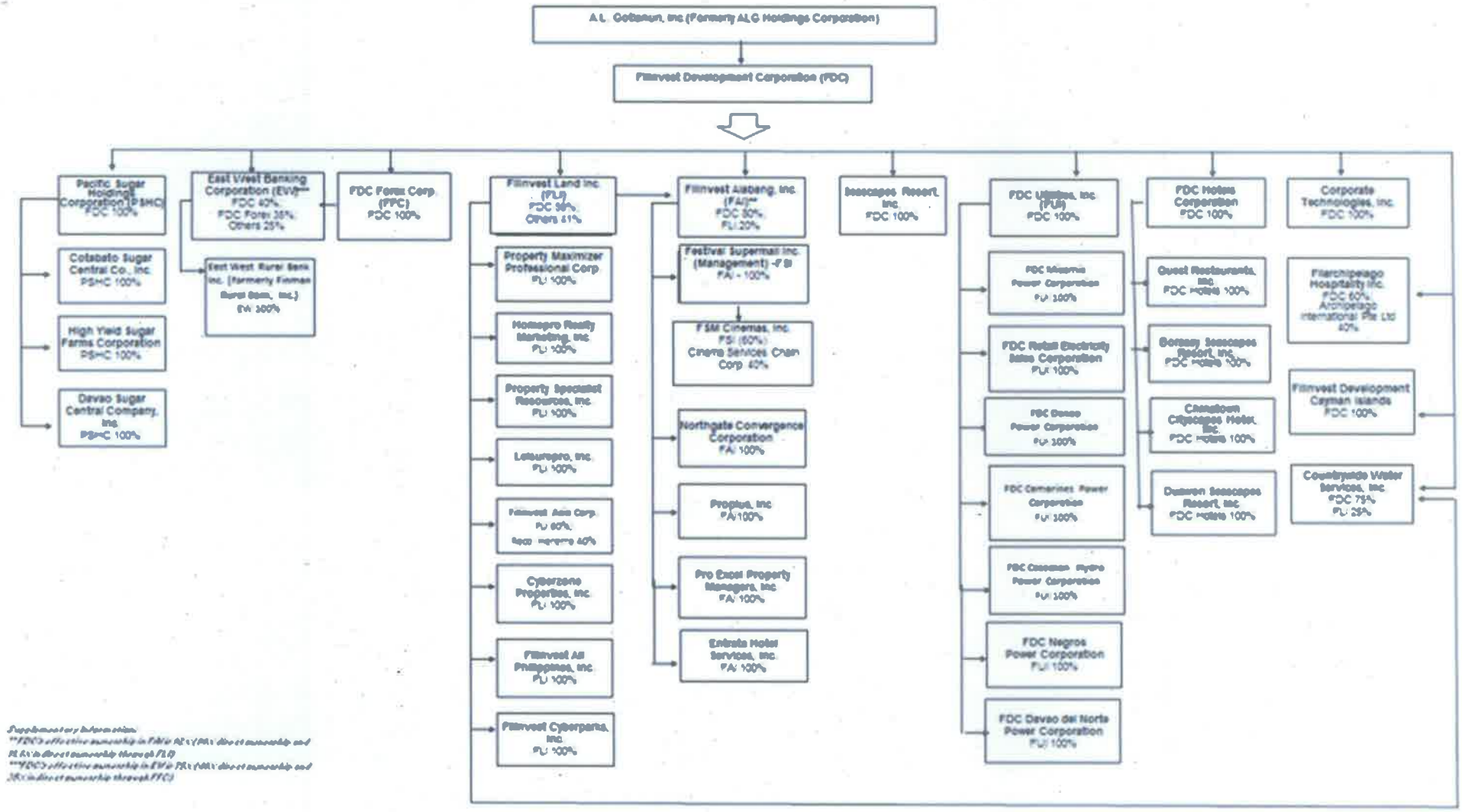
Schedule G. Guarantees of Securities of Other Issuers
The Company does not have guarantees of securities of other issuers as of March 31, 2015.

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 March 31, 2015.



Supplementary Information
***FDC's effective ownership in EWB: 52% (40% direct ownership and 12% indirect ownership through FLI)*
****FDC's effective ownership in EWB: 55% (40% direct ownership and 15% indirect ownership through FFC)*

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 March 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary		√		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First time Adoption of Philippine Financial Reporting Standards	√		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			√
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First–time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First time Adopters			√
	Amendments to PFRS 1: Government Loans			√
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations			√
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			√
PFRS 3 (Revised)	Business Combinations	√		
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 7 (cont.)	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	√		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	√		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
PFRS 8	Operating Segments	√		
PFRS 9	Financial Instruments	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	√		
PFRS 11	Joint Arrangements	√		
PFRS 12	Disclosure of Interests in Other Entities	√		
PFRS 13	Fair Value Measurement	√		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	√		
PAS 2	Inventories	√		
PAS 7	Statement of Cash Flows	√		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	√		
PAS 10	Events after the Reporting Date	√		
PAS 11	Construction Contracts	√		
PAS 12	Income Taxes	√		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets	√		
PAS 16	Property, Plant and Equipment	√		
PAS 17	Leases	√		
PAS 18	Revenue	√		
PAS 19	Employee Benefits	√		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	√		
PAS 19 (Amended)	Employee Benefits	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs	√		
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	Consolidated and Separate Financial Statements	√		
PAS 27 (Amended)	Separate Financial Statements	√		
PAS 28	Investments in Associates	√		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	√		
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures	√		
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues			√
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	√		
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting	√		
PAS 36	Impairment of Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets	√		
PAS 39	Financial Instruments: Recognition and Measurement	√		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			√
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			√
	Amendments to PAS 39: The Fair Value Option			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			√
	Amendments to Philippine Interpretation IFRIC-9 and PAS			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
	39: Embedded Derivatives			
	Amendment to PAS 39: Eligible Hedged Items			√
PAS 40	Investment Property	√		
PAS 41	Agriculture			√
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co–operative Entities and Similar Instruments			√
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	√		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	*Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*			√
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			√
IFRIC 8	*Scope of PFRS 2*			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
IFRIC 10	*Interim Financial Reporting and Impairment*			√
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC– 14, Prepayments of a Minimum Funding Requirement			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
IFRIC 17	Distributions of Non–cash Assets to Owners			√
IFRIC 18	Transfers of Assets from Customers			√
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			√
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			√
SIC–10	Government Assistance - No Specific Relation to Operating Activities			√
SIC–12	Consolidation – Special Purpose Entities			√
	Amendment to SIC - 12: Scope of SIC 12			√
SIC–13	Jointly Controlled Entities – Non–Monetary Contributions by Venturers			√
SIC–15	Operating Leases - Incentives	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2015		Adopted	Not Adopted	Not Applicable
SIC–21	Income Taxes - Recovery of Revalued Non–Depreciable Assets			√
SIC–25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√
SIC–27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			√
SIC–29	Service Concession Arrangements: Disclosures.			√
SIC–31	Revenue - Barter Transactions Involving Advertising Services			√
SIC–32	Intangible Assets - Web Site Costs			√

Standards tagged as "Not applicable" have been adopted by the Group but have no significant covered transactions for the year ended March 31, 2015.

Standards tagged as "Not adopted" are standards issued but not yet effective as of March 31, 2015. The Group will adopt the Standards and Interpretations when these become effective.

Schedule of Bond Issuances – Securities Offered to the Public

	2009 ₱5 Billion Bond	2011 ₱3 Billion Bond	2012 ₱7 Billion Bond	2013 ₱7 Billion Bond	2014 ₱7 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus					
Gross Proceeds	₱5,000,000,000	₱3,000,000,000	₱7,000,000,000	₱7,000,000,000	₱7,000,000,000
Less: Expenses	63,850,625	34,290,625	97,225,625	67,594,379	82,327,087
Net Proceeds	₱4,936,149,375	₱2,965,709,375	₱6,902,774,375	₱6,932,405,621	₱6,917,672,913
Actual gross and net proceeds					
Gross Proceeds	₱5,000,000,000	₱3,000,000,000	₱7,000,000,000	₱7,000,000,000	₱7,000,000,000
Less: Expenses	65,936,000	21,165,000	84,023,040	82,906,997	77,906,937
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,922,093,063
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	2,143,780,051
Investment Property	–	–	–	2,765,890,476	–
Debt refinancing	–	–	–	–	4,500,000,000
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,643,780,051
Balance of the proceeds as of March 31, 2015					
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,922,093,063
Capital Expenses	4,934,064,000	2,978,835,000	6,915,976,960	6,917,093,003	2,143,780,051
Debt refinancing	–	–	–	–	4,500,000,000
Net Proceeds	₱–	₱–	₱–	₱–	₱278,313,012

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the period ended March 31, 2015 and 2014 and December 31, 2014:

	Financial ratios	March 2015 (Unaudited)	March 2014 (Unaudited)	December 2014 (Audited)
Current ratio [1]	Current assets / Current liabilities	**2.78**	2.28	3.13
Long-term debt-to-equity ratio	Long-term debt / Equity	**0.75**	0.72	0.77
Debt ratio	Total liabilities / Total assets	**0.51**	0.50	0.51
EBITDA to total interest paid	EBITDA (Not Annualized) / Total interest paid	**3.32**	3.41	3.01
Price Earnings Ratio	Closing price [2] / Earnings per share (Annualized)	**9.00**	8.89	8.05
Quick asset ratio	Current assets - Inventories / Current Liabilities	**0.83**	0.77	1.05
Solvency ratio (Not Annualized)	Net income + Depreciation / Total Liabilities	**0.02**	0.02	0.09
Solvency ratio (Annualized)	Net income + Depreciation / Total Liabilities	**0.10**	0.09	0.09
Interest coverage ratio (Not Annualized)	EBIT / Interest Expense	**7.73**	7.89	9.77
Net profit margin Not Annualized)	Net Income / Revenue	**0.30**	0.30	0.29
Net profit margin (Annualized)	Net Income / Revenue	**1.20**	1.21	0.29
Return on equity	Net Income (Annualized) / Shareholder's Equity	**0.09**	0.08	0.09

(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 March 31, 2015 and 2014 and December 31, 2014

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

(Amounts in Thousands of Pesos)

Retained Earnings, January 1, 2015		₱21,758,564
Adjustments:		
Equity in net earnings of subsidiaries and an associate		(5,904,715)
Prior-year adjustments		192,793
Unappropriated Retained Earnings, as adjusted, January 1, 2015		16,046,642
Net income based on the face of unaudited financial statements	1,224,720	
Less: Non-actual/unrealized income net of tax		
Equity in net income of subsidiaries and an associate	(243,884)	
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	2,135	
Net income actual/realized		982,971
Less: Dividend declarations during the year		–
Unappropriated Retained Earnings, as adjusted, March 31, 2015		₱17,029,613

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Filinvest Land, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended **December 31, 2014 and 2013**, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

JONATHAN T. GOTIANUN
Chairman of the Board

JOSEPHINE G. YAP
President / CEO

NELSON M. BONA
Chief Financial Officer

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day MAR 2 1 2015 20__ affiant exhibiting to me his/her _____ as competent evidence of identity.

JOVEN G. REVILLANO
NOTARY PUBLIC
COMMISSION NO. 0285-15 UNTIL DECEMBER 31, 2016
ROLL NO. 53970
IBP LIFETIME NO. 011302 RIZAL
PTR NO. 2277151 ; 1-5-15; MANDALUYONG
MCLE COMPLIANCE NO. IV - 0014990 23 APRIL 2013
METRO MART COMPLEX, MANDALUYONG CITY

Doc. No. 469
Page No. 96
Book No. 16
Series of 2015

Signed this 13th day of March, 2015

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7				

Company Name

FILINVEST LAND, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

79 EDSA, Brgy. Highway Hills, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	918-8188	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
		12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	918-8188	

Contact Person's Address

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SGV
Building a better working world

SyCip Gorres Velayo & Co
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SGV
Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Filinvest Land, Inc. and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-A (Group A),
March 8, 2012, valid until March 31, 2015
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2015,
January 5, 2015, valid until January 5, 2018
PTR No. 4751326, January 5, 2015, Makati City

March 11, 2015

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31, 2014	December 31, 2013
ASSETS		
Cash and cash equivalents (Notes 7, 19 and 30)	₱4,245,687	₱6,390,732
Contracts receivable (Notes 8 and 30)	16,972,347	13,083,775
Due from related parties (Notes 19 and 30)	243,033	204,538
Other receivables (Notes 9 and 30)	3,500,956	3,136,739
Financial assets at fair value through other comprehensive income (Notes 11 and 30)	23,852	17,852
Real estate inventories (Notes 3 and 10)	24,238,988	24,426,958
Land and land development (Notes 3 and 10)	17,388,474	18,794,686
Investment in an associate (Notes 3 and 12)	3,974,854	4,018,058
Investment properties (Notes 3 and 13)	26,311,332	19,592,830
Property and equipment (Notes 3 and 14)	1,323,190	1,150,822
Deferred income tax assets - net (Notes 3 and 28)	24,264	12,320
Goodwill (Notes 3 and 4)	4,567,242	4,567,242
Other assets (Notes 3 and 15)	3,593,361	2,700,494
	₱106,407,580	₱98,097,046
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses (Notes 8, 16 and 30)	₱10,844,998	₱10,441,412
Income tax payable (Note 28)	120,431	17,235
Loans payable (Notes 17, 26 and 30)	16,519,797	14,751,209
Bonds payable (Notes 18, 26 and 30)	23,786,796	21,318,016
Due to related parties (Notes 19 and 30)	259,694	209,201
Retirement liabilities (Notes 3 and 24)	236,322	186,817
Deferred income tax liabilities - net (Note 28)	2,557,968	2,187,244
Total Liabilities	54,326,006	49,111,134
Equity		
Common stock (Note 26)	24,470,708	24,470,708
Preferred stock (Note 26)	80,000	80,000
Additional paid-in capital	5,612,321	5,612,321
Treasury stock (Note 26)	(221,041)	(221,041)
Retained earnings (Note 26)	21,758,564	18,437,398
Revaluation reserve on financial assets at fair value through other comprehensive income (Note 11)	(2,619)	(2,619)
Remeasurement losses on retirement plan - net of tax (Note 24)	(112,884)	(105,686)
Share in other components of equity of an associate (Note 12)	361,794	361,794
Equity attributable to equity holders of the parent	51,946,843	48,632,875
Noncontrolling interest (Note 6)	134,731	353,037
Total Equity	52,081,574	48,985,912
TOTAL LIABILITIES AND EQUITY	₱106,407,580	₱98,097,046

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2014	2013	2012
REVENUE			
Real estate sales (Note 3)	**₱13,204,443**	₱10,478,477	₱8,798,358
Rental services (Notes 13 and 25)	**2,263,551**	2,034,078	1,887,094
EQUITY IN NET EARNINGS OF AN ASSOCIATE (Note 12)	**52,796**	186,366	187,295
OTHER INCOME			
Interest income (Notes 7, 8 and 22)	**751,696**	549,398	516,541
Others - net (Notes 19 and 23)	**627,433**	568,765	529,525
	16,899,919	13,817,084	11,918,813
COSTS			
Real estate sales (Note 10)	**7,726,164**	6,036,080	4,927,456
Rental services (Note 13)	**511,982**	491,398	473,619
OPERATING EXPENSES			
General and administrative expenses (Note 20)	**1,282,328**	1,178,588	1,096,902
Selling and marketing expenses (Note 21)	**1,054,056**	892,482	872,245
INTEREST AND OTHER FINANCE CHARGES (Notes 17, 18 and 22)	**647,617**	474,446	412,961
	11,222,147	9,072,994	7,783,183
INCOME BEFORE INCOME TAX	**5,677,772**	4,744,090	4,135,630
PROVISION FOR INCOME TAX (Note 28)			
Current	**712,083**	481,993	397,474
Deferred	**361,712**	286,152	248,612
	1,073,795	768,145	646,086
NET INCOME	**₱4,603,977**	₱3,975,945	₱3,489,544
Attributable to:			
Equity holders of the parent	**₱4,533,654**	₱3,918,215	₱3,431,435
Noncontrolling interest (Note 6)	**70,323**	57,730	58,109
	₱4,603,977	₱3,975,945	₱3,489,544
Basic/Diluted Earnings Per Share (Note 27)	**₱0.19**	₱0.16	₱0.14

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2014	2013	2012
NET INCOME	₱4,603,977	₱3,975,945	₱3,489,544
OTHER COMPREHENSIVE LOSS			
Other comprehensive income not to be reclassified to profit or loss			
Remeasurement losses on retirement plan, net of tax (Notes 24 and 28)	(7,198)	–	(56,322)
TOTAL COMPREHENSIVE INCOME	₱4,596,779	₱3,975,945	₱3,433,222
Attributable to:			
Equity holders of the parent	₱4,526,456	₱3,918,215	₱3,375,113
Noncontrolling interest	70,323	57,730	58,109
	₱4,596,779	₱3,975,945	₱3,433,222

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent										
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVTOCI (Note 11)	Remeasurement Losses on Retirement Plan (Note 24)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 6)	Total Equity
For the Year Ended December 31, 2014											
Balances as of December 31, 2013	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱18,437,398**	**(₱2,619)**	**(₱105,686)**	**₱361,794**	**₱48,632,875**	**₱353,037**	**₱48,985,912**
Net income	–	–	–	–	4,533,654	–	–	–	4,533,654	70,323	4,603,977
Other comprehensive income (Notes 24 and 28)	–	–	–	–	–	–	(7,198)	–	(7,198)	–	(7,198)
Total comprehensive income	–	–	–	–	4,533,654	–	(7,198)	–	4,526,456	70,323	4,596,779
Dividends declared (Note 26)	–	–	–	–	(1,212,488)	–	–	–	(1,212,488)	–	(1,212,488)
Dividend distribution to noncontrolling interest (Note 6)	–	–	–	–	–	–	–	–	–	(100,000)	(100,000)
Redemption of shares attributable to noncontrolling interest (Note 6)	–	–	–	–	–	–	–	–	–	(188,629)	(188,629)
Balances as of December 31, 2014	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱21,758,564**	**(₱2,619)**	**(₱112,884)**	**₱361,794**	**₱51,946,843**	**₱134,731**	**₱52,081,574**
For the Year Ended December 31, 2013											
Balances as of December 31, 2012	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱15,683,170	(₱2,619)	(₱105,686)	₱361,794	₱45,878,647	₱367,307	₱46,245,954
Total comprehensive income	–	–	–	–	3,918,215	–	–	–	3,918,215	57,730	3,975,945
Dividends declared (Note 26)	–	–	–	–	(1,163,987)	–	–	–	(1,163,987)	–	(1,163,987)
Dividend distribution to noncontrolling interest (Note 6)	–	–	–	–	–	–	–	–	–	(72,000)	(72,000)
Balances as of December 31, 2013	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱18,437,398	(₱2,619)	(₱105,686)	₱361,794	₱48,632,875	₱353,037	₱48,985,912

	Attributable to Equity Holders of the Parent										
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVTOCI (Note 11)	Remeasurement Losses on Retirement Plan (Note 24)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 6)	Total Equity
	For the Year Ended December 31, 2012										
Balances as of January 1, 2012	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱13,403,599	(₱2,619)	(₱49,364)	₱361,794	₱43,655,398	₱363,056	₱44,018,454
Net income	–	–	–	–	3,431,435	–	–	–	3,431,435	58,109	3,489,544
Other comprehensive income	–	–	–	–	–	–	(56,322)	–	(56,322)	–	(56,322)
Total comprehensive income	–	–	–	–	3,431,435	–	(56,322)	–	3,375,113	58,109	3,433,222
Dividends declared (Note 26)	–	–	–	–	(1,151,864)	–	–	–	(1,151,864)	–	(1,151,864)
Dividend distribution to noncontrolling interest (Note 6)	–	–	–	–	–	–	–	–	–	(53,858)	(53,858)
Balances as of December 31, 2012, as restated	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱15,683,170	(₱2,619)	(₱105,686)	₱361,794	₱45,878,647	₱367,307	₱46,245,954

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,677,772**	₱4,744,090	₱4,135,630
Adjustments for:			
Interest income (Note 22)	**(751,696)**	(549,398)	(516,541)
Interest expense (Note 22)	**571,169**	384,491	348,108
Depreciation and amortization (Notes 13 and 14)	**396,959**	365,384	322,727
Equity in net earnings of an associate (Note 12)	**(52,796)**	(186,366)	(187,294)
Dividend income	**–**	(3,757)	(3)
Net pension expense (contribution) (Note 24)	**39,222**	27,061	(17,181)
Operating income before changes in operating assets and liabilities	**5,880,630**	4,781,505	4,085,446
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**(3,888,572)**	(2,485,825)	(2,145,042)
Due from related parties	**(38,495)**	(10,295)	52,514
Other receivables	**(364,217)**	(36,452)	(604,636)
Real estate inventories	**1,301,940**	262,579	(3,884,972)
Other assets	**(1,106,233)**	(967,029)	(781,596)
Increase (decrease) in:			
Accounts payable and accrued expenses	**1,155,968**	900,463	1,693,292
Net cash generated from (used for) operations	**2,941,021**	2,444,946	(1,584,994)
Income taxes paid	**(395,368)**	(523,369)	(516,434)
Interest received	**751,696**	549,398	516,541
Dividends received	**–**	3,757	3
Net cash provided by (used in) operating activities	**3,297,349**	2,474,732	(1,584,884)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of raw land (Note 10)	**(2,712,937)**	(2,901,861)	(2,488,561)
Acquisitions of investment properties and property and equipment (Notes 13 and 14)	**(3,408,854)**	(2,971,951)	(1,457,348)
Dividends received from associate (Note 12)	**96,000**	80,400	75,000
Subscription of shares of stock (Note 11)	**(6,000)**	6,774	–
Net cash used in investing activities	**(6,031,791)**	(5,786,638)	(3,870,909)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Loans payable	**9,500,000**	7,199,000	4,950,000
Bonds payable (Note 18)	**7,000,000**	7,000,000	7,000,000
Payments of:			
Loans payable	**(7,745,000)**	(3,669,167)	(2,504,750)
Bonds payable (Note 18)	**(4,500,000)**	–	(500,000)
Cash dividend (Note 26)	**(1,212,488)**	(1,163,987)	(1,151,864)
Interest and transaction costs	**(2,214,979)**	(1,782,380)	(1,449,163)
Dividends paid to noncontrolling interest (Note 6)	**(100,000)**	(72,000)	(53,858)
Increase in amounts due to related parties	**50,493**	25,716	134,737
Redemption of shares attributable to noncontrolling interest	**(188,629)**	–	–
Net cash provided by financing activities	**589,397**	7,537,182	6,425,102
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,145,045)**	4,225,276	969,309
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,390,732**	2,165,456	1,196,147
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱4,245,687**	₱6,390,732	₱2,165,456

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is 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, condotels, 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 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.

On May 18, 2012, Countrywide Water Services, Inc. (CWSI), then a wholly-owned subsidiary of the Parent Company was incorporated and started commercial operations on June 6, 2012. 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 29, 2014, FDC subscribed to the remaining unissued shares of CWSI for a total consideration at par of ₱7.5 million, giving FDC 75% ownership over CWSI. Furthermore, the Parent Company agreed to sell its investment in CWSI on October 31, 2014 for a total consideration of ₱2.5 million. The sale resulted to FDC having 100% equity interest in CWSI. No gain or loss was recognized from the transaction.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 11, 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVTOCI) that are measured at fair value.

The Group's consolidated financial statements are presented in Philippine Peso (Peso), which is also the functional currency of the Parent Company and its subsidiaries, and an associate.

Amounts are in thousand Pesos except as otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements of the Group have been presented in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2014, 2013 and 2012 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**2014**	2013	2012
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
Cyberzone Properties, Inc. (CPI)	Leasing	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Countrywide Water Services, Inc. (CWSI)*	Waterworks and sewerage system	**–**	100%	100%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	–	–

**As discussed in Note 1, in 2014, FDC subscribed to the remaining unissued shares of and acquired the Parent Company's interest in CWSI, resulting to FDC having 100% interest in CWSI as of December 31, 2014.*

All of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus of deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the adoption of the following amended standard which became effective beginning January 1, 2014.

The nature and the impact of each new standard and amendment are described below:

- *Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities, and PAS 27, Separate Financial Statements)*, amendments 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. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group since it has no investment which will qualify as an investment entity under PFRS 10.

- PAS 32*, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)*, clarifies the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*, provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not entered into any hedging arrangement.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendments)*, remove the unintended consequences of PFRS 13, *Fair Value Measurement,* on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's financial statements.

- Philippine Interpretation IFRIC 21, *Levies (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. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRSs (2010-2012 cycle)
In the 2010 - 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

Annual Improvements to PFRSs (2011-2013 cycle)
In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

Future Changes in Accounting Policies

The Group will adopt the following relevant standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of the following relevent standards and interpretations to have a significant impact on its financial statements.

- PFRS 9, *Financial Instruments - Classification and Measurement (2010 version)*, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Group had early adopted the first phase of PFRS 9 effective January 1, 2011.

Effective 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)*, requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, applied retrospectively and clarifies that: (a) an entity must disclose the judgments made by management in applying the aggregation criteria in the standard including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and and gross margins) used to assess whether the segments are "similar"; and, (b) reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*, amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel*, applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

- *PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements*, applied prospectively and clarifies that (a) the joint arrangements, not just joint ventures, are outside the scope of PFRS 3; and, (b) this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*, applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PFRS 9.

- PAS 40, *Investment Property*, applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective 2016

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments), clarifies the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments), change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments), will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's financial statements.

  PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments), require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition

of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group shall consider this amendment in future acquisition of interest in joint operation.

- PFRS 14, *Regulatory Deferral Accounts*, an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

<u>Annual Improvements to PFRSs (2012-2014 cycle)</u>
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal (Amendment)*, is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*, requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements (Amendment)*, is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate (Amendment)*, is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report' (Amendment)* is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective 2018

- PFRS 9, *Financial Instruments - Hedge Accounting* and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version), already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. PFRS 9 also requires more extensive disclosures for hedge accounting. PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting. The Group is currently assessing the impact of adopting this standard.

- PFRS 9, *Financial Instruments* (2014 or final version) was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting. The Group is currently assessing the impact of adopting this standard.

Effectivity to be determined

- IFRS 15, *Revenue from Contracts with Customers*, issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11*, Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

  The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group is currently assessing the impact of this interpretation on its financial statements.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and are subject to an insignificant risk of change in value.

Financial Instruments
Date of recognition
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments
Financial assets and liabilities are recognized initially at fair value. The fair value of financial instruments that are actively traded in organized financial markets are determined by reference to quoted market bid prices at the close of the business at the reporting date.

Determination of fair value
The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions, reference to the current market value of another instrument which is substantially the same, and discounted cash flow analysis or other valuation models. In the absence of a reliable basis of determining fair value, investments in unquoted equity securities are carried at cost net of impairment, if any.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of income. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized.

For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification, Reclassification and Measurement of Financial Assets and Financial Liabilities
For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a nonderivative and meets the definition of 'equity' for the issuer (under PAS 32), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial instruments are 'debt instruments'.

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of income. The Group classified cash and cash equivalents, contracts receivable, due from related parties, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

The Group may irrevocably elect, at initial recognition, to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As of December 31, 2014 and 2013, the Group has not made such designation.

Financial assets at FVTOCI
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Equity investments as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVTOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVTOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (see Notes 11 and 29).

Dividends earned on holding these equity instruments are recognized in the consolidated statement of income when the Group's right to receive the dividends is established in accordance with PAS 18, *Revenue*, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial assets at FVTPL
Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition.

The Group has no financial assets at FVTPL as of December 31, 2014 and 2013.

Reclassification of financial assets
The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Management may designate a financial liability at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

As of December 31, 2014 and 2013, the Group has no financial liability at FVTPL.

Financial liabilities at amortized cost
Financial liabilities are measured at amortized cost using the effective interest method, except for:

a. financial liabilities at fair value through profit or loss which are measured at fair value; and
b. financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Financial liabilities at amortized cost consist primarily of accounts payable and accrued expenses, loans payable, bonds payable and due to related parties (see Notes 16, 17, 18 and 19).

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e. the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the Group financial assets with similar credit risk characteristics. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Real Estate Inventories
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV). It also includes investments in club shares accounted as inventory when the Group acts as the developer and its intent is to sell the developed property.

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

Land and Land Development
Land and land development consists of properties for future development that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to subdivision lots and housing units for sale under “real estate inventories” when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investment in an Associate
The Group’s investment in an associate is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the associate. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group’s net investment in the associate. The consolidated statement of income reflects the share of the results of operations of the associate.

The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated income statement.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Depreciation of investment properties is computed using the straight-line method over the useful lives of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5

The useful life and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

The useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the consideration transferred over the net fair value of the acquiree's identifiable assets, liabilities and any contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Other Assets

Other assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of expense item.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses" in the consolidated statement of financial position, respectively.

Impairment of Nonfinancial Assets

The carrying values of investment in an associate, property and equipment, investment properties and other assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying

values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue and Income Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. In arrangements where the Group is acting as principal to its customers, revenue is recognized on a gross basis. However, if the Group is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Real Estate Sales

Revenue from sales of substantially completed projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. The percentage-of-completion method is used to recognize revenue from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold.
Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized receivables are included in the "Accounts payable and accrued expenses" account in the liabilities section of the consolidated statement of financial position.

Collections from accounts which are not yet qualified for revenue recognition are treated as customer deposits included in the "Accounts payable and accrued expenses" account in the consolidated statement of financial position.

Sale of Club Shares
Sale of club shares is recognized when the risk and rewards of ownership of the shares have passed to the buyer and the amount of revenue can be reliably measured. Sale of club shares is included in "Real estate sales" account in the consolidated statement of income.

Rental Income
Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Interest Income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Income from Forfeited Reservations and Collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Other Income
Other income is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Cost of Real Estate Sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision lots and housing units and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of inventory recognized in profit or loss on sale is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred.

Commission Expense
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expenses" account in the consolidated statement of income.

Retirement Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in other comprehensive income account "Remeasurement on retirement plan" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity
Common and Preferred Stock
The Group records common and preferred stocks at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares. The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock
Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective Board of Directors.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Income Tax

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Operating Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as Lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Group as Lessee
Operating lease payments are recognized as an expense on a straight line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Any post year-end event up to the date of the auditor's report that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the consolidated financial statements.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Determination of the Group's functional currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of each entity within the Group has been determined to be the Peso. It is the currency that mainly influences the Group's operations.

Classification of Financial Instruments
The Group classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definition of the instruments. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position. The Group determines the classification at initial recognition and re-evaluates this designation at every reporting date.

Real Estate Revenue Recognition
Selecting an appropriate revenue recognition method for a real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on sale which may be ascertained through the significance of the buyer's initial payments in relation to the total contract price; and,
- Stage of completion of the project development.

Operating Lease Commitments - The Group as Lessor
The Group has entered into various property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership on these properties hence classified as operating leases.

Operating Lease Commitments - The Group as Lessee
The Group has entered into various leases for its occupied offices. The Group has determined that all significant risks and rewards of ownership are retained by the respective lessors and therefore account for these leases as operating lease.

Determining Classification of Investment in Club Project
Being a real estate developer, the Group determines how investment in club project shall be accounted for. In determining whether this shall be accounted for as inventories or as financial instruments, the Group considers its role in the development of the Club and its intent for holding the related club shares.

The Group classifies such shares as inventories when the Group acts as the developer and its intent is to sell the developed property, together with the related club shares.

Determining control over FAC
The Group determined that it has control over FAC as the Group has the power to direct the relevant activities of FAC despite the existence of a contractual arrangement which grants the other investor rights over certain activities of FAC. Management assessed that the rights held by the investor through contractual arrangement are only designed to protect the other investor's interest and are merely held to prohibit fundamental changes in the activities of FAC rather than bestow the power to direct the relevant activities over FAC. Accordingly, the Group accounted for its investment in FAC as an investment in subsidiary.

Determining significant influence over FAI
The Group determined that it has significant influence over Filinvest Alabang, Inc. (FAI). Management assessed that it has the power to participate in the financial and operating policy decisions of the investee, but does not have control or joint control over those policies. Accordingly, FAI is considered an associate.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the assessment of probability and estimates of potential outflow or in the effectiveness of the strategies relating to these proceedings (see Note 31).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimate on When the Buyer's Investment is Qualified for Revenue Recognition on Real Estate Sales
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Revenue and cost recognized based on percentage of completion are as follows:

	2014	2013	2012
		(In Thousands)	
Real estate sales	**₱8,187,763**	₱6,560,947	₱5,861,298
Cost of real estate	**4,946,913**	4,062,544	3,220,847

Evaluation of Impairment of Financial Assets at Amortized Cost
The Group reviews financial assets at amortized cost, other than cash and cash equivalents, at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statements of income. If there is objective evidence that an impairment loss on financial assets at amortized cost, other than cash and cash equivalents, has been incurred, the carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

The Group maintains allowance for doubtful accounts based on the result of the individual and collective assessment. Under the individual assessment, impairment loss is determined as the difference between the receivables carrying balance and recoverable amount. Factors considered in individual assessment include payment history, account status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, account status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile adjusted on the basis of current observable data to reflect the effects of current conditions.

The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ, depending on the judgments and estimates made for the period. Based on the Group's experience, its financial assets at amortized cost are highly collectible or collectible on demand.

The contracts receivables are collateralized by the corresponding real estate properties sold. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market prices.

The carrying values of financial assets at amortized cost, other than cash and cash equivalent, in 2014 and 2013 amounted to ₱17.99 billion and ₱14.13 billion, respectively (see Note 30). The Group has an outstanding allowance for impairment loss on its other receivables amounting to ₱109.83 million and ₱98.64 million as of December 31, 2014 and 2013, respectively (see Note 9).

Estimating Useful Lives of Investment Properties and Property and Equipment
The Group estimates the useful lives of its depreciable investment properties and property and equipment based on the years over which these assets are expected to be available for use. The estimated useful lives of depreciable investment properties and property and equipment are reviewed at least annually; and, are updated if expectations differ from previous estimates due to physical wear and tear, as well as technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The carrying value of depreciable investment properties amounted to ₱15.19 billion and ₱12.21 billion as of December 31, 2014 and 2013, respectively (see Note 13). The carrying value of property and equipment amounted to ₱1.22 billion and ₱1.06 billion as of December 31, 2014 and 2013, respectively (see Note 14).

Estimating NRV of real estate inventories
The Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged or if their selling prices have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of December 31, 2014 and 2013, the carrying amount of real estate inventories amounted to ₱24.24 billion and ₱24.43 billion, respectively and land and land development amounted to ₱17.39 billion and ₱18.79 billion, respectively (see Note 10).

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investment in an associate, property and equipment, investment properties and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends. If such indicators are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount. The recoverable amount is the asset's fair value less cost to sell, except for investment in an associate, which have recoverable value determined using value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investment in an associate. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As at December 31, 2014 and 2013, the Group did not record impairment on any of its nonfinancial assets. The carrying values of the Group's nonfinancial assets (excluding goodwill) as of December 31 follow:

	2014	2013
	(In Thousands)	
Investment in an associate (Note 12)	**₱3,974,854**	₱4,018,058
Investment properties (Note 13)	**26,311,332**	19,592,830
Property and equipment (Note 14)	**1,323,190**	1,150,822
Other assets - net of short-term deposits (Note 15)	**3,574,599**	2,557,112

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of CPI and Festival Supermall structure is based on value-in-use calculations that uses a discounted cash flow model. For the Group's impairment test for goodwill on acquisition of FAC, the Group availed of the services of an independent appraiser to compute the value-in-use using income capitalization approach. The cash flows are derived from budget period of ten (10) years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash-inflows and the growth rates used. The pre-tax discount rates used in 2014 and 2013 was 10% and 12%, respectively. The growth rates used beyond the forecast period for different cash-generating units ranges from 5% to 10%.

As of December 31, 2014 and 2013, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2014 and 2013 (see Note 4).

Estimating Retirement Liabilities
The determination of the Group's obligation and cost for retirement is dependent on selection of certain assumptions used by the actuary in calculating such amounts.

Those assumptions used are described in Note 24 and include among others, discount rates and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the retirement obligations.

Retirement liabilities amounted to ₱236.32 million and ₱186.82 million as at December 31, 2014 and 2013, respectively. Retirement costs included under "General and administrative expenses" account amounted to ₱39.22 million, ₱28.94 million and ₱24.88 million in 2014, 2013 and 2012, respectively (see Notes 20 and 24).

Recognition of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱121.43 million and ₱103.49 million as of December 31, 2014 and 2013, respectively (see Note 28). The tax effect of the Group's carryforward benefits of NOLCO and MCIT, for which no deferred income tax assets were recognized amounted to ₱2.14 million and ₱0.77 million as of December 31, 2014 and 2013, respectively (see Note 28).

Fair Values of Financial Instruments
The preparation of consolidated financial statements in compliance with PFRS requires certain financial assets and financial liabilities to be carried at fair value, the determination of which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these financial assets and financial liabilities would affect directly the Group's consolidated net income and other comprehensive income (see Note 29).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2014 and 2013 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in CPI from FAI; and (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of about 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in CPI from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in CPI becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted to recognition of goodwill amounting to ₱326.55 million.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall (the "Mall") and the leasing of office spaces in Makati City and Alabang, Muntinlupa City.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, which in certain respects, are measured similarly as net income in the consolidated financial statements.

The chief operating decision-maker has been identified as the Executive Committee. This committee reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

No operating segments have been aggregated to form the above reportable segments.

Transfer prices between segments are on an arm's length basis and have the terms equivalent to transactions entered into with third parties.

The financial information about the financial position and result of operations of these business segments for the years ended December 31, 2014, 2013 and 2012 are summarized below (amounts in thousands).

	2014				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Revenue and other income except equity in net earnings of an associate:					
External	**₱15,005,751**	**₱2,252,014**	**₱17,257,765**	**(₱410,642)**	**₱16,847,123**
Inter-segment	**132,230**	**–**	**132,230**	**(132,230)**	**–**
	15,137,981	**2,252,014**	**17,389,995**	**(542,872)**	**16,847,123**
Equity in net earnings of an associate	**52,796**	**–**	**52,796**	**–**	**52,796**
	₱15,190,777	**₱2,252,014**	**₱17,442,791**	**(542,872)**	**₱16,899,919**
Net income	**₱3,711,936**	**₱1,304,058**	**₱5,015,994**	**(₱412,017)**	**₱4,603,977**
Adjusted EBITDA	**₱5,307,929**	**₱1,808,684**	**₱7,116,613**	**(₱447,061)**	**₱6,669,552**
Segment assets	**₱73,776,744**	**₱31,491,689**	**₱105,268,433**	**₱1,139,147**	**₱106,407,580**
Less deferred tax assets	**478**	**23,786**	**24,264**	**–**	**24,264**
Net segment assets	**₱73,776,266**	**₱31,467,903**	**₱105,244,169**	**₱1,139,147**	**₱106,383,316**
Segment liabilities	**₱46,304,859**	**₱7,854,514**	**₱54,159,373**	**₱166,633**	**₱54,326,006**
Less deferred tax liabilities	**2,386,976**	**27,047**	**2,414,023**	**143,945**	**2,557,968**
Net segment liabilities	**₱43,917,883**	**₱7,827,467**	**₱51,745,350**	**₱22,688**	**₱51,768,038**
Cash flows from (used in):					
Operating activities	**₱2,252,262**	**₱1,866,622**	**₱4,118,884**	**(₱821,535)**	**₱3,297,349**
Investing activities	**(4,117,238)**	**(1,914,553)**	**(6,031,791)**	**–**	**(6,031,791)**
Financing activities	**(1,588,753)**	**2,148,539**	**559,796**	**29,611**	**589,397**

	2013				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	₱11,960,456	₱2,042,443	₱14,002,899	(₱372,181)	₱13,630,718
Inter-segment	103,563	–	103,563	(103,563)	–
	12,064,019	2,042,443	14,106,462	(475,744)	13,630,718
Equity in net earnings of an associate	438,074	–	438,074	(251,708)	186,366
	₱12,502,093	₱2,042,443	₱14,544,536	(₱727,452)	₱13,817,084
Net income	₱3,133,458	₱1,069,064	₱4,202,522	(₱226,577)	₱3,975,945
Adjusted EBITDA	₱4,254,031	₱1,529,092	₱5,783,123	(₱385,569)	₱5,397,554
Segment assets	₱73,083,324	₱24,406,563	₱97,489,887	₱607,159	₱98,097,046
Less deferred tax assets	–	12,320	12,320	–	12,320
Net segment assets	₱73,083,324	₱24,394,243	₱97,477,567	₱607,159	₱98,084,726
Segment liabilities	₱44,164,786	₱5,127,761	₱49,292,547	(₱181,413)	₱49,111,134
Less deferred tax liabilities	2,030,724	–	2,030,724	156,520	2,187,244
Net segment liabilities	₱42,134,062	₱5,127,761	₱47,261,823	(₱337,933)	₱46,923,890
Cash flows from (used in):					
Operating activities	₱1,539,970	₱1,692,111	₱3,232,081	(₱757,349)	₱2,474,732
Investing activities	(3,738,835)	(2,047,803)	(5,786,638)	–	(5,786,638)
Financing activities	6,562,623	1,004,295	7,566,918	(29,736)	7,537,182

	2012				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	₱10,118,138	₱1,908,543	₱12,026,681	(₱295,163)	₱11,731,518
Inter-segment	93,681	–	93,681	(93,681)	–
	10,211,819	1,908,543	12,120,362	(388,844)	11,731,518
Equity in net earnings of an associate	187,295	–	187,295	–	187,295
	₱10,399,114	₱1,908,543	₱12,307,657	(₱388,844)	₱11,918,813
Net income	₱2,565,329	₱1,067,965	₱3,633,294	(₱143,750)	₱3,489,544
Adjusted EBITDA	₱3,507,500	₱1,478,921	₱4,986,421	(₱302,398)	₱4,684,023
Segment assets	₱61,067,526	₱20,658,502	₱81,726,028	₱903,952	₱82,629,980
Less deferred tax assets	–	22,427	22,427	–	22,427
Net segment assets	₱61,067,526	₱20,636,075	₱81,703,601	₱903,952	₱82,607,553
Segment liabilities	₱32,624,587	₱3,723,807	₱36,348,394	₱35,632	₱36,384,026
Less deferred tax liabilities	1,752,427	–	1,752,427	153,155	1,905,582
Net segment liabilities	₱30,872,160	₱3,723,807	₱34,595,967	(₱117,523)	₱34,478,444
Cash flows from (used in):					
Operating activities	(₱2,239,914)	₱1,105,867	(₱1,134,047)	(₱450,837)	(₱1,584,884)
Investing activities	(2,454,566)	(1,416,343)	(3,870,909)	–	(3,870,909)
Financing activities	8,345,841	(2,047,127)	6,298,714	126,388	6,425,102

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statements of income:

	2014	2013	2012
		(In Thousands)	
Adjusted EBITDA	**₱6,669,552**	₱5,397,554	₱4,684,023
Depreciation and amortization (Notes 13 and 14)	**(396,959)**	(365,384)	(322,727)
Operating profit	**6,272,593**	5,032,170	4,361,296
Interest and other finance charges (Note 22)	**(647,617)**	(474,446)	(412,961)
Equity in net earnings of an associate (Note 12)	**52,796**	186,366	187,295
Income before income tax	**₱5,677,772**	₱4,744,090	₱4,135,630

6. Noncontrolling Interest in FAC

As of December 31, 2014 and 2013, noncontrolling interest amounting to ₱134.73 million and ₱353.04 million, respectively, represents 40% equity interest in FAC.

On July 17, 2014, FAC redeemed all the outstanding preferred shares proportionately from the Parent Company and from noncontrolling interest amounting to ₱282.94 million and ₱188.63 million, respectively.

The summarized financial information of FAC is provided below. This information is based on amounts after consolidation but before intercompany elimination.

Summarized statements of financial position as of December 31:

	2014	2013
	(In Thousands)	
Assets:		
Cash and cash equivalents	**₱171,421**	₱133,689
Other current assets	**138,391**	179,389
Other noncurrent assets excluding goodwill	**1,387,355**	1,452,090
Goodwill	**494,744**	494,744
Liabilities:		
Current liabilities	**(₱388,361)**	(₱274,985)
Noncurrent liabilities	**(971,978)**	(607,592)
Total Equity	**₱831,572**	₱1,377,335
Attributable to:		
Equity holders of the Parent	**₱696,841**	₱1,024,298
Noncontrolling interest	**134,731**	353,037

Summarized statements of comprehensive income for the years ended December 31:

	2014	2013	2012
		(In Thousands)	
Revenue	**₱355,094**	₱315,521	₱296,024
Costs	**(95,747)**	(95,211)	(80,618)
Interest and other finance charges	**(33,075)**	(31,523)	(32,280)
Income before income tax	**226,272**	188,787	183,126
Provision for income tax	**(50,465)**	(44,462)	(37,853)
Net income/Total comprehensive income	**₱175,807**	₱144,325	₱145,273
Attributable to noncontrolling interest	**₱70,323**	₱57,730	₱58,109
Dividends paid to noncontrolling interest	**100,000**	72,000	53,858

Summarized statements of cash flows information for the years ended December 31:

	2014	2013	2012
		(In Thousands)	
Operating	**₱333,376**	₱205,094	₱290,773
Investing	**(15,910)**	(8,795)	–
Financing	**(279,734)**	(210,121)	(250,363)
	₱37,732	(₱13,822)	₱40,410

7. Cash and Cash Equivalents

This account consists of:

	2014	2013
	(In Thousands)	
Cash on hand and in banks	**₱3,121,211**	₱2,890,059
Short-term deposits	**1,124,476**	3,500,673
	₱4,245,687	₱6,390,732

Cash in bank earns interest at the prevailing bank deposit rates. Short-term deposits are made for varying periods up to three (3) months and earn interest at the respective short-term deposit rates. Interest income earned on the Group's cash and cash equivalents amounted to ₱13.36 million, ₱37.24 million and ₱54.56 million in 2014, 2013 and 2012, respectively (see Note 22).

There is no cash restriction on the Group's cash and cash equivalents as at December 31, 2014 and 2013.

8. Contracts Receivable

This account consists of:

	2014	2013
	(In Thousands)	
Contracts receivable	**₱16,457,256**	₱12,602,877
Receivables from government and financial institutions	**515,091**	480,898
	₱16,972,347	₱13,083,775

Contracts receivable are collectible over varying periods within two to 10 years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold.

Receivables from government and financial institutions pertain to government and bank financed real estate sales. Receivables from government and financial institutions are collectible within one year.

The following table presents the breakdown of contracts receivable by maturity dates:

	2014			2013		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Contracts receivable	**₱4,061,378**	**₱12,395,878**	**₱16,457,256**	₱3,983,705	₱8,619,172	₱12,602,877
Receivables from government and financial institutions	**515,091**	–	**515,091**	480,898	–	480,898
	₱4,576,469	**₱12,395,878**	**₱16,972,347**	₱4,464,603	₱8,619,172	₱13,083,775

Interest income recognized on contracts receivable amounted to ₱672.37 million, ₱465.22 million and ₱420.37 million in 2014, 2013 and 2012, respectively (see Note 22). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group entered into various agreements with financial institutions whereby the Group rediscounted its contracts receivable with a provision that the Group should buy back these receivables when certain conditions happen such as receivables becoming overdue for two to three consecutive months, when the contract to sell has been cancelled, when the accounts remain outstanding after the lapse of five (5)-year holding period, when property covering the receivables becomes subject to complaint or legal action and the account's interest rate becomes lower than the bank's interest rate. These receivables are therefore retained in the books. The proceeds from the sale were used to fund development and construction of various projects. The Group's related liability for receivables discounted included under "Accounts payable and accrued expenses" account amounted to ₱8.50 million and ₱37.24 million as of December 31, 2014 and 2013, respectively (see Note 16).

The Group has a mortgage insurance contract with Home Guaranty Corporation (HGC), a government insurance company for a retail guaranty line. As of December 31, 2014 and 2013, the contracts covered by the guaranty line amounted to ₱0.23 billion and ₱0.58 billion, respectively, including receivables sold with buy back provisions. As of December 31, 2014 and 2013, the remaining unutilized guaranty line amounts to ₱4.63 billion.

On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement. Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a "pass-through arrangement".

In the above transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

In 2013 and 2012, the Parent Company has sold contracts receivable amounting to ₱266.96 million and ₱849.59 million, recognizing a gain on sale of contracts receivable amounting to ₱58.4 million and ₱113.74 million, respectively. There were no contracts receivable sold to EW in 2014 (see Notes 19 and 23).

9. Other Receivables

This account consists of:

	2014	2013
	(In Thousands)	
Advances to contractors and suppliers	**₱2,180,422**	₱1,280,253
Advances to joint venture partners	**397,986**	1,035,469
Receivables from tenants	**339,705**	295,593
Receivables from homeowners' associations	**228,811**	246,581
Receivables from buyers	**239,141**	179,045
Advances to employees	**169,328**	118,403
Others	**55,388**	80,038
	3,610,781	3,235,382
Less: Allowance for doubtful accounts	**109,825**	98,643
	₱3,500,956	₱3,136,739

"Advances to contractors and suppliers" pertain to down payment made by the Group which are applied against future billings for development and construction contracts.

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties.

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within a year. Allowance for doubtful accounts related to these receivables amounted to ₱23.81 million and ₱20.63 million as of December 31, 2014 and 2013, respectively.

Provision for doubtful accounts recorded in 2014 and 2012 amounted to ₱3.18 million and ₱6.39 million, respectively, while reversal of provision for doubtful accounts recorded in 2013 amounted to ₱4.54 million.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association. Allowance for doubtful accounts related to these receivables amounted to ₱86.01 million and ₱78.01 million as of December 31, 2014 and 2013. Provision for doubtful accounts amounting to ₱8.00 million, ₱30.00 million and ₱12.00 million were recognized in 2014, 2013 and 2012, respectively

"Receivables from buyers" include receivables relating to insurance and registration of properties advanced by the Group.

"Advances to employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Others" represents advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

As of December 31, 2014 and 2013, all other receivables, except for a portion in advances to joint venture partners and contractors amounting to ₱397.99 million and ₱1.04 billion, respectively, are due within one year.

Below is the movement of the allowance for doubtful accounts:

	2014	2013
	(In Thousands)	
Balance at beginning of year	**₱98,643**	₱73,180
Provisions - net of reversals (Note 20)	**11,182**	25,463
Balance at end of year	**₱109,825**	₱98,643

10. Real Estate Inventories and Land and Land Development

This account consists of:

	2014	2013
	(In Thousands)	
Subdivision lots and housing units for sale	**₱23,449,876**	₱23,657,594
Investment in club project	**789,112**	769,364
Real estate inventories	**₱24,238,988**	₱24,426,958
Land and land development	**₱17,388,474**	₱18,794,686

In February 2009, the Parent Company signed an agreement with the Cebu City Government to develop 50.6 hectares of the South Road Properties, a 300-hectare reclaimed land project located in Cebu City (see Note 31). The agreement involves:

(a) purchase by the Group of 10.6 hectares of the property to be developed into a modern urban center consisting of residential, office, commercial, hotel and leisure buildings and a public promenade which is a one kilometer long waterfront lifestyle strip that will offer a range of seaside leisure activities. Payments made to the Cebu City Government in 2014 and 2013 amounted to ₱224.4 million and ₱234.8 million, respectively, with the remaining balance of the total purchase price payable in 2015.

As of December 31, 2014, the Group plans to complete the first two phases of the waterfront lifestyle strip covering seven hectares in 2015.

(b) development of the remaining 40 hectares of the property under a profit-sharing arrangement with the Cebu City Government. The profit sharing of the Parent Company and the Cebu City Government is 90% and 10%, respectively. The 40 hectares will be developed in four (4) phases over a 20-year period, with the Group contributing the development costs, as well as the marketing and management services. The Group plans to develop the 40 hectares mainly into a residential resort town composed of Italian-inspired residential communities.

A summary of the movement in subdivision lots and housing units for sale is set out below:

	2014	2013
	(In Thousands)	
Balance at beginning of year	**₱23,657,594**	₱22,985,107
Land costs transferred from land and land development	**637,550**	289,704
Construction/development costs incurred	**6,399,351**	5,773,075
Capitalized borrowing costs	**476,420**	645,537
Cost of real estate sales	**(7,721,039)**	(6,035,829)
	₱23,449,876	₱23,657,594

Capitalization rate for the capitalized borrowing costs is 2%, 3% and 5% in 2014, 2013 and 2012, respectively.

A summary of the movement in investment in club project is set out below:

	2014	2013
	(In Thousands)	
Balance at beginning of year	**₱769,364**	₱692,349
Cost of sale of club shares	**(5,125)**	(251)
Site development and incidental costs	**24,873**	77,266
	₱789,112	₱769,364

A summary of the movement in land and land development is set out below:

	2014	2013
	(In Thousands)	
Balance at beginning of year	**₱18,794,686**	₱15,368,369
Land acquisitions	**1,808,824**	3,654,647
Land costs transferred to real estate inventories	**(637,550)**	(289,704)
Transfers to investment property (Note 13)	**(3,022,900)**	(1,051,602)
Site development and incidental costs	**445,414**	1,112,976
	₱17,388,474	₱18,794,686

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱272.66 million and ₱366.43 million for the years ended December 31, 2014 and 2013, respectively. Capitalization rate is 1.36% and 2.20% for the years ended December 31, 2014 and 2013, respectively.

As of December 31, 2014 and 2013, the Group is committed to pay land acquisition costs amounting to ₱141.80 million and ₱791.77 million as of December 31, 2014 and 2013, respectively. There are no other purchase commitments as of December 31, 2014 and 2013.

11. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income account as of December 31, 2014 and 2013 consist of:

	2014	2013
	(In Thousands)	
Investment in shares of stock		
Quoted	**₱9,321**	₱3,321
Unquoted	**14,531**	14,531
	₱23,852	₱17,852

Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. These investments are carried at cost less accumulated impairment, if any.

In 2013, the Group's unquoted shares of stock amounting to ₱6.77 million were redeemed. There was no redemption in 2014 and 2012.

12. Investment in an Associate

This account consists of:

	2014	2013
	(In Thousands)	
At equity:		
Acquisition cost	**₱800,000**	₱800,000
Accumulated equity in net earnings:		
Balance at the beginning of year	**979,842**	873,876
Dividends received	**(96,000)**	(80,400)
Equity in net earnings for the year	**52,796**	186,366
Balance at end of year	**936,638**	979,842
	1,736,638	1,779,842
Share in revaluation increment on land at deemed cost	**1,876,422**	1,876,422
Share in other components of equity	**361,794**	361,794
	₱3,974,854	₱4,018,058

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate, marketing, managing mall and theater operations in the Philippines.

On December 10, 2014, FAI declared and distributed from its unappropriated retained earnings cash dividend of ₱0.08 per share or a total of ₱480.0 million to all shareholders of record as of December 31, 2013. The Group received its 20% share in the dividends amounting to ₱96.00 million.

On September 6, 2013, FAI declared and distributed from its unappropriated retained earnings cash dividend of ₱0.067 per share or a total of ₱402.00 million for all shareholders of record as of September 6, 2013. The Group received its 20% share in the dividends amounting to ₱80.40 million.

On November 28, 2012, FAI declared and distributed from its unappropriated retained earnings cash dividend of ₱0.0625 per share or a total of ₱375.00 million for all shareholders of record as of December 14, 2012. The Group received its 20% share in the dividends amounting to ₱75.00 million.

The Group does not restrict profit distribution of its associate. The associate has no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2014 and 2013.

Summarized financial information and reconciliation of investment in FAI is as follows:

	2014	2013
	(In Thousands)	
Assets		
Cash and cash equivalents	**₱741,320**	₱1,317,114
Receivables	**1,780,624**	1,809,896
Real estate inventories	**10,177,214**	9,032,472
Investment properties	**18,554,794**	18,542,472
Property and equipment	**1,995,574**	1,988,598
Other assets	**431,043**	303,322
Total assets	**33,680,569**	32,993,874
Liabilities		
Accounts payable and accrued expenses	**3,828,179**	2,714,729
Loans payable	**2,306,667**	2,339,159
Retirement liability	**102,245**	84,050
Income tax payable	**3,959**	182,353
Deferred tax liabilities	**4,584,570**	4,602,614
Total liabilities	**10,825,620**	9,922,905
Equity	**₱22,854,949**	₱23,070,969
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱4,570,990**	₱4,614,194
Less upstream sales	**596,136**	596,136
Carrying amount of the investment	**₱3,974,854**	₱4,018,058

	2014	2013
	(In Thousands)	
Sales and other revenue	**₱1,750,706**	₱3,291,086
Cost and other expenses	**(1,110,828)**	(1,394,201)
Depreciation	**(179,962)**	(151,633)
Interest expense	**(67,157)**	(56,169)
Interest income	**5,873**	7,580
Income before tax	**398,632**	1,696,663
Income tax expense	**134,654**	513,127
Net income for the year	**263,978**	1,183,536
Less upstream sales (Note 19)	**–**	251,708
Net income after elimination of upstream sales	**₱263,978**	₱931,828
Group's equity in net earnings of associate	**₱52,796**	₱186,366

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2014			
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Total**
		(In Thousands)		
Cost				
Balances at beginning of year	**₱7,383,967**	**₱14,685,228**	**₱67,691**	**₱22,136,886**
Additions and transfers (Note 10)	**3,739,096**	**3,357,584**	**3,262**	**7,099,942**
Balances at end of year	**11,123,063**	**18,042,812**	**70,953**	**29,236,828**
Accumulated Depreciation				
Balances at beginning of year	**–**	**2,502,589**	**41,467**	**2,544,056**
Depreciation and transfers (Note 20)	**–**	**374,621**	**6,819**	**381,440**
Balances at end of year	**–**	**2,877,210**	**48,286**	**2,925,496**
Net Book Value	**₱11,123,063**	**₱15,165,602**	**₱22,667**	**₱26,311,332**

	2013			
	Land	Buildings and Improvements (Note 14)	Machinery and Equipment	Total
		(In Thousands)		
Cost				
Balances at beginning of year	₱5,985,751	₱12,241,008	₱63,338	₱18,290,097
Additions and transfers (Note 10)	1,398,216	2,444,220	4,353	3,846,789
Balances at end of year	7,383,967	14,685,228	67,691	22,136,886
Accumulated Depreciation				
Balances at beginning of year	–	2,280,266	31,320	2,311,586
Depreciation and transfers (Note 20)	–	222,323	10,147	232,470
Balances at end of year	–	2,502,589	41,467	2,544,056
Net Book Value	₱7,383,967	₱12,182,639	₱26,224	₱19,592,830

Investment properties consist mainly of the commercial mall and buildings acquired as part of the exchange transaction in September 2006 (see Note 4).

Borrowing costs capitalized as part of investment properties amounted to ₱856.07 million and ₱380.66 million in 2014 and 2013, respectively. Capitalization rate used ranges from 2.0% to 5.10% in 2014, 2.1% to 3.1% in 2013 and 2.4% to 6.0% in 2012.

The aggregate fair value of the Group's investment properties amounted to ₱40.86 billion and ₱28.11 billion as of December 31, 2014 and 2013, respectively, based on the market data approach for land and income approach using discounted cash flow analysis for buildings. The values used by the Group are based on a third party appraisal performed in 2010 and were updated using December 31, 2014 and 2013 year-end values and assumptions.

In the market data approach, the value of investment properties is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires establishing comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the difference between the subject properties and those actual sales and listing regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject properties. While in the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Rental income from investment properties amounted to ₱2.26 billion, ₱2.03 billion and ₱1.89 billion in 2014, 2013 and 2012, respectively. Operating expenses from investment properties amounted to ₱511.98 million, ₱491.40 million and ₱473.62 million in 2014, 2013 and 2012, respectively.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2014						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱1,106,749**	**₱202,712**	**₱91,061**	**₱71,899**	**₱34,399**	**₱30,735**	**₱1,537,555**
Additions and transfers	**31,762**	**137,557**	**5,909**	**21,631**	**959**	**19,078**	**216,896**
Balances at end of year	**1,138,511**	**340,269**	**96,970**	**93,530**	**35,358**	**49,813**	**1,754,451**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**70,277**	**175,677**	**65,479**	**47,898**	**27,402**	**–**	**386,733**
Depreciation and amortization - net of transfers (Note 20)	**20,205**	**12,838**	**7,897**	**1,926**	**1,662**	**–**	**44,528**
Balances at end of year	**90,482**	**188,515**	**73,376**	**49,824**	**29,064**	**–**	**431,261**
Net Book Value	**₱1,048,029**	**₱151,754**	**₱23,594**	**₱43,706**	**₱6,294**	**₱49,813**	**₱1,323,190**

	2013						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress (Note 13)	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱464,440	₱188,668	₱78,741	₱50,199	₱32,614	₱845,147	₱1,659,809
Additions and transfers (Note 12)	642,309	14,044	12,320	21,700	1,785	(814,412)	(122,254)
Balances at end of year	1,106,749	202,712	91,061	71,899	34,399	30,735	1,537,555
Accumulated Depreciation and Amortization							
Balances at beginning of year	27,743	169,920	62,912	46,218	25,073	–	331,866
Depreciation and amortization - net of transfers (Note 20)	42,534	5,757	2,567	1,680	2,329	–	54,867
Balances at end of year	70,277	175,677	65,479	47,898	27,402	–	386,733
Net Book Value	₱1,036,472	₱27,035	₱25,582	₱24,001	₱6,997	₱30,735	₱1,150,822

As of December 31, 2014 and 2013, cost of fully depreciated property and equipment still used in operations amounted to ₱12.38 million and ₱6.98 million, respectively.

15. Other Assets

This account consists of:

	2014	2013
	(In Thousands)	
Input taxes	**₱1,316,635**	₱1,012,981
Prepaid expenses	**445,997**	599,935
Deposits	**389,325**	179,159
Creditable withholding taxes	**107,410**	320,776

(Forward)

	2014	2013
	(In Thousands)	
Construction materials and supplies	**₱65,493**	₱56,639
Short-term deposits (Note 30)	**18,762**	143,382
Other noncurrent assets	**1,249,739**	387,622
	₱3,593,361	₱2,700,494

"Input taxes" represent the VAT due or paid on purchases of goods and services subjected to VAT that the Group can claim against any output VAT on sale of goods and services.

"Prepaid expenses" include commissions paid to brokers relating to the sales of real estate inventories which do not qualify yet for revenue recognition. Such amount will be recognized as expense when the qualification for recognition has been met for the related revenue.

"Deposits" include advances to sellers for the purchase of raw land prior to issuance of Contract to Sell. These also include utility and security deposits.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Other noncurrent assets" pertain to the cost related to the Build Transfer and Operate (BTO) agreement with The Province of Cebu (Cebu Province) entered into on March 26, 2012. The BTO project relates to the development, construction and operation of Business Process Outsourcing (BPO) Complex by the Group at the land properties owned by Cebu Province located at Salinas, Lahug Cebu City (see Note 31).

16. Accounts Payable and Accrued Expenses

This account consists of:

	2014			2013		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Accounts payable	**₱5,043,378**	**96,668**	**₱5,140,046**	₱5,761,215	₱165,756	₱5,926,971
Deposits for registration and insurance	**189,855**	**1,359,327**	**1,549,182**	138,167	989,253	1,127,420
Advances and deposits from customers	**1,410,239**	**–**	**1,410,239**	1,247,252	–	1,247,252
Retention fees payable	**813,933**	**490,687**	**1,304,620**	596,338	359,508	955,846
Deposits from tenants	**495,596**	**164,462**	**660,058**	230,246	292,494	522,740
Accrued expenses	**322,975**	**–**	**322,975**	267,193	–	267,193
Accrued interest on bonds and loans (Notes 17 and 18)	**254,278**	**–**	**254,278**	215,193	–	215,193
Liabilities on receivables sold to banks (Note 8)	**5,585**	**2,919**	**8,504**	23,325	13,915	37,240
Other payables	**195,096**	**–**	**195,096**	141,557	–	141,557
	₱8,730,935	**₱2,114,063**	**₱10,844,998**	₱8,620,486	₱1,820,926	₱10,441,412

"Accounts payable" includes the outstanding balance of the costs of raw land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Note 10). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Deposits for registration and insurance" pertain to amounts collected from buyers for payment of registration and insurance of real estate properties.

"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 from tenants" are advance payments received 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, among others.

"Other payables" pertain mainly to withholding taxes and output VAT payables.

17. Loans Payable

This account consists of:

	2014	2013
	(In Thousands)	
Term loans from a financial institution (Note 19)	**₱225,000**	₱675,000
Developmental loans from local banks	**16,294,797**	14,076,209
	16,519,797	14,751,209
Less current portion of loans	**2,284,109**	1,541,914
Long term portion of loans payable	**₱14,235,688**	₱13,209,295

a. *Term Loans from a Financial Institution*
On June 17, 2005, the Group entered into a Local Currency Loan Agreement with a foreign financial institution whereby the Group was granted a credit line facility amounting to ₱2.25 billion. In October 2005, the Group availed of ₱1.13 billion or half of the total amount granted. The loan is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan carries a fixed interest rate of 7.72% per annum.

In July 2007, the Group availed of the remaining balance of the facility amounting to ₱1.12 billion. The loan is also payable in 10 semi-annual installments commencing December 2010 and ending June 2015. This loan has a fixed annual interest rate of 7.90%.

Both loans were guaranteed by FDC (see Note 19). Principal payments made in 2014 and 2013 amounted to ₱450.00 million in each year. Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱42.22 million and ₱78.73 million in 2014 and 2013, respectively.

b. Developmental Loans from Local Banks

Below are the details of the loans presented at gross of unamortized deferred charges amounting to ₱25.45 million and ₱39.04 million, as of December 31, 2014 and 2013, respectively. These are recorded under "Loans payable".

	2014	2013
	(In Thousands)	
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.07% per annum, payable quarterly in arrears. The principal is payable at maturity on July 2018.	**₱1,500,000**	₱1,500,000
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting September 2015 up to June 2018.	**1,148,500**	1,148,500
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum GRT 5 years (fixed rate) 4.28% per annum, payable quarterly in arrears. The 50% balance is payable in twenty (20) equal quarterly installments starting August 2015 up to May 2020 and the remaining 50% balance is payable in August 2020.	**1,000,000**	1,000,000
Unsecured loan obtained in November 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.50% per annum, payable quarterly in arrears. The principal is payable at maturity on November 2017.	**1,000,000**	1,000,000
Unsecured loan obtained in January 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum GRT 5 years (fixed rate) 6.39% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017.	**1,000,000**	1,000,000
Unsecured loan obtained in April 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 6.12% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017.	**1,000,000**	1,000,000
Unsecured loan obtained in 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**	–
Unsecured loan obtained in February 2013 with interest at prevailing market rate plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	**750,000**	750,000
Unsecured loan obtained in December 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.62% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on March 2016 and 50% payable at maturity on December 2020.	**700,00**0	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**	–
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**	–

(Forward)

	2014	2013
	(In Thousands)	
Unsecured loans obtained in August 15, 2012 with interest of 5.79% per annum (inclusive of GRT), subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on November 2014 and 50% payable at maturity on August 2019.	**₱585,000**	₱600,000
Unsecured loan obtained in October 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.21% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on January 2016 and 50% payable at maturity on October 2020.	**550,000**	550,000
Unsecured loan obtained in March 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum, payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence on June 2013 and 50% payable at maturity on March 2016.	**531,250**	656,250
Unsecured loan obtained in December 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.29% per annum, payable quarterly in arrears. The principal is payable at maturity on December 2017.	**500,000**	500,000
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 4.28% per annum, payable quarterly in arrears. The 50% balance is payable in twenty (20) equal quarterly installments starting August 2015 up to May 2020 and the remaining 50% balance is paid in August 2020.	**500,000**	500,000
Unsecured loan obtained in March 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 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**	–
Unsecured loan obtained in November 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.80% per annum, payable quarterly in arrears. The principal is payable upon maturity in November 2019.	**500,000**	–
Unsecured loan obtained in June 2011 with interest rate equal to 91-day PDST-F rate plus a spread of 1% per annum, payable quarterly in arrears. The 50% balance is paid in July 2011 and the remaining 50% balance is payable in twelve (12) equal quarterly installments starting September 2013 up to June 2016.	**375,000**	625,000
Unsecured loan obtained in October 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate of 6.03% per annum), payable quarterly in arrears. The principal is payable at maturity on October 2017.	**300,000**	300,000
Unsecured loan obtained in May 2013 with interest rate equal to BSP overnight reverse repurchase agreement plus 1% per annum plus GRT (Fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	**300,000**	300,000
Unsecured loan obtained in May 17, 2012 with interest at prevailing market rate, subject to repricing and payable quarterly in arrears. The loan has a term of 7 years, inclusive of 2 year grace period on principal repayment, 50% principal balance is payable in 20 equal quarterly installments to commence on August 2014.	**285,000**	300,000

(Forward)

	2014	2013
	(In Thousands)	
Unsecured loan obtained in May 2013 with interest rate equal to BSP overnight reverse repurchased agreement plus 1% per annum plus GRT (fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	**₱250,000**	₱250,000
Unsecured loan obtained in December 2011 with interest at prevailing market rate 4.2% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting March 2014 to December 2016.	**233,333**	350,000
Unsecured loan granted in November 10, 2011 with a term of 7 years with 2 years grace period on principal repayment. Interest is based on prevailing market rate, subject to quarterly repricing and payable quarterly in arrears. 50% of principal is payable in 12 quarterly amortization commencing on February 10, 2014 and 50% is payable on maturity.	**180,000**	200,000
Unsecured loan granted in December 2012 with a term of five years with 50% of principal payable in 20 equal quarterly amortization to commence on March 2013 and 50% payable at maturity on December 2017. The loan carries interest at prevailing market rate.	**120,000**	135,000
Unsecured loan granted in May 2010 with a term of five years with 50% of principal payable in 12 equal quarterly amortization to commence on August 2012 and 50% payable at maturity in May 2015. The loan carries interest at prevailing market rate payable quarterly in arrears.	**116,667**	150,000
Unsecured loan granted in May 2012 payable over 7-year period inclusive of 2 year grace period; 50% of principal is payable in 20 equal quarterly amortizations to commence on August 2014 and 50% payable at maturity on May 2019. The loan carries interest at prevailing market rate.	**95,000**	100,000
Unsecured loan obtained in February 2013 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	**500**	500
Unsecured loan obtained in March 2013 with interest rate of 4.32% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable at maturity on March 2014.	–	500,000
Total	**₱16,320,250**	₱14,115,250

The Group's loans payable are unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including maximum debt-to-equity ratio of 1.0x; minimum debt service coverage ratio of 1.5x; minimum interest coverage ratio of 2.0x; and limit in single mortgage, unhedged foreign currency open position, and loans to related parties of 1%, 10% and 15% of shareholders' equity, respectively.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness outside the normal course of business; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted as of December 31, 2014 and 2013.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱773.84 million and ₱617.04 million in 2014 and 2013, respectively.

18. Bonds Payable

On November 19, 2009, the Parent Company issued fixed rate bonds (the "Bonds") with aggregate principal amount of ₱5.00 billion, comprised of three (3)-year fixed rate bonds due in 2012 and five (5)-year fixed rate bonds due in 2014. The three-year bonds have a fixed interest rate of 7.53% per annum. Interest is payable quarterly in arrears starting on February 19, 2010. The five (5)-year bonds have a fixed interest rate of 8.46% per annum. Interest is payable quarterly in arrears starting on February 20, 2010. The ₱0.50 billion and ₱4.50 billion three (3)-year fixed rate bond was paid by the Parent Company on November 16, 2012 and November 19, 2014, respectively.

On July 7, 2011, the Parent Company issued fixed rate bonds with principal amount of ₱3.00 billion, to finance its capital requirements in 2011 and 2012. The term of the bonds is five (5) years from the issue date with fixed interest rate of 6.2% per annum, payable quarterly in arrears starting on October 7, 2011.

Unamortized debt issuance cost on 2011 fixed rate bonds amounted to ₱18.55 million and ₱28.10 million as of December 31, 2014 and 2013, respectively. Accretion in 2014, 2013 and 2012 included as part of 'Interest and other finance charges' amounted to ₱9.55 million, ₱8.94 million and ₱8.39 million, respectively (see Note 22).

On June 8, 2012, the Parent Company issued another fixed rate bonds with aggregate principal amount of ₱7.00 billion and term of seven (7) years from the issue date. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 8, 2012.

Unamortized debt issuance cost on bonds payable amounted to ₱48.73 million and ₱61.90 million as of December 31, 2014 and 2013, respectively. Accretion in 2014, 2013 and 2012 included as part of 'Interest and other finance charges' amounted to ₱13.02 million, ₱13.87 million and ₱10.91 million, respectively (see Note 22).

On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion seven (7)-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion ten (10)-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014.

Unamortized debt issuance cost on bonds payable amounted to ₱68.77 million and ₱81.07 million as of December 31, 2014 and 2013, respectively. Accretion in 2014 and 2013 included as part of 'Interest and other finance charges' amounted to ₱12.30 million and ₱1.84 million, respectively (see Note 22).

On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion seven (7)-year fixed rate bonds due in 2021 and ₱1.70 billion ten (10)-year fixed rate bonds due in 2024. The seven-year bonds carry a fixed rate of 5.4% per annum, while the ten (10)-year bonds have a fixed interest rate of 5.64% per annum.

Unamortized debt issuance cost on bonds payable amounted to ₱76.95 million as of December 31, 2014. Accretion in 2014 included as part of "Interest and other finance charges" amounted to ₱0.93 million (see Note 22).

These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio of 1.0x. As of December 31, 2014 and 2013, the Group is not in breach of any of these debt covenants.

Interest incurred on bonds (gross of related capitalized borrowing costs) amounted to ₱1.36 billion and ₱1.08 billion in 2014 and 2013, respectively.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

Significant transactions with related parties are as follows:

a. On January 3, 2012, the Group entered into Receivable Purchase Agreement and Accounts Servicing Agreement with EW. As of December 31, 2013 and 2012, the Parent Company has sold contracts receivable for a total purchase price of ₱266.96 million and ₱849.59 million, respectively, recognizing a gain on sale amounting to ₱58.40 million and ₱113.74 million, respectively, recorded under "Other income" (nil as of and for the year ended December 31, 2014; see Notes 8 and 23). The Group also maintains cash and cash equivalents with EW.

b. Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. In 2012, the Group purchased from FDC a parcel of land located in San Juan City for total purchase price of ₱109.63 million. The Group originally leased this land, together with the building constructed in it, as its head office, recognizing rental expense of ₱43.82 million in 2012. The Group has started development on the said land in 2013. The Group also charged FDC certain common expenses paid by the Group in its behalf.

   Further, starting in 2009, Promax was appointed by FDC, as a marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 23).

   Loans guaranteed by FDC amounted to ₱225.00 million and ₱675.00 million as of December 31, 2014 and 2013, respectively (see Note 17).

d. In 2013, the Parent Company purchased from FAI a parcel of land located at Alabang, Muntinlupa City for a total purchase price of ₱603.40 million. As of December 31, 2013, outstanding liability amounted to ₱488.75 million. The Parent Company has substantially completed the development project of the first tower on this property as of December 31, 2013.

   Due from associate include receivable for the transfer of equipment, furniture and fixtures and inventories to an affiliate for the start-up of operations. It also includes share in Group's common expenses.

Other transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, share of expenses and commission charges.

e. In 2007, the Group entered into a development agreement with GCK Realty Corporation (GCK), an affiliate. The agreement provides that the Parent Company shall undertake the construction of a condominium building on the land owned by GCK located in Kamputhaw, Cebu City.

The agreement further provides that the Parent Company shall shoulder all costs and expenses necessary and incidental to the construction of the building. The saleable condominium units forming part of the building as developed shall be allocated between the Group and GCK on a 92% and 8% share, respectively.

GCK shall pay the Group management fee and the reimbursable commissions paid by the Group to the brokers based on certain percentage of the gross selling price of the units owned by GCK. The Group shall likewise set aside an amount equivalent to a certain percentage of all collections received from the sale of units of GCK for expenses related to maintenance and upkeep of the building. In 2010, the Group started to remit sales on the sold units belonging to GCK.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱26.52 million, ₱23.40 million and ₱23.90 million in 2014, 2013 and 2012, respectively. Post-employment benefits of key management personnel amounted to ₱2.86 million and ₱5.50 million in 2013 and 2012, respectively (nil in 2014).

The amounts and the balances arising from the foregoing significant related party transactions are presented below. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2014			
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**
		(In Thousands)		
a. Bank under common control of the ultimate parent				
Cash and cash equivalents	**₱2,693,561**	**₱2,693,561**	0.5% to 4.5%	No impairment
Interest income	**9,971**	**–**		
	₱2,703,532	**₱2,693,561**		
b. Ultimate Parent	**₱401**	**₱1,097**	Non - interest bearing, payable on demand	Unsecured, no impairment
c. Parent	**3,746**	**42,542**	Non - interest bearing, payable on demand	Unsecured, no impairment
e. Affiliates	**2,802**	**199,394**	Non - interest bearing, payable on demand	Unsecured, no impairment
Due from related parties	**₱6,949**	**₱243,033**		
c. Parent				
Purchase of land	**₱–**	**(₱41,112)**	Non - interest bearing, payable on demand	Unsecured
Share in Group expenses	**37,343**	**(87,738)**	Non - interest bearing, payable on demand	Unsecured
Management and marketing income	**7,655**	**–**	Non - interest bearing, payable on demand	Unsecured
	44,998	**(128,850)**		

(Forward)

	2014			
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**
		(In Thousands)		
d. Associate				
Rent	**₱111,432**	**(₱14,109)**	Non - interest bearing, payable on demand	Unsecured
Management Fee	**2,365**	–	Non - interest bearing, payable on demand	Unsecured
Marketing Income	**(1,272)**	–	Non - interest bearing, payable on demand	Unsecured
Share in other expenses	**54,173**	**(40,064)**	Non - interest bearing, payable on demand	Unsecured
	166,698	**(54,173)**		
e. Affiliates	**57,914**	**(76,671)**	Non - interest bearing, payable on demand	Unsecured
Due to related parties	**₱269,610**	**(₱259,694)**		

	2013			
	Amount/ Volume	Due from / (Due to)	Terms	Conditions
		(In Thousands)		
a. Bank under common control of the ultimate parent				
Cash and cash equivalents	₱3,826,198	₱3,826,198	0.5% to 4.5%	No impairment
Interest income	13,284	–		
Sale of receivables	266,961	–		
Gain on sale of receivables	58,404	–		
	₱4,164,847	₱3,826,198		
d. Ultimate Parent	₱334	₱696	Non - interest bearing, payable on demand	Unsecured, no impairment
e. Parent	37,066	8,118	Non - interest bearing, payable on demand	Unsecured, no impairment
f. Associate	10,689	2,219	Non - interest bearing, payable on demand	Unsecured, no impairment
e. Affiliates	2,382	193,505	Non - interest bearing, payable on demand	Unsecured, no impairment
Due from related parties	₱50,471	₱204,538		
b. Ultimate Parent	₱520,000	₱–	Bears 4.0% interest per annum, payable on demand	Unsecured
c. Parent				
Purchase of land	–	(61,668)	Non - interest bearing, payable on demand	Unsecured
Share in Group expenses	7,946	(31,968)	Non - interest bearing, payable on demand	Unsecured
Management and marketing income	3,109	–	Non - interest bearing, payable on demand	Unsecured
	11,055	(93,636)		
d. Associate				
Rent	101,425	(11,655)	Non - interest bearing, payable on demand	Unsecured
Management Fee	2,421	–	Non - interest bearing, payable on demand	Unsecured
Marketing Income	(5,638)	–	Non - interest bearing, payable on demand	Unsecured
Share in other expenses	21,995	(53,419)	Non - interest bearing, payable on demand	Unsecured
	120,203	(65,074)		
e. Affiliates	59,123	(50,491)	Non - interest bearing, payable on demand	Unsecured
Due to related parties	₱710,381	(₱209,201)		

20. General and Administrative Expenses

The account consists of:

	2014	2013	2012
		(In Thousands)	
Salaries, wages and employee benefits	**₱411,296**	₱356,910	₱329,970
Taxes and licenses	**140,858**	127,055	129,400
Depreciation and amortization (Notes 13 and 14)	**113,228**	96,991	79,057
Repairs and maintenance	**99,642**	92,560	50,343
Insurance	**90,025**	97,687	57,414
Transportation and travel	**77,372**	74,775	78,833
Outside services	**67,611**	65,474	71,436
Entertainment, amusement and recreation	**59,560**	54,348	46,088
Rent (Note 19)	**37,381**	35,350	78,049
Electronic data processing charges	**34,553**	28,501	30,294
Communications, light and water	**28,686**	29,440	56,444
Retirement costs (Note 24)	**39,222**	28,944	24,877
Dues and subscriptions	**11,938**	11,874	13,236
Office supplies	**11,326**	12,279	15,679
Provision for doubtful accounts - net (Note 9)	**11,182**	25,463	18,387
Others	**48,448**	40,937	17,395
	₱1,282,328	₱1,178,588	₱1,096,902

21. Selling and Marketing Expenses

The account consists of:

	2014	2013	2012
		(In Thousands)	
Brokers' commissions	**₱510,159**	₱322,209	₱292,748
Selling, advertising and promotions	**324,188**	255,351	256,172
Service fees	**108,699**	126,776	159,085
Sales office direct costs	**101,247**	145,734	73,662
Corporate advertisements	**4,584**	22,657	57,492
Salaries and wages	**1,314**	2,416	20,061
Others	**3,865**	17,339	13,025
	₱1,054,056	₱892,482	₱872,245

22. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2014	2013	2012
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱672,372**	₱465,222	₱420,368
Cash and cash equivalents (Note 7)	**13,363**	37,242	54,555
Others	**65,961**	46,934	41,618
	₱751,696	₱549,398	₱516,541
Interest and other finance charges:			
Interest expense on loans and bonds payable, net of interest capitalized (Notes 17 and 18)	**₱571,169**	₱384,491	₱348,108
Amortization of transaction costs of loans and bonds (Notes 17 and 18)	**60,105**	60,383	41,410
Other finance charges	**16,343**	29,572	23,443
	₱647,617	₱474,446	₱412,961

23. Other Income

The account consists of:

	2014	2013	2012
		(In Thousands)	
Forfeited reservations and collections	**₱277,081**	₱202,047	₱210,820
Income from amusement centers, parking and other lease-related activities	**156,256**	140,450	131,222
Processing fees	**124,271**	139,890	64,006
Gain on sale of contracts receivables (Note 8)	**–**	58,404	113,739
Service fees	**40,052**	11,190	5,778
Foreign currency exchange gain (loss) - net	**5,757**	(399)	2,585
Others (Note 19)	**24,016**	17,183	1,375
	₱627,433	₱568,765	₱529,525

24. Retirement Costs

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service.

The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

Republic Act 7641 requires a provision for retirement pay to qualified private sector employees provided that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2014		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
Balance as at January 1, 2014	**₱272,513**	**₱85,696**	**₱186,817**
Net benefit costs in profit or loss			
Current service cost	**28,298**	–	**28,298**
Net interest	**15,980**	**5,056**	**10,924**
	44,278	**5,056**	**39,222**
Remeasurements in other comprehensive income			
Return on plan assets (excluding amount included in net interest)	–	**27,747**	**(27,747)**
Actuarial changes arising from changes in demographic assumptions	**(12,962)**	–	**(12,962)**
Actuarial changes arising from changes in financial assumptions	**50,992**	–	**50,992**
	38,030	**27,747**	**10,283**
	₱354,821	**₱118,499**	**₱236,322**

	2013		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
Balance as at January 1, 2013	₱240,601	₱80,845	₱159,756
Net benefit costs in profit or loss			
Current service cost	19,359	–	19,359
Net interest	14,436	4,851	9,585
	33,795	4,851	28,944
Benefits paid	(1,883)	(1,883)	–
Contribution	–	1,883	(1,883)
	₱272,513	₱85,696	₱186,817

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2014 and 2013, these placements are with EW.

As of December 31, 2014 and 2013, the carrying amount of the plan assets approximates its fair value.

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2014	2013	2012
Discount rate	**4.60% - 4.70%**	5.90% - 6.30%	5.90% - 6.30%
Future salary increases	**8.00%**	8.00%	8.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation. Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation. If the discount rate would be 100 basis points lower, the defined benefit obligation would increase by ₱52.34 million in 2014, and if discount rate would be 50 basis points lower, the defined benefit obligation would increase by ₱16.38 million in 2013.

The Group does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

25. Operating Leases

As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2014 and 2013 are as follows:

	2014	2013
	(In Thousands)	
Within one year	**₱1,880,032**	₱1,563,130
After one year but not more than five years	**2,552,974**	2,953,973
After five years	**719,358**	38,738
	₱5,152,364	₱4,555,841

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the consolidated statements of income amounted to ₱276.60 million, ₱322.42 million and ₱223.91 million in 2014, 2013 and 2012, respectively.

As lessee, future minimum rental payables under operating leases as of December 31, 2014 and 2013 are as follows:

	2014	2013
	(In Thousands)	
Within one year	**₱129,773**	₱164,350
After one year but not more than five years	**630,843**	407,789
After five years	**630,631**	976,575
	₱1,391,247	₱1,548,714

The Group leases from FDC, parcel of land and building located in San Juan City for its then head office for a fixed monthly rental. The lease term ended in October 2012 (see Note 19).

26. Equity

The details of the Parent Company's common and preferred shares as of December 31, 2014 and 2013 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	33,000,000	8,000,000
Par value per share	₱1	₱0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	–

In 2014, 2013 and 2012, there was no issuance of additional common shares.

Preferred Shares
The preferred shares may be issued from time to time in one or more series as the BOD may determine, and authority is hereby expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares and no dividend shall be declared or paid on the common shares unless the full accumulated dividends on all preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Group. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

Preferred shares of each and any sub-series may be convertible to common shares as may be determined by the BOD and set forth in the Enabling Resolutions, in such manner and within such period as may be fixed in the Enabling Resolutions. As of December 31, 2014 and 2013, there is no Enabling Resolution by the BOD making the preferred shares convertible to common shares.

As the dividend rate is yet to be determined by the BOD, there were no dividends in arrears on preferred shares as of December 31, 2014 and 2013.

Treasury Shares
On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2014, 2013 and 2012. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declaration
On May 9, 2014, the BOD approved the declaration of cash dividend of ₱0.050 per share or a total of ₱1.21 billion for all shareholders of records as of June 6, 2014.

On May 10, 2013, the BOD approved the declaration from of cash dividend of ₱0.048 per share or a total of ₱1.16 billion for all shareholders of records as of June 7, 2013.

On April 27, 2012 the BOD approved the declaration and payment of cash dividend of ₱0.0475 per share or a total of ₱1.15 billion for all shareholders of record as of May 25, 2012.

Retained Earnings
Retained earnings include undistributed earnings amounting to ₱5.89 billion and ₱5.42 billion as of December 31, 2014 and 2013, respectively, representing accumulated equity in net earnings of subsidiaries and associates, which are not available for dividend declaration until declared as dividends by the subsidiaries and associates. Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized as of December 31, 2014 and 2013.

The Parent Company's retained earnings available for dividend declaration as of December 31, 2014 and 2013 amounted to ₱16.08 billion and ₱13.19 billion, respectively.

Capital Management

The Group prudently monitors its capital and cash positions and cautiously manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2014 and 2013.

The Group monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its debt-to-equity ratio:

	2014	2013
	(In Thousands)	
Loans payable	**₱16,519,797**	₱14,751,209
Bonds payable	**23,786,796**	21,318,016
Total long-term debt	**40,306,593**	36,069,225
Total equity	**52,081,574**	48,985,912
Debt-to-equity ratio	**0.77:1.00**	0.74:1.00

On August 12, 1993, SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2014 (amount in thousands):

Year	Number of Shares Registered	Number of Holders of Securities as of Year End
January 1, 2013	24,249,759	5,946
Add/(Deduct) Movement	–	(72)
December 31, 2013	24,249,759	5,874
Add/(Deduct) Movement	–	(57)
December 31, 2014	**24,249,759**	**5,817**

Note: Exclusive of 220,949 treasury shares.

27. Earnings Per Share

	2014	2013	2012
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent	**₱4,533,654**	₱3,918,215	₱3,431,435
b. Weighted average number of outstanding common shares (after considering treasury shares)	**24,249,759**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.19**	₱0.16	₱0.14

There were no potential dilutive shares in 2014, 2013 and 2012.

28. Income Tax

The components of the Group's deferred income tax assets follow:

	2014	2013
	(In Thousands)	
Deferred income tax assets on:		
Advance rentals	**₱22,599**	₱18,235
Provisions and accruals	**913**	4,590
Accrued retirement benefits	**729**	642
Others	**23**	22
	24,264	23,489
Deferred income tax liability on:		
Capitalization of borrowing costs	**–**	(11,169)
	₱24,264	₱12,320

The components of the Group's net deferred income tax liabilities follow:

	2014	2013
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized of borrowing costs	**₱2,511,190**	₱2,123,973
Excess of fair value over cost of net assets acquired in business combination	**143,945**	143,273
	2,655,135	2,267,246
Deferred income tax assets on:		
Accrued retirement benefits	**(70,168)**	(55,404)
Provision for doubtful accounts	**(25,804)**	(23,404)
Others	**(1,195)**	(1,194)
	(97,167)	(80,002)
	₱2,557,968	₱2,187,244

Provision for deferred income tax charged directly to other comprehensive income in 2014 amounted to ₱3.08 million (nil in 2013).

The Group did not recognize deferred income tax assets on the following NOLCO and MCIT of the subsidiaries since management believes that their carryforward benefits may not be realized before they expire.

	2014	2013
	(In Thousands)	
NOLCO	**₱7,117**	₱2,244
MCIT	**–**	100

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (in thousands):

Year Incurred		Expiry Date
2014	₱6,678	December 31, 2017
2013	44	December 31, 2016
2012	395	December 31, 2015
	₱7,117	

The following are the movements in NOLCO and MCIT:

	NOLCO		MCIT	
	2014	2013	**2014**	2013
		(In Thousands)		
At January 1	**₱2,244**	₱2,200	**₱100**	₱281
Addition	**6,678**	44	**–**	–
Applied/expired	**(1,805)**	–	**(100)**	(181)
At December 31	**₱7,117**	₱2,244	**₱–**	₱100

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2014	2013	2012
		(In Thousands)	
Income tax at statutory tax rate	**₱1,703,332**	₱1,423,227	₱1,240,689
Adjustments for:			
Tax-free net income on sales of BOI-registered projects (Note 33)	**(371,960)**	(383,841)	(303,958)
Income covered by PEZA (Note 32)	**(200,695)**	(146,121)	(114,930)
Interest on HGC-enrolled contracts receivables	**(10,862)**	(28,036)	(63,950)
Equity in net earnings of an associate	**(15,839)**	(55,910)	(56,188)
Tax-free realized net income on socialized housing units	**(20,485)**	(41,143)	(25,637)
Change in unrecognized deferred tax	**1,951**	(192)	(10,162)

(Forward)

	2014	2013	2012
		(In Thousands)	
Income subjected to final tax	**(₱2,634)**	(₱3,563)	(₱10,948)
Deductible expense - Optional Standard Deduction	**(17,137)**	(11,947)	(14,000)
Nondeductible interest expense	**1,567**	1,176	4,652
Income subjected to capital gains tax	**(1,350)**	(90)	(801)
Other nondeductible expenses	**7,907**	14,585	1,319
	₱1,073,795	₱768,145	₱646,086

29. Fair Value Measurement

The following table sets forth the carrying values of financial assets and liabilities recognized as of December 31, 2014 and 2013.

	2014				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVTOCI					
Quoted	**₱9,321**	**₱9,321**	**₱9,321**	**₱–**	**₱–**
Unquoted	**14,531**	**14,531**	**–**	**–**	**14,531**
	23,852	**23,852**	**9,321**	**–**	**14,531**
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Contracts receivable	**16,457,256**	**16,764,468**	**–**	**–**	**16,764,468**
Non-financial assets					
Investment properties	**26,311,332**	**40,864,300**	**–**	**–**	**40,864,300**
Total assets	**₱42,792,440**	**₱57,652,620**	**₱9,321**	**₱–**	**₱57,643,299**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses					
Accounts payable	**₱5,140,046**	**₱4,920,275**	**₱–**	**₱–**	**₱4,920,275**
Deposits for registration and insurance	**1,549,182**	**1,482,945**	**–**	**–**	**1,482,945**
Retention fee payable	**1,304,620**	**1,248,840**	**–**	**–**	**1,248,840**
Liabilities on receivables sold to bank	**8,504**	**7,928**	**–**	**–**	**7,928**
	8,002,352	**7,659,988**	**–**	**–**	**7,659,988**
Loans payable	**16,519,797**	**16,833,971**	**–**	**–**	**16,833,971**
Bonds payable	**23,786,796**	**21,808,202**	**–**	**–**	**21,808,202**
	₱48,308,945	**₱46,302,161**	**₱–**	**₱–**	**₱46,302,161**

	2013				
			Fair Value		
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVTOCI					
Quoted	₱3,321	₱3,321	₱3,321	₱–	₱–
Unquoted	14,531	14,531	–	–	14,531
	17,852	17,852	3,321	–	14,531
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Contracts receivable	12,602,877	12,838,138	–	–	12,838,138
Non-financial assets					
Investment properties	19,592,830	28,110,773	–	–	28,110,773
Total assets	₱32,213,559	₱40,966,763	₱3,321	₱–	₱40,963,442
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses					
Accounts payable	₱5,926,971	₱5,673,554	₱–	₱–	₱5,673,554
Deposits for registration and insurance	1,127,420	1,079,215	–	–	1,079,215
Retention fee payable	955,846	914,977	–	–	914,977
Liabilities on receivables sold to bank	37,240	34,716	–	–	34,716
	8,047,477	7,702,462	–	–	7,702,462
Loans payable	14,751,209	14,428,301	–	–	14,428,301
Bonds payable	21,318,016	19,368,087	–	–	19,368,087
	₱44,116,702	₱41,498,850	₱–	₱–	₱41,498,850

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contracts receivable*: Estimated fair value of contracts receivable is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used is 19% in 2014 and 2013. Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVTOCI*: Fair values were determined using quoted market prices at reporting date. Financial assets at FVTOCI not quoted in an active market are recorded at cost.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used is 4.28% in 2014 and 2013.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 5.0% to 7.7% as of December 31, 2014 and 2013.

During the years ended December 31, 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVTOCI, accounts payable and accrued expenses, due to related parties and long-term debt. The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group also monitors the foreign currency risk arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Group uses a combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2014 and 2013, the Group has ₱4.5 billion and ₱3.8 billion, respectively, in undrawn short-term credit lines, and, ₱14.3 billion and ₱10.52 billion, respectively, in undrawn long-term credit facilities.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2014 and 2013 based on contractual undiscounted payments.

	2014						
	On demand	**Less than 3 months**	**3 months to 1 year**	**1 to 3 Years**	**3 to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	**₱3,997,631**	**₱675,878**	**₱369,869**	**₱96,668**	**₱–**	**₱–**	**₱5,140,046**
Deposits for registration and insurance	**–**	**459**	**189,396**	**693,476**	**264,871**	**400,980**	**1,549,182**
Retention fees payable	**367,564**	**367,353**	**79,016**	**6,401**	**308,659**	**175,627**	**1,304,620**
Accrued expenses	**322,975**	**–**	**–**	**–**	**–**	**–**	**322,975**
Accrued interest on bonds and loans	**254,278**	**–**	**–**	**–**	**–**	**–**	**254,278**
Liabilities on receivables sold to banks	**–**	**–**	**5,585**	**2,919**	**–**	**–**	**8,504**
Other payables	**195,096**	**–**	**–**	**–**	**–**	**–**	**195,096**
	5,137,544	**1,043,690**	**643,866**	**799,464**	**573,530**	**576,607**	**8,774,701**
Due to Related Parties	**259,694**	**–**	**–**	**–**	**–**	**–**	**259,694**
Loans Payable	**–**	**–**	**2,476,542**	**9,846,559**	**4,222,149**	**–**	**16,545,250**
Bonds Payable	**–**	**–**	**–**	**3,000,000**	**7,000,000**	**14,000,000**	**24,000,000**
Interest on loans and bonds payable	**–**	**–**	**2,023,497**	**4,995,653**	**2,420,485**	**589,318**	**10,028,953**
	₱5,397,238	**₱1,043,690**	**₱5,143,905**	**₱18,641,676**	**₱14,216,164**	**₱15,165,925**	**₱59,608,598**

	2013						
	On demand	Less than 3 months	3 months to 1 year	1 to 3 Years	3 to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱4,783,619	₱785,058	₱192,538	₱165,756	₱–	₱–	₱5,926,971
Deposits for registration and insurance	–	334	137,833	504,679	192,760	291,814	1,127,420
Retention fees payable	269,300	269,146	57,892	4,690	226,143	128,675	955,846
Accrued expenses	267,193	–	–	–	–	–	267,193
Accrued interest on bonds and loans	–	91,397	123,796	–	–	–	215,193
Financial Liabilities at Amortized Cost							
Liabilities on receivables sold to banks	₱–	₱–	₱23,325	₱13,915	₱–	₱–	₱37,240
Other payables	141,557	–	–	–	–	–	141,557
	5,461,669	1,145,935	535,384	689,040	418,903	420,489	8,671,420
Due to Related Parties	209,201	–	–	–	–	–	209,201
Loans Payable	–	640,000	905,000	3,353,686	7,447,748	2,443,816	14,790,250
Bonds Payable	–	–	4,500,000	3,000,000	–	14,000,000	21,500,000
Interest on Loans and Bonds Payable	–	482,477	1,399,133	2,903,423	2,040,781	1,275,479	8,101,293
	₱5,670,870	₱2,268,412	₱7,339,517	₱9,946,149	₱9,907,432	₱18,139,784	₱53,272,164

The tables below summarize the maturity profile of the Group's financial assets held to manage liquidity as of December 31, 2014 and 2013:

	2014						
	On demand	**Less than 3 months**	**3 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱3,121,211**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,121,211**
Short-term deposits	**–**	**1,124,476**	**–**	**–**	**–**	**–**	**1,124,476**
Contracts receivable							
Contracts receivable	**378,871**	**1,603,041**	**2,079,466**	**2,058,548**	**1,424,876**	**8,912,454**	**16,457,256**
Receivables from government and financial institutions	**–**	**–**	**515,091**	**–**	**–**	**–**	**515,091**
Due from related parties	**243,033**	**–**	**–**	**–**	**–**	**–**	**243,033**
Other receivables							
Receivable from tenants-net	**315,894**	**–**	**–**	**–**	**–**	**–**	**315,894**
Receivable from homeowners' associations-net	**142,797**	**–**	**–**	**–**	**–**	**–**	**142,797**
Receivable from buyers	**239,141**	**–**	**–**	**–**	**–**	**–**	**239,141**
Others	**55,388**	**–**	**–**	**–**	**–**	**–**	**55,388**
Other assets							
Short-term deposits	**18,762**	**–**	**–**	**–**			**18,762**
	4,515,097	**2,727,517**	**2,594,557**	**2,058,548**	**1,424,876**	**8,912,454**	**22,233,049**
Financial Assets at FVTOCI							
Investments in shares of stocks:							
Quoted	**–**	**9,321**	**–**	**–**	**–**	**–**	**9,321**
Unquoted	**–**	**14,531**	**–**	**–**	**–**	**–**	**14,531**
	–	**23,852**	**–**	**–**	**–**	**–**	**23,852**
	₱4,515,097	**₱2,751,369**	**₱2,594,557**	**₱2,058,548**	**₱1,424,876**	**₱8,912,454**	**₱22,256,901**

	2013						
	On demand	Less than 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,890,059	₱–	₱–	₱–	₱–	₱–	₱2,890,059
Short-term deposits	–	3,500,673	–	–	–	–	3,500,673
Contracts receivable							
Contracts receivable	283,224	1,968,071	1,732,410	1,954,195	1,420,002	5,244,975	12,602,877
Receivables from government and financial institutions	–	–	480,898	–	–	–	480,898
Due from related parties	204,538	–	–	–	–	–	204,538
Other receivables							
Receivable from tenants-net	274,964	–	–	–	–	–	274,964
Receivable from homeowners' associations-net	168,567	–	–	–	–	–	168,567
Receivable from buyers	179,045	–	–	–	–	–	179,045
Others	80,038	–	–	–	–	–	80,038
Other assets							
Short-term deposits	143,382	–	–	–	–	–	143,382
	4,223,817	5,468,744	2,213,308	1,954,195	1,420,002	5,244,975	20,525,041
Financial Assets at FVTOCI							
Investments in shares of stocks:							
Quoted	₱–	₱–	₱3,321	₱–	₱–	₱–	₱3,321
Unquoted	–	–	14,531	–	–	–	14,531
	–	–	17,852	–	–	–	17,852
	₱4,223,817	₱5,468,744	₱2,231,160	₱1,954,195	₱1,420,002	₱5,244,975	₱20,542,893

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

Credit risk is managed since the titles of the properties sold are retained by the Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVTOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group entered into various purchase agreements with financial institutions whereby the Group sold its contracts receivable with a provision that the Group should buy back these receivables in case these become overdue for two to three consecutive months or when the contract to sell has been cancelled.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2014 and 2013. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

	December 31, 2014				
	Neither past due nor impaired				
	High grade	Standard Grade	Past due but not impaired	Impaired	Total
			(In Thousands)		
Cash and cash equivalents	₱4,245,687	₱–	₱–	₱–	₱4,245,687
Contracts receivable					
Contracts receivable	–	16,078,385	378,871		16,457,256
Receivables from government and financial institutions	515,091	–	–	–	515,091
Due from related parties	243,033	–	–	–	243,033
Other receivables				–	
Receivables from tenants	–	315,894	–	23,811	339,705
Receivables from homeowners' association	–	142,797	–	86,014	228,811
Receivable from buyers	–	239,141	–	–	239,141
Others	–	55,388	–		55,388
Other assets					
Short-term deposits	18,762	–	–	–	18,762
Investment in shares of stock					–
Quoted	9,321	–	–	–	9,321
Unquoted	14,531	–	–	–	14,531
	₱5,046,425	₱16,831,605	₱488,696	₱109,825	₱22,366,726

	December 31, 2013				
	Neither past due nor impaired				
	High grade	Standard Grade	Past due but not impaired	Impaired	Total
			(In Thousands)		
Cash and cash equivalents	₱6,390,732	₱–	₱–	₱–	₱6,390,732
Contracts receivable					
Contracts receivable	–	12,319,653	283,224	–	12,602,877
Receivables from government and financial institutions	480,898	–	–	–	480,898
Due from related parties	204,538	–	–	–	204,538
Other receivables					
Receivables from tenants	–	274,964	–	20,629	295,593
Receivables from homeowners' association	–	168,567	–	78,014	246,581
Receivable from buyers	–	179,045	–	–	179,045
Others	–	80,038	–	–	80,038
Other assets					
Short-term deposits	143,382	–	–	–	143,382
Investment in shares of stock					
Quoted	3,321	–	–	–	3,321
Unquoted	14,531	–	–	–	14,531
	₱7,237,402	₱13,022,267	₱283,224	₱98,643	₱20,641,536

As at December 31, 2014 and 2013, the analysis of contracts receivable that were past due but not impaired is as follows:

	Neither past due nor impaired	**Past due but not impaired**					
		Less than 30 days	**30 to 60 days**	**60 to 90 days**	**90 to 120 days**	**Over 120 days**	**Total**
				(In Thousands)			
2014	**₱16,078,386**	**₱44,435**	**₱21,394**	**₱13,166**	**₱11,520**	**₱288,355**	**₱16,457,256**
2013	12,319,653	27,664	13,978	8,075	6,355	227,152	12,602,877

There is no concentration risk on the Group's financial assets as of December 31, 2014 and 2013.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's financial instruments affected by market risk include loans payable and cash and cash equivalents.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2014	**+200**	**₱82,724**
	-200	**(82,724)**
2013	+200	₱86,134
	-200	(86,134)

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a two hundred basis point upward or downward fluctuation. The Group, used as basis of these assumptions, the annual percentage change of three-month PDST-F rate for the past five years as obtained from Philippine Dealing and Exchange Corp. (PDEx). Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2014 and 2013.

The following tables set out the carrying amount, by maturity, of the Group's long-term debt that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2014	**₱1,858,722**	**₱1,019,111**	**₱260,161**	**₱394,844**	**₱603,350**	**₱4,136,188**
As of December 31, 2013	1,061,919	838,647	999,544	727,341	679,269	4,306,720

31. Contingencies and Commitments

The Group is involved in various legal actions, claims and contingencies incidental to the ordinary course of the business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results.

In connection with the joint venture agreement entered into by the Parent Company with Cebu City Government, the Parent Company is committed to (a) purchase 10.6 hectares of the property payable in six (6) years, to be developed into a modern urban center and (b) develop 40 hectares of the property in four (4) phases, mainly mid-rise residential buildings, over a 20-year period (see Note 10).

In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange of the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 15).

The other information usually required by PAS 37 is not disclosed as it may prejudice the outcome of the ongoing proceedings.

32. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and CPI were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone) to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone as opposed to the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower and as such it will not be entitled to any incentives, however, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, CPI was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

33. Registration with the Board of Investments (BOI)

The Group has registered the following New Developer of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) as of December 31, 2014:

Name	Reg. No.	Date Registered
One Oasis - Ortigas (F to M)	2011-120	6/15/2011
La Brisa Townhomes	2011-117	6/09/2011
The Linear	2011-121	6/15/2011
Bali Oasis 3 & 4	2011-134	6/27/2011
Ocean Cove	2011-133	6/27/2011
Villa Montserrat - Expansion	2011-132	6/27/2011
Escala @ Corona del Mar	2011-167	7/29/2011
Filinvest Homes Tagum Phase 1	2011-171	8/02/2011
Filinvest Homes Tagum Phase 2	2011-214	9/26/2011
One Oasis Davao 1, 2, 3	2011-194	9/02/2011
Villa Mercedita	2011-154	7/19/2011
Villa San Ignacio	2011-148	7/14/2011
Tierra Vista	2011-191	8/31/2011
Tamara Lane	2011-215	9/26/2011
Austine Homes	2011-252	11/25/2011
The Glens Phase 2	2011-216	9/26/2011
The Glens Phase 4	2011-218	9/26/2011
Somerset Lane	2011-273	12/21/2011
Aldea del Sol Phases 5 & 6	2011-276	12/22/2011
Capri Oasis: Bldg Albero, Brezza, Solare, Cielo, Fiori, Vento	2012-036	3/5/2012
Studio City Tower 1	2012-044	3/19/2012
Anila Park 1	2012-052	3/26/2012
San Remo Oasis - Bldgs. 1-8	2012-069	5/14/2012
One Oasis Cebu- Bldgs. 1-3	2012-082	5/28/2012
Filinvest Homes-Butuan	2012-094	6/7/2012
Sorrento Oasis- Bldgs. A- H2	2012-095	6/7/2012
Maui Oasis- Bldgs. 2 & 3	2012-096	6/7/2012

(Forward)

Name	Reg. No.	Date Registered
One Oasis Davao - Bldg. 4	2012-093	6/7/2012
Amare Homes	2013-014	1/18/2013
Castillon Homes - The Residences	2013-064	3/11/2013
Woodville Phase 2	2013-065	3/11/2013
Maui Oasis - Bldg.4	2014-143	8/29/2014
One Spatial(Fairmont and Greenwich)	2014-141	8/29/2014
Sorrento Oasis - Bldg. K,L,N	2014-142	8/29/2014
Valle Dulce Phase 1	2014-140	8/29/2014
Sorrento Oasis - Bldg. M1 & M2	2014-204	11/12/2014
Vinia Residences	2014-205	11/12/2014
One Oasis CDO - Bldg. 1	2014-212	12/4/2014

As a registered enterprise, the Group is entitled to certain tax and nontax incentives, subject to certain conditions.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. and its subsidiaries (the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 included in this Form 17-A and have issued our report thereon dated March 11, 2015. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, as Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-A (Group A),
March 8, 2012, valid until March 31, 2015
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2015,
January 5, 2015, valid until January 5, 2018
PTR No. 4751326, January 5, 2015, Makati City

March 11, 2015

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

FILINVEST LAND, INC.AND SUBSIDIARIES

GROUP SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED

DECEMBER 31, 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 prescribes the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2014:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVTOCI				
Quoted:				
The Palms Country Club	1,000	₱3,060	₱3,060	₱–
Philippine Long Distance Telephone Company	26,100	261	261	–
Cebu Country Club	1	6,000	6,000	–
		9,321	9,321	–
Unquoted:				
Manila Electric Company (MERALCO)	1,153,694	11,537	11,537	–
Timberland Sports and Nature Club	3,000	2,994	2,994	–
		14,531	14,531	–
		₱23,852	₱23,852	₱–

The Group investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to employees of the Group with balances above ₱100,000 as of December 31, 2014:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
		(In Thousands)		
Marie Angeline C. Joven	₱113	₱42	₱–	₱155
Antonio E. Cenon	93	12	–	105
Elsa N. Marquez	114	6	38	82
	₱320	₱60	₱38	₱342

Related Party Transactions

Due from related parties

Below is the list of outstanding receivables from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2014 (amount in thousands):

	Relationship	Nature	Balance as of December 31, 2014
Timberland Sports and Nature Club.	Affiliate	A	₱191,731
Filinvest Development Corporation	Parent Company	A, C	42,542
Davao Sugar Central Corp.	Affiliate	A	6,612
AL Gotianun	Ultimate Parent	A	1,097
Filinvest Information Technology, Inc.	Affiliate	A	875
The Palms Country Club	Affiliate	A	154
GCK Realty	Affiliate	A	20
FSM Cinemas, Inc.	Affiliate	A	2
			₱243,033

Nature of intercompany transactions

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

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

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of December 31, 2014 (amounts in thousands):

	Volume of Transactions		Receivable	Terms
Filinvest AII Philippines, Inc.	Share in expenses	₱24,317	₱–	Non-interest bearing and to be settled within the year
Property Maximizer Professional Corporation	Marketing fee expense	223,061		Non-interest bearing and to be settled within the year
	Share in expenses	67,875	(501)	
Cyberzone Properties, Inc.	Share in expenses	139,741		Non-interest bearing and to be settled within the year
	Rental income	104,003	12,760	
Property Specialist Resources, Inc.	Share in expenses	1,760	11,281	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
			₱34,119	

The table below shows the movement of the receivables from related parties.

Name	Balance at beginning of year	Additions	Collections	Balance as of December 31, 2014
Filinvest AII Philippines, Inc.	₱185,901	₱24,317	(₱210,218)	₱–
Property Maximizer Professional Corporation	24,453	198,107	(223,061)	(501)
Cyberzone Properties, Inc. (CPI)	40,987	132,230	(160,457)	12,760
Property Specialist Resources, Inc.	8,470	2,811	–	11,281
Leisurepro, Inc	6,134	47	–	6,181
Homepro Realty Marketing, Inc	4,351	47	–	4,398
	₱270,296	₱357,559	(₱593,736)	₱34,119

The intercompany transactions between FLI and the subsidiaries pertain to share in expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

Schedule D. Intangible Asset

As of December 31, 2014, the Company's intangible assets consist of Goodwill. Goodwill in the Company's consolidated statements of financial position arose from the acquisition of two major assets consisting of (in thousands):

Festival Supermall structure	₱3,745,945
Filinvest Asia Corporation	494,744
CPI	326,553
	₱4,567,242

Schedule E. Long term debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Term loans			
Guaranteed loan amounting to ₱1.13 billion and ₱1.12 billion obtained in October 2005 and July 2007, respectively. Both loan principal is payable in 10 semi-annual installments commencing December 2010 and ending June 2015. The loans carry a fixed interest rate of 7.72% and 7.90% per annum, respectively.	₱225,000	₱225,000	₱–
Developmental loans			
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.07% per annum, payable quarterly in arrears. The principal is payable at maturity on July 2018.	1,494,950	–	1,494,950
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting September 2015 up to June 2018.	1,145,095	189,908	955,187
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) plus 1% per annum GRT 5 years (fixed rate) 6.39% per annum, payable quarterly in arrears. The principal is payable at maturity on January 2017.	998,064	–	998,064
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate) 4.28%, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on August 2015 up to May 2020 and 50% payable at maturity on August 2020.	997,926	49,145	948,781
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.	997,840	–	997,840
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.	997,000	–	997,000
Unsecured loan obtained in February 2013 with interest at prevailing market rate plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	748,134	186,545	561,589
Unsecured loan obtained in December 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (Fixed rate of 4.62% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on March 2016 and 50% payable at maturity on December 2020.	700,000	–	700,000
Unsecured loan obtained in 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

(Forward)

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
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 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 November 2014 and 50% payable at maturity on August 2019.	585,000	60,000	525,000
Unsecured loan obtained in October 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 4.21% per annum), payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence on January 2016 and 50% payable at maturity on October 2020.	547,876	–	547,876
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.	530,691	124,526	406,165
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (Fixed rate) 4.28%, payable quarterly in arrears. The 50% balance is payable in twenty (20) equal quarterly installments starting August 2015 up to May 2020 and the remaining 50% balance is paid in August 2020.	500,000	25,000	475,000
Unsecured loan obtained in March 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 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 November 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate) 4.80% per annum, payable quarterly in arrears. The principal is payable upon maturity in November 2019.	500,000	–	500,000
Unsecured loan obtained in December 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (Fixed rate) 5.29% per annum, payable quarterly in arrears. The principal is payable at maturity on December 2017.	498,437	–	498,437
Unsecured loan obtained in June 2011 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of 1% per annum, payable quarterly in arrears. The 50% balance is paid in July 2011 and the remaining 50% balance is payable in twelve (12) equal quarterly installments starting September 2013 up to June 2016.	374,255	249,360	124,895
Unsecured loan obtained in October 2012 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (Fixed rate of 6.03% per annum), payable quarterly in arrears. The principal is payable at maturity on October 2017.	300,000	–	300,000
Unsecured loan obtained in May 2013 with interest rate equal to BSP overnight reverse repurchase agreement plus 1% per annum plus GRT (Fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	300,000	50,000	250,000

(Forward)

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
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.	₱285,000	₱30,000	₱255,000
Unsecured loan obtained in May 2013 with a interest rate equal to BSP overnight reverse repurchased agreement plus 1% per annum plus GRT (fixed rate of 4.74% per annum), payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting August 2015 up to May 2018.	249,295	41,333	207,962
Unsecured loan obtained in December 2011 with interest at prevailing market rate 4.2% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting March 2014 to December 2016.	233,067	116,500	116,567
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.	180,000	20,000	160,000
Unsecured loan granted in December 2012 with a term of five years with 50% of principal payable in 20 equal quarterly amortization to commence on March 2013 and 50% payable at maturity on December 2017. The loan carries interest at prevailing market rate.	120,000	15,000	105,000
Unsecured loan granted in May 2010 with a term of five years with 50% of principal payable in 12 equal quarterly amortization to commence on August 2012 and 50% payable at maturity in May 2015. The loan carries interest at prevailing market rate payable quarterly in arrears	116,667	116,667	–
Unsecured loan granted in May 2012 payable over 7-year period inclusive of 2 year grace period; 50% of principal is payable in 20 equal quarterly amortizations to commence on August 2014 and 50% payable at maturity on May 2019. The loan carries interest at prevailing market rate.	95,000	10,000	85,000
Unsecured loan obtained in February 2013 with interest rate equal to 91-day PDS Treasury Fixing (PDST-F) rate plus a spread of up to 1% per annum plus GRT, payable quarterly in arrears. The principal is payable in twelve (12) equal quarterly installments starting May 2015 to February 2018.	500	125	375
	16,294,797	2,284,109	14,010,688

(Forward)

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Bonds			
Fixed rate bonds with aggregate principal amount of 7.00 billion issued by the Parent Company on June 8, 2012. The bonds have a term of 7 years from the issue date, with a fixed interest rate of 6.2731% per annum. Interest is payable quarterly in arrears starting on September 10, 2012.	₱6,951,093	₱–	₱6,951,093
Fixed rate bonds with principal amount of 3.00 billion and term of five (5) years from the issue date was issued by the Parent Company on July 7, 2011. The fixed interest rate is 6.20% per annum, payable quarterly in arrears starting on October 19, 2011.	2,981,454	–	2,981,454
Fixed rate bonds with aggregate principal amount of 7.00 billion issued by the Parent Company on November 8, 2013. This comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 with a fixed interest rate of 4.8562% per annum, and P 2.7 billion ten (10) year fixed rate bonds due in 2023 with a fixed interest rate of 5.4300% per annum.	6,931,229	–	6,931,229
Fixed rate bonds with aggregate principal amount of 7.00 billion issued by the Parent Company on November 8, 2013. This comprised of P4.3 billion seven (7) year fixed rate bonds due in 2020 with a fixed interest rate of 4.8562% per annum, and P 2.7 billion ten (10) year fixed rate bonds due in 2023 with a fixed interest rate of 5.4300% per annum.	6,923,020	–	6,923,020
	23,786,796	–	23,786,796
	₱40,306,593	₱2,509,109	₱37,797,484

Each loan balance is presented net of unamortized deferred costs The agreements covering the abovementioned loans require maintaining certain financial ratios including maximum debt-to-equity ratio of 1.0x; minimum debt service coverage ratio of 1.5x; minimum interest coverage ratio of 2.0x; and limit in single mortgage, unhedged foreign currency open position, and loans to related parties of 1%, 10% and 15% of shareholders' equity, respectively. The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; incurrence or assumption of indebtedness outside the normal course of business; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2014.

Schedule F. Indebtedness to Related Parties

Below is the list of outstanding payables to related parties of the Group presented in the Group statements of financial position as of December 31, 2014:

	Relationship	Nature	Balance at beginning of period	Balance at end of period
			(In Thousands)	
Filinvest Development Corp.	Parent Company	A, C, E	₱93,636	₱128,850
Filinvest Alabang, Inc	Associate	A, C	65,074	54,173
East West Banking Corporation	Affiliate	A, B	17,322	45,906
Pacific Sugar Holdings, Corp.	Affiliate	A	27,009	27,009
Festival Supermall, Inc. – Management	Affiliate	A	6,151	3,624
Filarchipelago Hospitality Inc.	Affiliate	A	–	66
Seascape Resorts, Inc.	Affiliate	A	5	62
Quest Restaurants Inc.	Affiliate	A	4	4
			₱209,201	₱259,694

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

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

Schedule G. Guarantees of Securities of Other Issuers
The Company does not have guarantees of securities of other issuers as of December 31, 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	30,096	None
Preferred Shares	8,000,000	8,000,000	–	8,000,000	–	None

Standards adopted by the Group

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary		√		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First time Adoption of Philippine Financial Reporting Standards	√		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			√
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First–time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First time Adopters			√
	Amendments to PFRS 1: Government Loans			√
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations	Not Early Adopted		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			√
PFRS 3 (Revised)	Business Combinations	√		
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	√		
	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	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 7 (cont.)	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
PFRS 8	Operating Segments	√		
PFRS 9	Financial Instruments	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
	Financial Instruments (2013 version)	Not Early Adopted		
	Financial Instruments (2014 version)	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	√		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			√
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not Early Adopted		
PFRS 11 (Amended)	Joint Arrangements	√		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	√		
	Amendments to PFRS 10, PFRS12 and PAS27: Investment Entities			√
PFRS 13	Fair Value Measurement	√		
PFRS 14	Regulatory Deferral Accounts	Not Early Adopted		
PFRS 15	Revenue from Contracts with Customers	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	√		
PAS 2	Inventories	√		
PAS 7	Statement of Cash Flows	√		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	√		
PAS 10	Events after the Reporting Date	√		
PAS 11	Construction Contracts	√		
PAS 12	Income Taxes	√		
	Amendment to PAS 12 – Deferred Tax: Recovery of Underlying Assets	√		
PAS 16	Property, Plant and Equipment	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 16 (cont.)	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	Not Early Adopted		
	Amendments to PAS 16 and PAS 41: Bearer Plants	Not Early Adopted		
PAS 17	Leases	√		
PAS 18	Revenue	√		
PAS 19 (Amended)	Employee Benefits	√		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	√		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs	√		
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	Consolidated and Separate Financial Statements	√		
PAS 27 (Amended)	Separate Financial Statements	√		
	Amendments to PFRS 10, PFRS12 and PAS27: Investment Entities			√
	Amendments to PAS 27: Equity Method in Separate Financial Statements	Not Early Adopted		
PAS 28	Investments in Associates	√		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	√		
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures	√		
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues			√
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	√		
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting	√		
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	√		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets	√		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	√		
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			√
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			√
PAS 40	Investment Property	√		
	Amendment to PAS 40: Investment Property	√		
PAS 41	Agriculture			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co–operative Entities and Similar Instruments			√
IFRIC 4	Determining Whether an Arrangement Contains a Lease	√		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment			√
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
IFRIC 8	Scope of PFRS 2			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
IFRIC 10	Interim Financial Reporting and Impairment			√
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			√
IFRIC 15	Agreements for the Construction of Real Estate	Not Early Adopted		
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			√
IFRIC 21	Levies			√
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			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Shareholders			
SIC–27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			√
SIC–29	Service Concession Arrangements: Disclosures.			√
SIC–31	Revenue - Barter Transactions Involving Advertising Services			√
SIC–32	Intangible Assets - Web Site Costs			√

Schedule of Bond Issuances – Securities Offered to the Public

	2009 ₱5 Billion Bond	2011 ₱3 Billion Bond	2012 ₱7 Billion Bond	2013 ₱7 Billion Bond	2014 ₱7 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus					
Gross Proceeds	₱5,000,000,000	₱3,000,000,000	₱7,000,000,000	₱7,000,000,000	₱7,000,000,000
Less: Expenses	63,850,625	34,290,625	97,225,625	67,594,379	82,327,087
Net Proceeds	₱4,936,149,375	₱2,965,709,375	₱6,902,774,375	₱6,932,405,621	₱6,917,672,913
Actual gross and net proceeds					
Gross Proceeds	₱5,000,000,000	₱3,000,000,000	₱7,000,000,000	₱7,000,000,000	₱7,000,000,000
Less: Expenses	65,936,000	21,165,000	84,023,040	82,906,997	77,906,937
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,922,093,063
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	253,702,451
Investment property	–	–	–	2,765,890,476	–
Debt refinancing	–	–	–	–	4,500,000,000
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱4,753,702,451
Balance of the proceeds as of December 31, 2014					
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,922,093,063
Capital expenses	4,934,064,000	2,978,835,000	6,915,976,960	6,917,093,003	253,702,451
Debt refinancing	–	–	–	–	4,500,000,000
Net Proceeds	₱–	₱–	₱–`	₱–	₱2,168,390,612

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2014 and 2013:

Financial ratios		**December 2014**	December 2013
Current ratio [1]	Current assets / Current liabilities	**3.13**	2.53
Long-term debt-to-equity ratio	Long-term debt / Equity	**0.77**	0.74
Debt ratio	Total liabilities / Total assets	**0.51**	0.50
EBITDA to total interest paid	EBITDA / Total interest paid	**3.01**	3.03
Price Earnings Ratio	Closing price [2] / Earnings per share	**8.05**	8.81
Quick asset ratio	Current assets - Inventories / Current Liabilities	**1.05**	1.40
Solvency ratio	Net income + Depreciation / Total Liabilities	**0.09**	0.09
Interest coverage ratio	EBIT / Interest Expense	**9.77**	10.99
Net profit margin	Net Income / Revenue	**0.29**	0.21
Return on equity	Net Income / Shareholder's Equity	**0.09**	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 December 27, 2014 and 2013

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

(Amounts in Thousands of Pesos)

Retained Earnings, January 1, 2014		₱18,437,398
Adjustments:		
Equity in net earnings of subsidiaries and an associate		(5,440,542)
Prior-year adjustments		192,793
Unappropriated Retained Earnings, as adjusted, January 1, 2014		13,189,649
Net income based on the face of audited financial statements	4,533,654	
Less: Non-actual/unrealized income net of tax		
Equity in net income of subsidiaries and an associate	(446,334)	
Unrealized foreign exchange gain - net	–	
Unrealized actuarial gain	–	
Fair value adjustment (marked-to-market gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Add: Non-actual/unrealized losses net of tax		
Depreciation on revaluation increment	–	
Adjustment due to deviation from PFRS/GAAP loss	–	
Loss on fair value adjustment of Investment Property	–	
Movement in deferred tax assets	(17,839)	
Net income actual/realized		4,069,481
Less: Dividend declarations during the year		(1,212,488)
Unappropriated Retained Earnings, as adjusted, December 31, 2014		₱16,046,642

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate Group, subsidiaries, and associates as of December 31, 2014: