

# FILINVEST LAND, INC.

11 April 2014

**Philippine Stock Exchange**

3rd Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Attention: **Ms. Janet A. Encarnacion**  
Head, Disclosure Department

Gentlemen:

Please find attached Definitive Information Statement for 2014 Annual Meeting of Filinvest Land Incorporated.

Thank you.

Very truly yours,



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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter FILINVEST LAND, INC.

3. Philippines

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number 170957

5. BIR Tax Identification Code 000-533-224

6. Filinvest Building, 79 Epifanio delos Santos Avenue, Highway Hills, Mandaluyong City, MM 1550  
*Address of principal office* *Postal Code*

7. Registrant's telephone number, including area code (02)9188188

8. May 9, 2014, 9:00AM at Ballrooms 1 & 2 of Mandarin Oriental Manila, Makati Avenue, Makati City  
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders  
April 11, 2014

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	24,249,759,506
Preferred	8,000,000,000

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11. Are any or all of registrant's securities listed in a Stock Exchange?

Yes  No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
Philippine Stock Exchange, Common

## **PART I INFORMATION REQUIRED IN INFORMATION STATEMENT**

### **A. GENERAL INFORMATION**

#### **1. Date, Time And Place Of Meeting**

The annual stockholders' meeting of FILINVEST LAND, INC. ("FLI") for the year 2014 is scheduled on **May 9, 2014, 9:00 a.m. at Ballrooms 1 & 2 of Mandarin Oriental Manila, Makati Avenue, Makati City.**

(a) The complete mailing address of FLI is No. 79 Epifanio Delos Santos Avenue, Highway Hills, Mandaluyong City, 1550.

(b) The information statement shall be sent or given to stockholders and/or security holders beginning **April 11, 2014.**

#### **2. Dissenter's Right Of Appraisal**

In case of any corporate action that will have the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those of outstanding shares of any class, the Corporation Code provides the procedure for the exercise of the appraisal right, to wit:

- a. A dissenting stockholder files a written demand within thirty (30) days after the date on which the vote was taken in which he registered a negative vote. Failure to file the demand within the 30-day period constitutes a waiver of the right. Within ten (10) days from demand, the dissenting stockholder shall submit the stock certificates to the corporation for notation that such shares are dissenting shares. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the shares by the corporation, all rights accruing to the shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof.
- b. If the corporate action is implemented, the corporation shall pay the stockholder the fair value of his shares upon surrender of the corresponding certificate/s of stock. Fair value is determined by the value of the shares of the corporation on the day prior to the date on which vote is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.
- c. If the fair value is not determined within sixty (60) days from the date of the vote, it will be determined by three (3) disinterested persons (one chosen by the corporation, another chosen by the stockholder, and the third one chosen jointly by the corporation and the stockholder). The findings of the appraisers will be final, and their award will be paid by the corporation within (30) days following such award. Upon such payment, the stockholder shall forthwith transfer his shares to the corporation. No payment shall be made to the dissenting stockholder unless the corporation has unrestricted retained earnings.
- d. If the stockholder is not paid within thirty (30) days from such award, his voting and dividend rights shall be immediately restored.

There is no matter to be taken up at the annual meeting on May 9, 2014 which would entitle a dissenting stockholder to the exercise of the appraisal right.

#### **3. Interest Of Certain Persons In Or Opposition To Matters To Be Acted Upon**

No director or executive officer of FLI or nominee for election as such director or officer has any substantial interest, direct or indirect, in any matter to be acted upon at the annual stockholders' meeting, other than election to office. Likewise, none of the directors has informed FLI of his opposition to any matter to be taken up at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **4. Voting Securities and Principal Holders Thereof**

(a) As of February 28, 2014, the total number of shares outstanding and entitled to vote in the annual meeting is **24,249,759,506** common shares and **8,000,000,000** preferred shares. Each share is entitled to one vote.

(b) The record date for purposes of determining the stockholders entitled to vote is **April 11, 2014**.

(c) A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: *Provided*, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of FLI multiplied by the whole number of directors to be elected. The stockholder must be a stockholder of record as of April 11, 2014 to be able to exercise cumulative voting rights.

There are no conditions precedent to the exercise of the stockholder's cumulative voting right.

(d) Security Ownership of Certain Beneficial Owners and Management

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of FLI as of **February 28, 2014** are as follows:

<b><i>Title of Class of Securities</i></b>	<b><i>Name/ Address of Record Owner and Relationship with FLI</i></b>	<b><i>Name of Beneficial Owner/Relationship with Record Owner</i></b>	<b><i>Citizenship</i></b>	<b><i>No. of Shares Held</i></b>	<b><i>% of Ownership</i></b>
Preferred	Filinvest Development Corporation The Beaufort, BGC, Taguig City, MM	N.A.	Filipino	8,000,000,000	100%
Common	Filinvest Development Corporation The Beaufort, BGC, Taguig City, MM	N.A.	Filipino	14,017,205,735	57.80%
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	6,641,983,499	27.39%
Common	PCD Nominee Corporation (Filipino) G/F, Philippine Stock Exchange Tower Ayala Avenue, Makati City	(No single shareholder beneficially owns at least 5% of the total shares)	Filipino	3,286,512,068	13.55%

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 issued and outstanding common shares.

Ms. Josephine G. Yap is usually appointed by Filinvest Development Corporation ("FDC") as its representative with authority to vote FDC's shares in stockholders' meetings of FLI.

Security Ownership of Management as of February 28, 2014 is as follows:

<b><i>Title of Class of Securities</i></b>	<b><i>Name</i></b>	<b><i>Amount and Nature Of Ownership</i></b>	<b><i>Citizenship</i></b>	<b><i>% of Ownership</i></b>
Common	Andrew L. Gotianun, Sr. 79 EDSA, Mandaluyong City, MM	76 (D) 1,039 (I)	Filipino	Negligible
Common	Mercedes T. Gotianun 79 EDSA, Mandaluyong City, MM	76 (D) 2,194,493 (I)	Filipino	-
Common	Andrew T. Gotianun, Jr. 79 EDSA, Mandaluyong City, MM	406,571(D) 1,107 (I)	Filipino	-

Common	Joseph M. Yap 79 EDSA, Mandaluyong City, MM	6,444,115(D)	Filipino	-
Common	Lourdes Josephine G. Yap 79 EDSA, Mandaluyong City, MM	76(D) 6 (I)	Filipino	-
Common	Jonathan T. Gotianun 79 EDSA, Mandaluyong City, MM	61(D) 6 (I)	Filipino	-
Common	Michael Edward T. Gotianun 79 EDSA, Mandaluyong City, MM	11,235,913(D) 27,243,603 (I)	Filipino	-
Common	Efren C. Gutierrez 79 EDSA, Mandaluyong City, MM	13,083(D) 802 (I)	Filipino	-
Common	Cirilo T. Tolosa 79 EDSA, Mandaluyong City, MM	1(D)	Filipino	-
Common	Lamberto U. Ocampo 79 EDSA, Mandaluyong City, MM	1(D)	Filipino	-
Common	Joseph M. Yap and/or Josephine G. Yap 79 EDSA, Mandaluyong City, MM	7,694,843 (D) 20,278,000 ( I )	Filipino	-
Common	Luis L. Fernandez 79 EDSA, Mandaluyong City, MM	4,064,940(D) 1,107 (I)	Filipino	-

Total ownership of all directors and officers as a group is 0.33%.

- 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.

#### 5. Directors And Principal Officers

(a)(i) The members of the Board serve for a term of one year and until their successors shall have been duly elected and qualified. The business experience of the directors and officers of FLI named below cover at least the past five years. The following are the current directors and executive officers of FLI:

**Andrew L. Gotianun, Sr.** *Chairman* Mr. Gotianun, 86, Filipino, is the founder of the Filinvest Group of Companies and is presently serving in various capacities in the member companies of the group, including Filinvest Alabang, Inc. ("FAI"), East West Banking Corporation ("EWBC"), Pacific Sugar Holdings Corporation ("PSHC"), and FDC Utilities, Inc. ("FDCUI").

**Lourdes Josephine G. Yap** *Co-Vice Chairman, President and Chief Executive Officer* Mrs. Yap, 58, Filipino, has been a Director of FLI since 1990. She was elected as the President and CEO on October 31, 2012. She is also a Director and the President of Filinvest Development Corporation (FDC), The Palms Country Club, Inc., and FAI, and a Director in FDCUI. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.

**Andrew T. Gotianun, Jr.** *Director* Mr. Gotianun, 62, Filipino, has been a Director of FLI since 1990. He is also a Director of FDC and FAI, and serves as Chairman of FDCUI. 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.

**Mercedes T. Gotianun** *Director* Mrs. Gotianun, 85, Filipino, was a Director of FLI from 1991 to 2010 and its Chief Executive Officer from 1997 to 2007. She is also a Director of FAI, FDC, PSHC and FDCUI. 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.

**Jonathan T. Gotianun** *Director* Mr. Gotianun, 60, Filipino, has been a Director of FLI since 1990. He is also the Chairman of FDC, the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co.,

Inc., and Chairman of EWBC. He serves as Director and Chairman of the Executive Committee of FDCUI and some of 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.

**Joseph M. Yap**  
*Director*

Mr. Yap, 63, Filipino, has been the President and a member of FLI's Board since 1997. He was appointed Chief Executive Officer in 2007 and served as such until October 31, 2012. He served as First Vice President of Family Bank & Trust Co. in charge of credit and collection from 1982 to 1984. Prior to that, he held financial management positions with Nestle with assignments in New York, Switzerland and Manila from 1976 to 1982. He obtained his Master's Degree in Business Administration from Harvard University in 1976.

**Efren C. Gutierrez**  
*Director*

Mr. Gutierrez, 78, Filipino, was a Director of FLI from 1994 to 2001, and was re-elected to FLI's Board in 2006. He served as the President of FAI from 1999 to 2005. He is a Director of The Palms Country Club, Inc. He obtained his Bachelor of Laws degree from the University of the Philippines.

**Lamberto U. Ocampo**  
*Independent Director*

Mr. Ocampo, 88, Filipino, was an independent director of FLI from 2002 to 2008. In 2008, however, the Commission temporarily disqualified Mr. Ocampo for his failure to attend at least 50% of the total number of Board meetings in 2007. In 2012, Mr. Ocampo was elected as an independent director of FLI. A civil engineer, 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 obtained his Master's Degree in Engineering from the University of California-Berkeley.

**Cirilo T. Tolosa**  
*Independent Director*

Mr. Tolosa, 74, Filipino, has been an independent director of FLI since 2007. He was a partner at Sycip Salazar Hernandez and Gatmaitan, retiring from the said law firm in February 2005. He is at present a partner in the law firm Tolosa Romulo Agabin and Flores. He has been the chairman of the boards of Daystar Commercial Enterprises, Inc., Daystar Development Corporation, Lou-Bel Development Corporation and GMA Lou-Bel Condominium Corporation for at least 10 years, and corporate secretary of De La Salle University System, Inc. and De La Salle Philippines, Inc. since 2003 and 2005, respectively.

**Nelson M. Bona**  
*Chief Financial Officer*

Mr. Bona, 63, 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. Mejia**  
*Treasurer*

Ms. Mejia, 48, 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.

**Elsa R. Divinagracia**  
*Vice-President and Acting Corporate Secretary*

Ms. Divinagracia, 53, Filipino, is FLI's Deputy General Counsel. Admitted to the Philippine Bar in 1986, she holds an A.B. English, *cum laude* degree from the University of the Philippines, a law degree from the same university, and a Master of Laws degree from the University of Pennsylvania. She is a member of the Philippine and New York bars.

The members of the Nomination Committee of FLI are Andrew L. Gotianun, Sr. (Chair), Mercedes T. Gotianun, Josephine G. Yap, Lamberto U. Ocampo and Rizal Angela 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 (Chair), Jonathan T. Gotianun and Efren C. Gutierrez.

The directors of FLI are elected at the annual stockholders' meeting to hold office until their respective successors have been duly appointed or elected and qualified. Officers and committee members are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

**(a)(ii) Certain Relationships And Related Transactions**

In the normal course of business, FLI and its subsidiaries and affiliates enter into certain related-party transactions principally consisting of advances and inter-company charges. FLI's related-party transactions as discussed in Notes 19 of the 2013 audited financial statements include:

1. On January 3, 2012, the Group entered into Receivable Purchase Agreement and Accounts Servicing Agreement with EWBC. As of December 31, 2013 and 2012, the Parent Company has sold contracts receivable for a total purchase price of P266.96 million and P849.59 million, respectively, recognizing a gain on sale amounting to P58.40 million and P113.74 million, respectively, recorded under "Other income" (see Notes 8 and 23). The Group also maintains cash and cash equivalents with EW.
2. Transactions with the Group's ultimate parent company relates to sharing of common expenses.
3. Loans guaranteed by FDC amounted to P0.68 million and P1.13 million as of December 31, 2013 and 2012, respectively (see Note 17).
4. Due from affiliates 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.
5. 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.

6. In 2012, the Group purchased from FDC a parcel of land located at San Juan City for total purchase price of P109.63 million. The Group originally leased this land, together with the building constructed in it, as its head office recognizing rental expense of P43.82 million in 2012 and P39.34 in 2011. The Group has started development on the said land as of December 31, 2013. The Group also charged FDC certain common expenses paid by the Group in its behalf.
7. Further, starting in 2009, Promax was appointed by FDC, as a marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays the Promax a marketing fee equivalent to a certain percentage of the net selling price.
8. Other transactions with related parties include non-interest bearing cash advances and various charges to and from non-consolidated affiliates for management fees, share of expenses and commission charges.
9. In 2011, the Parent Company purchased from FAI a parcel of land located at Filinvest City, Alabang, Muntinlupa City for a total purchase price of P429.01 million. The Parent Company has substantially completed the development in 2013 of Tower 1 of Studio City on this property.
10. In 2013, the Group obtained short-term loans from its ultimate parent amounting to P520.00 million with interest rate at 4.0% and was fully paid in December 2013.

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 a direct or indirect material interest.

**(a)(iii) Election of the Members of the Board**

There will be an election of the members of the Board during the annual stockholders' meeting. The stockholders of FLI may nominate individuals to be members of the Board of Directors. The deadline for submission of nominees is March 17, 2014.

All nominations for directors, including the independent directors, shall be addressed to the following:

THE NOMINATION COMMITTEE  
c/o THE ACTING CORPORATE SECRETARY  
FILINVEST LAND, INC.  
6<sup>th</sup> Floor, Filinvest Building, No. 79 EDSA  
Mandaluyong City, Metro Manila

and signed by the nominating stockholders together with the acceptance and conformity by the nominees on or before March 17, 2014 at 5:00 p.m. All nominations should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications.

The Nomination Committee created under FLI's Revised Manual on Corporate Governance endorsed the nominees of FDC to the Board of Directors, as well as the nominees for independent director, of Mr. Luis T. Fernandez, a stockholder, for re-election at the upcoming annual stockholders' meeting, in accordance with the qualifications and disqualifications set forth in the Manual, as follows:

**Qualifications**

- (1) He is a holder of at least one (1) share of stock of FLI;
- (2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- (3) He shall be at least twenty one (21) years old;
- (4) He shall have proven to possess integrity and probity; and
- (5) He shall be assiduous.

**Disqualifications**

- (1) Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- (2) Any person finally found by the Securities and Exchange Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Securities and Exchange Commission or Bangko Sentral ng Pilipinas;
- (3) Any person judicially declared to be insolvent;
- (4) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;



(5) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and

(6) All other grounds for disqualification under the Articles of Incorporation, By-Laws and Revised Manual on Corporate Governance of FLI.

#### Temporary Disqualifications

(1) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;

(2) Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month-period during said incumbency. This disqualification applies for purposes of the succeeding election;

(3) Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;

(4) Being under preventive suspension by the company;

(5) If the independent director becomes an officer or employee of FLI, he shall be automatically disqualified from being an independent director;

(6) Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

#### Recommended Directors For 2014-2015

The Nomination Committee of the Board of Directors of FLI has determined that the following, all of whom are incumbent directors, possess all the qualifications and none of the disqualifications for directorship set out in FLI's Revised Manual on Corporate Governance, duly adopted by the Board pursuant to SRC Rule 38.1 and SEC Memorandum Circular No. 16, Series of 2002. Below is the list of candidates prepared by the Nomination Committee:

ANDREW L. GOTIANUN, SR.  
ANDREW T. GOTIANUN, JR.  
JOSEPHINE G. YAP  
EFREN C. GUTIERREZ  
LAMBERTO U. OCAMPO

MERCEDES T. GOTIANUN  
JONATHAN T. GOTIANUN  
JOSEPH M. YAP  
CIRILO T. TOLOSA

#### Independent Directors

The Nomination Committee, upon nomination by Luis L. Fernandez and following the guidelines provided under the FLI's Revised Manual on Corporate Governance and pursuant to SEC Memorandum Circular No. 09, Series of 2011, named Cirilo T. Tolosa and Lamberto U. Ocampo as nominees for election as independent directors for this year's annual meeting. Both Cirilo Tolosa and Lamberto U. Ocampo are incumbent independent directors of FLI. Luis L. Fernandez is not related, whether by affinity or consanguinity, to any of these nominees. The Nomination Committee has determined that these nominees for independent directors possess all the qualifications and none of the disqualifications for independent directors as set forth in the Revised Manual on Corporate Governance and SEC Memorandum Circular No. 09, Series of 2011.

Before the annual meeting, a stockholder of FLI may nominate individuals to be independent directors, taking into account the following guidelines:

A. "Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

- i. Is not a director or officer or substantial stockholder of FLI or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
- ii. Is not a relative of any director, officer or substantial shareholder of FLI, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- iii. Is not acting as a nominee or representative of a substantial shareholder of FLI, any of its related companies or any of its substantial shareholders;
- iv. Has not been employed in any executive capacity by FLI, any of its related companies or by any of its substantial shareholders within the last two (2) years;
- v. Is not retained as professional adviser by FLI, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm;
- vi. Has not engaged and does not engage in any transaction with FLI or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.

B. When used in relation to FLI subject to the requirements above:

- i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
- ii. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An independent director of FLI shall have the following qualifications:

- i. He shall have at least one (1) share of stock of FLI;
- ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of FLI for at least five (5) years;
- iii. He shall possess integrity/probity; and
- iv. He shall be assiduous.

D. No person enumerated under Section II (5) of the Revised Manual of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

- i. He becomes an officer or employee of FLI, or becomes any of the persons enumerated under item (A) hereof;
- ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of FLI;
- iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member.
- iv. If he becomes disqualified under any of the grounds stated in FLI's Revised Manual on Corporate Governance.

E. Pursuant to SEC Memorandum Circular No. 09, Series of 2011, which took effect on January 2, 2012, the following additional guidelines shall be observed in the qualification of individuals to serve as independent directors:

- i. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an independent director can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;
- ii. Independent directors can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the independent director position was relinquished or terminated;
- iii. After completion of the five-year service period, an independent director shall be ineligible for election as such in the same company unless the independent director has undergone a “cooling off” period of two (2) years, provided, that during such period, the independent director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as independent director in the same company;
- iv. An independent director re-elected as such in the same company after the “cooling off” period can serve for another five (5) consecutive years under the conditions mentioned in paragraph (ii) above;
- v. After serving as independent director for ten (10) years, the independent director shall be perpetually barred from being elected as such in the same company, without prejudice to being elected as independent director in other companies outside the business conglomerate;
- vi. All previous terms served by existing independent directors shall not be included in the application of the term limits.

The Nomination Committee receives nominations for independent directors as may be submitted by the stockholders. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of independent directors shall be in accordance with FLI’s Revised Manual on Corporate Governance. In 2009, FLI filed with the SEC its application for the amendment of the by-laws to include the procedure that will govern the nomination and election of independent directors. This procedure is consistent with FLI’s Revised Manual on Corporate Governance and Rule 38 of the Securities Regulation Code. The approval by the Commission on said application was issued on April 8, 2009. The power of the Board to amend the By-Laws has been delegated by the stockholders representing two-thirds (2/3) of FLI’s outstanding capital stock in an annual meeting of said stockholders on May 27, 1994.

It shall be the responsibility of the Chairman of the annual meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

**(a)(iv) Other Significant Employees**

FLI considers all its employees as significant to the growth of the Company.

**(a)(v) Family Relationships**

Mr. Andrew L. Gotianun, Sr. is the spouse of Mrs. Mercedes T. Gotianun and the father of Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun, Mr. Michael Edward T. Gotianun and Mrs. Josephine G. Yap. Mrs. Yap is married to Mr. Joseph M. Yap.

Other than the foregoing, there are no other family relationships known to FLI.

**(a)(vi) Involvement in Certain Legal Proceedings**

Except for (a) criminal cases filed in 2007 before the DOJ in I.S. Nos. 2007-001 and 2007-011 and which were dismissed by the DOJ on March 26, 2009 and April 7, 2009, respectively; (b) criminal complaints in Prosecutor’s Office (filed against Mr. Joseph M. Yap and other FLI officers) arising from alleged unlawful collection and application of subdivision dues and other charges being collected by a homeowners’ association which was dismissed on January 23, 2012, none of the members of FLI’s Board nor its executive officers are involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past five years and up to December 31, 2013, 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.

## **6. Compensation Of Directors And Executive Officers**

### **Summary Computation Table**

The aggregate compensation paid or incurred during the last two fiscal years and the estimate for this year are as follows:

#### **Summary Compensation Table**

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(d) Bonus (P)	(e) Other Annual Compensation	TOTAL
Josephine G. Yap (CEO)					
Liang-Ta Chien (SVP)					
Francis V. Ceballos (SVP)					
Nelson M. Bona (SVP)					
Ana Venus A. Mejia (SVP)					
CEO and top four (4) highest compensated officers	2014-Est.	20.02M	4.54M	-	24.56M
	2013	19.07M	4.33M	-	23.4M
	2012	21.0M	4.1M	-	25.1M
All officers and directors as a group unnamed	2014-Est.	39.92M	7.76M	-	47.68M
	2013	38.02M	7.39M	-	45.41M
	2012	43.5M	7.9 M	-	51.4M

Except for a per diem of ₱50,000 being paid to each director 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 is no action to be taken at the annual meeting of the stockholders on May 9, 2014 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.

## **7. Independent Public Accountants**

The auditing firm of Sycip, Gorres, Velayo & Co. ("SGV") is the current independent auditor of FLI. There have been no disagreements with SGV on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

SGV is being recommended for election as external auditor for the year 2014. FLI, in compliance with SRC Rule 68(3)(b)(iv) relative to the five-year rotation requirement of its external auditors, has designated Ms. Dhonabee B. Seneres as its engagement partner starting CY 2013. Thus, Ms. Seneres is qualified to act as such until year 2018. The representatives of SGV are expected to be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

## **8. Compensation Plans**

No action will be taken at the annual meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **9. Authorization or Issuance of Securities other than for Exchange**

No action will be taken at the annual meeting with respect to authorization or issuance of securities other than for exchange.

### **10. Modification or Exchange of Securities**

No action will be taken at the annual meeting that will result in modification or exchange of securities.

### **11. Financial and Other Information**

#### **(a) Information Required**

##### **(1) Financial Statements**

The audited financial statements of FLI for the year 2013 is attached to form an integral part hereof.

##### **(2) Management's Discussion and Analysis, and Plan of Operation**

The Management's Discussion and Analysis, and Plan of Operation is attached as Annex "A" hereof.

##### **(3) Legal Proceedings**

FLI is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. However, it does not believe that the lawsuits or legal actions to which it is a party will have a significant impact on its financial position or result of operations. Following are the cases involving certain properties of FLI that 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 Tumbler, General Santos City covered by free patents and 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 the 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 declaring as void the deeds of sale of properties covered by free patents issued in 1991, 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 March 15, 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 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 are not alienable and disposable being forest land. The case was dismissed by the

RTC of General Santos City (Br. 36) on November 16, 2007 for lack of merit. The Office of the Solicitor General has appealed the dismissal to the Court of Appeals, where it is still pending.

- 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 Landfill, Mayor Jose Rafael Diaz,*  
*Brgy. Pintong Bukawe, Director Julian Amador and*  
*the Secretary, Department of Environment and Natural Resources*  
Civil Case No. 2273-09

On February 9, 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 ongoing.

FLI is not aware of any other information as to any other legal proceedings known to be contemplated by government authorities or any other entity.

#### **12. No Action to be Taken on Mergers, Consolidations, Acquisitions and Similar Matters**

No action will be taken at the annual stockholders' meeting with respect to any merger or consolidation involving FLI, the acquisition by FLI of another entity, going business or of all of the assets thereof, the sale or other transfer of all or any substantial part of the assets of FLI, or the liquidation or dissolution of FLI.

#### **13. No Action to be Taken on Acquisition or Disposition of Property**

No action will be taken at the annual meeting with respect to any acquisition or disposition of property by FLI requiring the approval of the stockholders.

#### **14. No Action to be Taken on Restatement of Accounts**

No action will be taken at the annual meeting with respect to any restatement of any asset, capital or surplus account of FLI.

### **Part III, Paragraph (B) of Annex "B", Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

(1) There has been no change during the two most recent fiscal years or any subsequent interim period in independent accountant who was previously engaged as principal accountant to audit FLI's financial statements.

(2) There has been no disagreement with FLI's independent accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

### **Information on Independent Accountant**

#### **(a) Audit and Audit-Related Fees**

In consideration for the following professional services rendered by SGV as the independent auditor of FLI:

1. the audit of FLI's annual financial statements and such services normally provided by an external auditor in connection with statutory and regulatory filings or engagements for those fiscal years;
2. other assurance and related services by SGV that are reasonably related to the performance of the audit or review of FLI's financial statements,

SGV billed FLI for fees totaling P525,000.00 and P550,000.00 for years 2012 and 2013, respectively.

#### **(b) Tax Fees**

For each of the last two fiscal years, SGV did not render services for tax accounting, compliance, advice and planning for which it billed FLI the corresponding professional fees.

#### **(c) All Other Fees**

For each of the last two years, SGV did not render services in addition to the services described above for which it billed FLI the corresponding professional fees.

#### **(d) Approval Policies and Procedures for Independent Accountant's Services of Management/Audit Committee**

In giving its stamp of approval to the audit services rendered by the independent accountant and the rate of the professional fees to be paid, the Audit Committee, with inputs from the management of FLI, makes a prior independent assessment of the quality of audit services previously rendered by the accountant, the complexity of the transactions subject of the audit, and the consistency of the work output with generally accepted accounting standards.

### **Information on Subsidiaries**

FLI has nine (9) principal subsidiaries. These subsidiaries are as follows:

1. *Property Maximizer Professional Corporation*, incorporated on October 3, 1997, is engaged in the business of real estate marketing.
2. *Home Pro Realty Marketing, Inc.*, incorporated on March 25, 1997, is engaged in real estate marketing.
3. *Property Specialists Resources, Inc.*, incorporated on June 10, 2002, is engaged in the business of real estate marketing.
4. *Filinvest Asia Corporation*, incorporated on January 22, 1997, is engaged in real property development. It owns jointly with the Philippine Bank of Communications the PBCom Tower, the tallest office building in the Philippines located at the corner of Ayala Avenue and V.A. Rufino Street, Legaspi Village, Makati City. FAC leases out to interested third parties the office spaces found in 26 of the PBCom Tower's 52 floors.
5. *Cyberzone Properties, Inc.*, incorporated on January 14, 2002, is engaged in real property development. It owns and manages IT-based buildings on certain parcels of land forming part of the Northgate Cyberzone, the Special Economic Zone of Filinvest Corporate City, in Alabang, Muntinlupa City.
6. *Filinvest All Philippines Inc.*, incorporated on September 25, 2006, is engaged in real property development. It is developing residential and leisure projects in certain parts of the township community in San Mateo, Rizal known as Timberland Heights.
7. *Countrywide Water Services, Inc.*, incorporated on May 18, 2012, is engaged in the business of, among others, distribution, sale and supply of potable water to domestic, commercial and industrial users.
8. *Leisurepro, Inc.*, incorporated on April 21, 2004, is engaged in the business of real estate marketing.
9. *Filinvest Cyberparks, Inc.*, incorporated on February 4, 2014, is engaged in real property development.

## D. OTHER MATTERS

### 15. Action With Respect To Reports

The following are the matters to be taken up during the annual meeting:

- a. Approval of the minutes of the annual meeting of stockholders held on May 10, 2013;
- b. Presentation of the President's Report and approval of the Audited Financial Statements for the year ended 2013;
- c. General ratification of the acts of the Board of Directors and the management from the date of the last annual meeting up to the date of the upcoming meeting;
- d. Election of the members of the Board of Directors; and
- e. Appointment of External Auditors.

All the above items are part of the agenda of the annual meeting of FLI to be held on May 9, 2014. The minutes of the annual stockholders' meeting held on May 10, 2013 is the record of the matters to be taken up in the said meeting, including the certification of notice and quorum for the transaction of business. The audited financial statements refer to financial operations, balance sheet and income statement of FLI for the material period. The general ratification of the acts of the Board of Directors and management from the date of the last annual meeting up to the date of the upcoming meeting refers to the approval by the stockholders of all actions and matters taken up and approved by the Board of Directors and management during the said period, including the opening of bank accounts and designation of signatories to the said bank accounts, the approval of receivables financing or bank credit lines, the purchase and lease of properties, execution of development and joint venture agreements, and other agreements related to its real estate business. The list of the major resolutions approved by the Board and the Executive Committee from the last annual stockholders' meeting to date is attached hereto as Annex "B".

### 16. Matters Not Required To Be Submitted

Only matters which require stockholders' approval will be taken up during the annual meeting. No action will be taken with respect to any matter which is not required to be submitted to a vote of security holders.

### 17. Amendment of Charter, By-laws or Other Documents

There is no action to be taken at the annual stockholders' meeting that will require an amendment of FLI's Amended Articles of Incorporation and Amended By-laws.

### 18. Other Proposed Action

There is no action to be taken with respect to any matter not specifically referred to above.

### 19. Voting Procedures

(a) *Vote required for approval.* The approval of the minutes of the annual stockholders' meeting held on May 10, 2013 and the audited financial statements for the year ended 2013, the ratification of corporate acts, and the appointment of external auditors for 2014, shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. The voting procedure shall be as follows:

1. The chairperson announces that the particular item is subject to motion for approval by the stockholders.
2. A stockholder moves for the approval of the item.
3. Another stockholder seconds the motion.
4. The chairperson of the meeting states that the motion is carried in case no objection on the floor is raised.
5. Should there be an objection, the approval or denial of the motion shall be decided by the required vote of stockholders as stated above, a quorum being present.

(b) *Method by which votes will be counted.* The vote on any item for consideration need not be by ballot, unless demanded by a stockholder or his proxy. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by the stockholder or



proxy concerned. The ballots shall then be counted by the Corporate Secretary with the assistance of representatives of the external auditor. The results of the voting shall be announced after the counting.

## 20. Market for Issuer's Common Equity and Related Stockholder Matters

The shares were listed on the Philippine Stock Exchange (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:

		High	Period Low	End
2014	1 <sup>st</sup> Quarter	1.55	1.23	1.44
2013	4 <sup>th</sup> Quarter	1.75	1.18	1.41
	3 <sup>rd</sup> Quarter	1.93	1.37	1.60
	2 <sup>nd</sup> Quarter	2.27	1.51	1.70
	1 <sup>st</sup> Quarter	2.07	1.49	1.98
2012	4 <sup>th</sup> Quarter	1.66	1.34	1.49
	3 <sup>rd</sup> Quarter	1.37	1.24	1.36
	2 <sup>nd</sup> Quarter	1.44	1.17	1.28
	1 <sup>st</sup> Quarter	1.34	1.00	1.29
2011	4 <sup>th</sup> Quarter	1.19	0.98	0.99
	3 <sup>rd</sup> Quarter	1.33	1.02	1.10
	2 <sup>nd</sup> Quarter	1.35	1.14	1.17
	1 <sup>st</sup> Quarter	1.41	1.01	1.15
2010	4 <sup>th</sup> Quarter	1.45	1.26	1.31
	3 <sup>rd</sup> Quarter	1.50	0.91	1.32
	2 <sup>nd</sup> Quarter	1.04	0.88	0.96
	1 <sup>st</sup> Quarter	0.95	0.74	0.89
2009	4 <sup>th</sup> Quarter	1.02	0.88	0.90
	3 <sup>rd</sup> Quarter	1.08	0.69	0.94
	2 <sup>nd</sup> Quarter	0.87	0.36	0.69
	1 <sup>st</sup> Quarter	0.47	0.28	0.36

On March 31, 2014, FLI's shares closed at the price of P1.44 per share. The number of shareholders of record as of said date was 5,867. Common shares outstanding as of March 31, 2014 is 24,249,759,506.

Top 20 Stockholders (common shares) as of February 28, 2014:

<u>NAME</u>	<u>NO. OF SHARES</u>	<u>% OF TOTAL</u>
1. Filinvest Development Corporation	14,017,205,735	57.80%
2. PCD Nominee Corporation (Non-Filipino)	6,641,983,499	27.39%
3. PCD Nominee Corporation (Filipino)	3,286,512,068	13.55%
4. Phil. International Life Insurance	50,000,000	00.20%
5. Michael Gotianun	11,235,913	00.05%
6. Lucio W. Yan &/or Clara Y. Yan	10,687,500	00.04%
7. Joseph M. Yap &/or Josephine G. Yap	7,694,843	00.03%
8. Berck Y. Cheng	7,000,000	00.03%
9. Joseph M. Yap	6,444,115	00.03%
10. R Magdalena Bosch	4,877,928	00.02%

11. Luis L. Fernandez	4,064,940	00.02%
12. Luis L. Fernandez Or Veronica P. Fernandez ITF Marco	4,064,940	00.02%
13. Luis Rodrigo P. Fernandez	4,064,940	00.02%
14. Luis L. Fernandez Or Veronica P. Fernandez ITF Carlo	4,064,940	00.02%
15. Enrique P. Fernandez	4,064,940	00.02%
16. Veronica P. Fernandez	4,064,940	00.02%
17. Lilian So Lim	3,469,832	00.01%
18. Emily Benedicto	3,468,750	00.01%
19. Alberto Mendoza &/or Jeanie C. Mendoza	3,349,871	00.01%
20. Filinvest Capital Inc.	2,890,625	00.01%

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

The holder of 8,000,000,000 of preferred shares is Filinvest Development Corporation.

#### **Recent Sale of Unregistered Securities**

There are no securities sold by FLI in the past three (3) years which were not registered under the Code.

#### **Declaration of Dividends**

Last year, FLI declared cash dividend to stockholders of record as of June 7, 2013 amounting to P.048 per share. In 2012, cash dividend amounting to P0.0475 per share was declared.

The declaration of dividends is contingent upon FLI's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividend declaration imposed by the terms of agreements to which FLI is a party).

#### **Compliance with Leading Practices on Corporate Governance**

FLI is in substantial compliance with its Manual for 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 meetings and special meetings, the faithful attendance of the directors at these meetings 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 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.

Further, FLI, on February 28, 2011 filed a Revised Manual on Corporate Governance in compliance with the directive of the SEC on additional mandatory provisions to be incorporated thereto.

Likewise, on July 1, 2013, FLI filed its Annual Corporate Governance Report pursuant to SEC Memorandum Circular No. 18.

In order to keep itself abreast with the leading practices on corporate governance, FLI shall require the members of top level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions.

FLI welcomes proposals, 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 Revised Manual on Corporate Governance.

**UNDERTAKING:** FLI will provide without charge its Annual Report on SEC Form 17-A to its stockholders upon receipt of a written request addressed to Atty. Elsa R. Divinagracia, Acting Corporate Secretary, at the Filinvest Building, 79 Epifanio Delos Santos Avenue, Highway Hills, Mandaluyong City, Metro Manila.

**PART II**

**INFORMATION REQUIRED IN A PROXY FORM**

FLI is not soliciting proxies and the stockholders are not required to send proxies.

**PART III**

**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in the City of Mandaluyong on April 1, 2014.

**FILINVEST LAND, INC.**

By:



**ELSA R. DIVINAGRACIA**  
Acting Corporate Secretary

## MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

### Plan of Operations for 2014

FLI's business strategy has placed emphasis on the development and sale 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 core residential real estate development business which now includes other new developments such as medium-rise buildings and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market. The Parent Company is also expanding its retail and BPO office-building portfolio to generate recurring revenues.

In 2014, FLI intends to retain its dominant position as the leader in mid-rise building (MRB) projects by launching five (5) new projects nationwide, with an estimated sales value of Php 2.5 billion. This will bring the Parent Company's total MRB projects to 20.

These new MRB projects are part of the total Php 20.2 billion of new projects slated for launch by FLI in 2014. FLI plans to launch "Oasis" projects in Tagaytay and Iloilo. These projects will follow the success of One Oasis Ortigas, Bali Oasis, Bali Oasis 2, Sorrento Oasis and Capri Oasis in Pasig City, Maui Oasis in Manila, Asiana Oasis in Paranaque City, One Oasis Cebu, Amalfi Oasis and San Remo Oasis in Cebu, and One Oasis Davao.

Aside from the MRB's, FLI has initially pipelined 10 horizontal residential projects with an estimated revenue of about Php 4.5 billion, 2 leisure project with an estimated sales value of Php 0.5 billion, and 3 high-rise buildings (mixed-use) with an estimated sales value of Php11.09 billion.

As part of FLI's strategic goal of doubling the GLA of its BPO office buildings by 2015, FLI has started constructing the first of four BPO office buildings at Filinvest Cebu Cyberzone, a 1.2 hectare joint venture project with the Provincial Government of Cebu. The first building will have a GLA of over 19,000 square meters. When completed, the project will have a total of 4 buildings with a GLA of over 100,000 square meters.

For its retail portfolio, FLI is expanding the Festival Supermall at Filinvest City by another 93,000 square meters to bring the total gross floor area (GFA) to 292,000 square meters, maintaining its position as the biggest mall in South Metro Manila. Land development is ongoing at Citta di Mare for the Il Corso lifestyle strip, a retail project in South Road Properties in Cebu which will contribute a GLA of around 35,000 sq.m. when fully completed. FLI will also start constructing two (2) malls, one in Tagaytay City, and another at its Princeton Heights residential project located in Cavite.

FLI is targeting to spend Php 21.13 billion for capital expenditures in 2014. Around Php8.99 billion is earmarked for residential project development costs, Php 10.45 billion for the construction of office buildings and malls, and the balance of Php 1.70 billion for land banking acquisitions.

## Results of Operations for 2013

### Year ended December 31, 2013 compared to year ended December 31, 2012

For the year ended December 31, 2012, FLI's operating regular net income registered a year on year growth of 13.94% or ₱486.40 million from ₱ 3,489.54 million in 2012 to ₱3,975.95 million in 2013.

### Revenues and other income

FLI recorded real estate sales of ₱ 10,478.48 million in 2013, higher by 19.10% than the real estate sales in 2012 of ₱ 8,798.36 million. Recorded sales in 2013 consisted mostly of sales of medium-rise buildings and condominium projects, which are accounted for based on the stage of completion, along with sales of affordable and middle-income lots and housing units.

In 2013, FLI launched a total of 17 new housing and land development projects including additional phases of existing projects as well as new MRBs. FLI is also considering other regions for land acquisitions and development or joint venture arrangements. As of December 31, 2013, FLI had signed joint venture agreements for the development of several properties on a total of approximately 324.44 hectares of raw land with landowners in Metro Manila and selected provinces in the Philippines.

Revenue from rental services increased by ₱ 146.98 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. The Group recorded a foreign exchange loss of ₱ 0.40 million in 2013 compared to a foreign exchange gain of ₱ 2.59 million in 2012 due to the recent strength of the Japanese yen against our local currency in the foreign exchange markets. Other income increased by 8.01% or by ₱ 42.22 million from ₱526.94 million in 2012 to ₱569.16 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 ₱ 872.24 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 ₱ 353.48 million in 2012 or an increase of ₱ 128.52 million or by 36.36% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax decreased by ₱ 6.50 million or by 2.21% from ₱ 292.61 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 December 31, 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 December 31, 2012. The following are the material changes in account balances:

#### ***195.12% Increase in Cash and Cash Equivalents***

The increase in this account was mainly due to improved cash generation from operations and proceeds from the Parent Company's issuance of fixed rate retail bonds amounting to P7.0 billion in November 2013. Funds will be used to finance the development of existing and new projects of the Parent Company lined up for the following year.

#### ***23.46% Increase in Contracts Receivable***

Contracts receivable increased due to additional sales booked during the period. Several attractive financing schemes are being offered by the Group to its real estate buyers to further increase sales.

#### ***5.30% Increase in Due from related parties***

The increase was due to temporary advances made to affiliates in the regular course of business. These advances are expected to be collected within the following year.

#### ***27.51% 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**

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.

**28.61% 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.

**14.02% Increase in Due to related parties**

The increase was due to temporary advances from affiliates which were all in the regular course of business. These advances are expected to be paid or liquidated within the first quarter of the following year.

**31.30% Increase in Loans payable**

The increase was due to additional borrowings made to finance the various projects of the Group.

**48.40% Increase in Bonds payable**

The increase was due to the issuance of fixed-rate bonds by the Parent Company with an aggregate principal amount of ₱7 billion in November 2013 to finance the various projects of the Parent Company.

**16.94% Increase in Retirement Liabilities**

The increase was due to the accrual of the liability to the retirement fund for the year, net of cash contributions to the fund, and adoption to PAS 19, *Employee Benefits* (Revised).

**14.78% Increase in Deferred Income Tax Liabilities**

The increase was mainly due to the additional capitalized borrowing cost on long-term loans.

## Performance Indicators

<i>Financial Ratios</i>	<i>Particulars</i>	<b>2013</b>	<b>2012</b>
<i>Earnings per Share</i>	<i>Basic</i>	0.16	0.14
<i>Earnings per Share</i>	<i>Diluted</i>	0.16	0.14
<i>Debt to Equity Ratio</i>	<u><i>Notes Payable &amp; Long-term Debt</i></u> <i>Total Stockholder's Equity</i>	0.74	0.55
<i>Debt Ratio</i>	<u><i>Total Liabilities</i></u> <i>Total Assets</i>	0.50	0.44
<i>EBITDA to Total</i>	<u><i>EBITDA</i></u>	3.07	3.59
<i>Interest Expense</i>	<i>Total Interest Expense</i>		
<i>Price Earnings Ratio</i>	<u><i>Closing Price of Share</i></u> <i>Earnings Per share</i>	8.60	10.64

### Other Disclosures

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 Parent 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 Parent 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 Parent Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships to the Parent Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

The Group does not have any contingent liability or borrowings wherein financial assets were pledged to secure payment nor it has borrowings wherein properties were mortgaged to secure a loan.



## Results of Operations for 2012

### Year ended December 31, 2012 compared to year ended December 31, 2011

For the year ended December 31, 2012, FLI's operating regular net income registered a year on year growth of 16.26% or ₱487.97 million from ₱ 3,001.58 million in 2011 to ₱3,489.54 million in 2012.

### Revenues and other income

FLI recorded real estate sales of ₱ 8,798.36 million in 2012, higher by 26.53% than the real estate sales in 2011 of ₱ 6,953.47 million. Recorded sales in 2012 consisted mostly of sales of affordable and middle-income lots and housing units including the medium-rise buildings and condominium projects, which are accounted for based on the stage of completion.

In 2012, FLI launched a total of 20 new housing and land development projects including additional phases of existing projects as well as new MRBs. FLI is also considering other regions for land acquisitions and development or joint venture arrangements. As of December 31, 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 ₱ 249.76 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.

Interest income went down by ₱ 26.68 million in 2012 from ₱ 543.23 million in 2011 or by 4.91% to ₱ 516.54 million in 2012. The decrease was due to lower interest income derived from cash and cash equivalents and from contract receivables brought about by the sale of certain contract receivables to a banking institution. The Group recorded a foreign exchange gain of ₱ 2.59 million in 2012 compared to a foreign exchange gain of ₱ 1.30 million in 2011 due to higher foreign currency deposits in 2012. Other income decreased by 10.17% or by ₱ 59.68 million from ₱586.62 million in 2011 to ₱526.94 million in 2012 due to lower amusement and other sales of the mall and service fees.

### Costs and Expenses

With the higher sales, the corresponding cost of real estate sales increased by 36.41% from ₱ 3,612.28 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 ₱ 185.59 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 and higher revenues in 2012:

65.67% increase in rent expense

60.08% increase in repairs and maintenance

30.86% increase in taxes and licenses

32.88% increase in dues and subscription

22.81% increase in outside services

25.15% increase in retirement cost, from ₱ 19.88 million in 2011 to ₱ 24.88 million in 2012.

113.78% 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 ₱ 2,504.75 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 ₱ 353.48 million in 2012 from ₱ 505.42 million in 2011 or a decrease of ₱ 151.94 million or by 30.06% due to higher revenues generated from tax-exempt projects and other projects with income tax holiday.

Provision for deferred income tax increased by ₱ 237.85 million or by 434.30% from ₱ 54.77 million in 2011 to ₱ 292.61 million in 2012 due to higher capitalized borrowing costs.

### **Financial Condition**

As of December 31, 2012, FLI's total consolidated assets stood at ₱ 82.63 billion, higher by 19.89% than the ₱ 68.92 billion as at the previous year-end.

#### ***81.04% Increase in Cash and cash equivalents***

The increase represents mainly proceeds from the Parent 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 Parent Company lined up for the following year.

#### ***25.38% Increase in Contracts receivable***

Contracts receivable increased due to additional sales booked during the current period.

**21.28% Decrease in Due from related parties**

The decrease was due to collections of temporary advances made to affiliates in the regular course of business.

**24.23% 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.

**24.20% Increase in Real estate inventories**

The upward movement of this account mainly comprised of development and construction costs set up for projects during the year and additional phases of existing projects.

**9.06% 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 Cebu City Government for the purchase of part of the 10.6 hectare SRP property.

**2.96% 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.

**24.47% 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.

**2.95% Increase in Property and equipment**

The increase in this account was mainly due to the new corporate headquarters of the Parent Company located in Mandaluyong City and leasehold improvements and acquisition of additional equipment.

**5.43% Decrease in Deferred tax assets**

The decrease was mainly due to decrease of advance rentals from Northgate Cyberzone buildings and from PBCom Tower in Makati City.

**103.69% Increase in Other assets**

The increase in this account was mainly due to higher creditable withholding tax and input vat for the year.

**36.61% Increase in Accounts payable and accrued expenses**

The increase is mainly due to increase in deposits from tenants and buyers, retention from billings of contractors, and accrual of interests on loans and bonds.

**63.96% 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.

**276.39% 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.

**27.70% Increase in Loans payable**

The increase was due to additional borrowings made to finance the various projects of the Parent Company.

**80.08% Increase in Bonds payable**

The increase was due to the issuance of fixed-rate retail bonds by the Parent Company with an aggregate principal amount of ₱7 billion in June 2012 to finance the various projects of the Parent Company.

**66.89% 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 Parent Company of revised PAS 19, *Employee Benefits*.

**13.03% Increase in Deferred income tax liabilities**

The increase in this account was mainly due to the capitalization of part of interests on long-term loans.

**17.01% Increase in Retained earnings**

This was brought about by the Parent Company's net income of ₱ 3.43 billion for the year net of cash dividends paid in 2012.

## Performance Indicators

<b>Financial Ratios</b>	<b>Particulars</b>	<b>2012</b>	<b>2011</b>
<i>Earnings per Share</i>	<i>Basic</i>	0.14	0.12
<i>Earnings per Share</i>	<i>Diluted</i>	0.14	0.12
<i>Debt to Equity Ratio</i>	<u>Notes Payable &amp; Long-term Debt</u> <i>Total Stockholder's Equity</i>	0.55	0.38
<i>Debt Ratio</i>	<u>Total Liabilities</u> <i>Total Assets</i>	0.44	0.36
<i>EBITDA to Total</i>	<u>EBITDA</u>	3.59	5.20
<i>Interest Expense</i>	<i>Total Interest Expense</i>		
<i>Price Earnings Ratio</i>	<u>Closing Price of Share</u> <i>Earnings Per share</i>	10.64	8.25

**Other Disclosures**

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 Parent 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 Parent 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 Parent Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships to the Parent Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

The Group does not have any contingent liability or borrowings wherein financial assets were pledged to secure payment nor it has borrowings wherein properties were mortgaged to secure a loan.

#### Results of Operations for 2011

In 2011, FLI launched ₱ 12.1 billion worth of projects, 17% more than the value of projects launched in 2010. FLI launched 11 new projects and 22 additional phases of existing projects, equivalent to 6,503 units, across all segments nationwide. Among the new projects were six affordable housing projects located in Batangas, Bulacan, Cavite, Pampanga and Rizal. FLI also launched two new mid-rise building (MRB) projects, Bali Oasis 2 in Pasig City and Asiana Oasis in Paranaque City. The Parent Company also introduced two new high-rise buildings, Studio Zen in Pasay City, and Vinia Residences and Versaflats along EDSA, Quezon City.

#### Year ended December 31, 2011 compared to year ended December 31, 2010

For the year ended December 31, 2011, FLI's operating regular net income registered a year on year growth of 22.11% or ₱543.40 million from ₱ 2,458.18 million in 2010 to ₱3,001.58 million in 2011. The 2010 net income excludes the ₱ 526.30 million one-time extraordinary gain (recorded as Gain from re-measurement of previously held interest in a business combination and Excess of fair value of net identifiable assets over consideration transferred in a business combination) arising from FLI's acquisition of Africa-Israel's 40% ownership each in CPI and FAPI. This one time gain had shored up FLI's net income for 2010 to ₱ 2,984.48 million.

### Revenues and other income

FLI recorded real estate sales of ₱6,953.47 million in 2011, higher by 23.02% than the real estate sales in 2010 of ₱ 5,652.37 million. Recorded sales in 2011 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. Thirteen buildings in various MRB projects were completed in 2011.

In 2011, the Group launched 11 new projects and 22 additional phases of existing projects with total sales value of ₱12.1 billion. Among these are additional buildings in MRB projects like Bali Oasis, Maui Oasis, One Oasis Cebu and Sorrento Oasis.

Revenue from Rental services increased by ₱ 134.92 million or by 8.98% to ₱ 1,637.34 million in 2011 from ₱1,502.42 million in 2010. 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 2011. 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 ₱ 63.41 million in 2011 from ₱ 55.22 million in 2010 or by 14.83% due to higher earnings of Filinvest Alabang, Inc. (FAI) where FLI is a 20% equity holder.

The acquisition by FLI of the 40% interest of Africa-Israel Properties (Phils.), Inc. in CPI and the 40% interest of Africa-Israel Investments (Phils.) Inc., in FAPI resulted in FLI's recognition of a gain from remeasurement of previously held interest of ₱ 517.24 and excess of fair value of net identifiable assets over consideration transferred of ₱9.06 in 2010 in accordance with the International Financial Reporting Standards (IFRS) 3 - Business Combinations. There is no extraordinary gain from transactions in 2011.

The Group also recorded a foreign exchange gain of ₱1.30 million in 2011 compared to a foreign exchange gain of ₱8.56 million earned in 2010 due to lower foreign currency deposits in 2011. Other income increased by 22.21% or by ₱ 106.62 million from ₱ 480.01 million in 2010 to ₱586.62 million in 2011 due to higher amusement and other sales of the mall, service fees and amounts collected from tenants in excess of expenses incurred.

### Costs and Expenses

With the higher sales, the corresponding cost of real estate sales increased by 20.54% from ₱2,996.82 million in 2010 to ₱3,612.28 million in 2011. Cost of rental services likewise increased by 19.60% from ₱381.57 million in 2010 to ₱456.37 million in 2011.

Total operating expenses increased to ₱1,676.13 million in 2011 from ₱1,421.86 million in 2010.

General and administrative expenses increased by ₱127.11 million or by 18.14% to ₱911.32 million in 2011 from ₱771.40 million in 2010.

The following are the significant movements in the general and administrative expense accounts which resulted primarily from the increased volume of business:

68.72% increase in amusement and recreation expenses, from ₱27.36 million in 2010 to ₱46.15 million in 2011.

18.27% increase in salaries, wages & employee benefits  
21.87% increase in transportation & travel  
21.10% increase in outside services  
28.48% increase in depreciation and amortization, from ₱58.69 million in 2010 to ₱75.40 million in 2011 mainly because of the opening of Vector 1 in last quarter of 2010.  
56.01% increase in retirement cost, from ₱12.55 million in 2010 to ₱19.88 million in 2011.  
46.25% increase in insurance expenses, from ₱17.96 million in 2010 to ₱25.96 million in 2011.

Selling and marketing expenses increased by 17.58% to ₱764.81 million in 2011 from ₱650.47 million in 2010 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 increased by 11.12% to ₱ 478.82 million in 2011 from ₱ 430.90 million in 2010. This was brought about by availment of loans amounting to ₱4,220.00 million in 2011 and the issuance of the fixed-rate retail bonds totaling ₱3.0 billion in July 2011 to finance the current projects of the Group, especially its various MRB's, high-rise buildings and condotel projects.

### **Provision for Income Tax**

Provision for income tax decreased by 2.64% in 2011 from ₱575.38 million in 2010 to ₱560.18 million in 2011. Provision for current income tax increased to ₱505.42 million in 2011 from ₱490.33 million in 2010 or an increase of ₱15.09 million or by 3.08% due to higher taxable income brought about by higher revenues.

Provision for deferred income tax decreased by ₱30.29 million or by 35.61% from ₱85.05 million in 2010 to ₱54.77 million in 2011 due to provisions for doubtful accounts on other receivables and due to lower capitalization of borrowing costs.

### **Financial Condition**

As of December 31, 2011, FLI's total consolidated assets stood at ₱68.92 billion, higher by 10.05% than the ₱62.63 billion as at the previous year-end.

#### ***33.37% Decrease in Cash and cash equivalents***

Funds were used for the development of existing and new projects and for the construction of new IT buildings (investment properties) and for raw land acquisitions.

#### ***7.74% Increase in Contracts receivable***

Contracts receivable increased due to additional sales booked during the current period.

#### ***32.72% 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.

#### ***54.69% 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.

***Decrease in Available-for-sale financial assets / Increase in financial assets at fair value through other comprehensive income***

The decrease was brought about by the redemption of certain investments upon maturity in 2011. The remaining shares of stock include unlisted preferred shares in a public utility company and are categorized under “Financial assets at Fair Value Through Other Comprehensive Income”. This resulted from the early adoption by the Group of PFRS 9 as earlier discussed.

***25.91% Increase in Real estate inventories***

The movement in this account was mainly due to development and construction costs set up for new projects and additional phases of existing projects.

***10.02% 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.

***11.14% Decrease in Investment in an associate***

The decrease in this account was mainly due to dividend income received from the associate during the year.

***5.11% 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.

***15.55% Decrease in Property and equipment***

The decrease in this account was mainly due to the reclassification of a building into Investment properties account after completion of its construction.

***9.92% Increase in Deferred tax assets***

The increase was mainly due to provisions made for doubtful accounts on other receivables.

***63.45% Increase in Other assets***

The increase in this account was mainly due to higher creditable withholding tax and input vat for the year.

***59.91% 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.

***41.24% Decrease in Due to related parties***

The decrease was due to payments made to affiliates on advances made in the regular course of business.

***22.17% Increase in Loans payable***

The increase was due to additional borrowings made to finance the various projects of the Parent Company.



**61.18% Increase in Bonds payable**

The increase was due to the issuance of Fixed Rate Retail Bonds by the Parent Company with an aggregate principal amount of ₦ 3 billion in July 2011 to finance the various projects of the Parent Company.

**97.62% 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.

**17.45% Increase in Retained earnings**

This was brought about by the Parent Company's net income of ₦ 2.94 billion for the year net of cash dividends paid in 2011.

## Performance Indicators

<i>Financial Ratios</i>	<i>Particulars</i>	2011	2010
<i>Earnings per Share</i>	<i>Basic</i>	0.12	0.12
<i>Earnings per Share</i>	<i>Diluted</i>	0.12	0.12
<i>Debt to Equity Ratio</i>	<u><i>Notes Payable &amp; Long-term Debt</i></u> <i>Total Stockholder's Equity</i>	0.38	0.29
<i>Debt Ratio</i>	<u><i>Total Liabilities</i></u> <i>Total Assets</i>	0.36	0.33
<i>Ebitda to Total Interest Expense</i>	<u><i>EBITDA</i></u> <i>Total Interest Expense</i>	5.20	4.13
<i>Price Earnings Ratio</i>	<u><i>Closing Price of Share</i></u> <i>Earnings Per share</i>	8.25	10.76

**Other Disclosures**

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 Parent 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 Parent 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 Parent Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships to the Parent Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

FLI plans to issue ₱11.0 billion worth of fixed-rate bonds, subject to the approval of the Securities and Exchange Commission (SEC). FLI intends to issue the bonds in two tranches. The first tranche, worth ₱7.0 billion, will be issued within the second quarter of 2012, while the second tranche worth ₱4.0 billion will be issued later in the year. The bonds will have a term of seven (7) years. The Registration Statement for the bond issue was filed with the SEC on April 4, 2012.

The Philippine Rating Services Corporation (PhilRatings) has assigned a PRS Aaa rating for FLI's proposed issuance of an additional ₱11.0 billion fixed-rate bonds. PhilRatings have also maintained the PRS Aaa rating for FLI's ₱5.0 billion outstanding fixed-rate bonds (₱500.0 million bonds due in 2012 and ₱ 4.5 billion bonds due in 2014) and its ₱3.0 billion outstanding bonds due in 2016. "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."

**LIST OF MAJOR RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS AND  
EXECUTIVE COMMITTEE FROM THE LAST ANNUAL STOCKHOLDERS’ MEETING TO  
DATE**

(1)

“**RESOLVED**, as it is hereby resolved, that the Corporation is hereby authorized to apply and negotiate for a Funding Commitment Line (FCL) with the **Home Development Mutual Fund (HDMF) - Head Office** under the latter’s Take out Mechanism under the Developer CTS/REM Scheme, in the amount of SEVEN HUNDRED SEVENTY MILLION PESOS ONLY (P770,000,000.00), subject to terms and conditions as may be provided by the HDMF.

“**RESOLVED FURTHER**, that the officers named hereunder are hereby authorized for and in behalf of the Corporation to execute, sign and deliver to the HDMF the following agreements, undertaking, papers and documents, as well as to perform such acts as may be necessary and required to implement the foregoing:

<b>Documents</b>	<b>Authorized Signatories</b>
Negotiate for Budget Allocation	Reynaldo Juanito S. Nieva II
Budget Allocation	Reynaldo Juanito S. Nieva II
Memorandum of Agreement	L. Josephine G. Yap/Joseph M. Yap
Collection Servicing Agreement	L. Josephine G. Yap /Joseph M. Yap
Contract to Sell	Loreta M. Santos Eufrecina M. Quilapio Edwin Esteller Mark De Guzman
Deed of Assignment with Special Power of Attorney	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II Mark De Guzman Eufrecina M. Quilapio
Disclosure Statement of Loan Transaction	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Deed of Absolute Sale	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Undertakings	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Trust Receipt for Transfer Certificate of Titles	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Official Receipts (Receipts of Take out Proceeds)	Reynaldo Juanito S. Nieva II

Conformity to Letter of Guaranty	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Deed of Assignment of Certificate of Time Deposit/Escrow Agreement (Retention)	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Receipt of Official Correspondence from HDMF	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Other Transaction with HDMF	Joseph M. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II Eufrecina M. Quilapio

**RESOLVE FURTHERMORE**, that any and all acts of the above-named officers concerning the above matters are hereby affirmed, confirmed and ratified by the Corporation and ratified by the Corporation for all legal intents and purposes.”

(2)

“**RESOLVED**, as it is hereby resolved, that the Corporation is hereby authorized to apply and negotiate for a Funding Commitment Line (FCL) with the **Home Development Mutual Fund (HDMF) - Batangas** under the latter’s Take out Mechanism under the Developer CTS/REM Scheme, in the amount of ONE HUNDRED MILLION PESOS ONLY (P100,000,000.00), subject to terms and conditions as may be provided by the HDMF.

**RESOLVED FURTHER**, that the officers named hereunder are hereby authorized for and in behalf of the Corporation to execute, sign and deliver to the HDMF the following agreements, undertaking, papers and documents, as well as to perform such acts as may be necessary and required to implement the foregoing:

Documents	Authorized Signatories
Negotiate for Budget Allocation	Reynaldo Juanito S.Nieva II
Budget Allocation	Reynaldo Juanito S. Nieva II
Memorandum of Agreement	L. Josephine G. Yap/Joseph M. Yap
Collection Servicing Agreement	L. Josephine G. Yap /Joseph M. Yap
Contract to Sell	Loreta M. Santos Eufrecina M. Quilapio Edwin Esteller Mark De Guzman
Deed of Assignment with Special Power of Attorney	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II Mark De Guzman Eufrecina M. Quilapio
Disclosure Statement of Loan Transaction	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II

Deed of Absolute Sale	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Undertakings	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Trust Receipt for Transfer Certificate of Titles	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Official Receipts (Receipts of Take out Proceeds)	Reynaldo Juanito S. Nieva II
Conformity to Letter of Guaranty	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Deed of Assignment of Certificate of Time Deposit/Escrow Agreement (Retention)	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Receipt of Official Correspondence from HDMF	Joseph M. Yap L. Josephine G. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II
Other Transaction with HDMF	Joseph M. Yap Luis L. Fernandez Reynaldo Juanito S. Nieva II Eufrecina M. Quilapio

**RESOLVE FURTHERMORE**, that any and all acts of the above-named officers concerning the above matters are hereby affirmed, confirmed and ratified by the Corporation and ratified by the Corporation for all legal intents and purposes.”

(3)

“**RESOLVED**, that the Corporation be, as it is hereby authorized, to avail of the shared term loan facility made available by the Bank of the Philippine Islands (BPI) up to an aggregate amount of Php 3,500,000,000.00.

**RESOLVED FURTHER**, that the Corporation’s President and Chief Executive Officer, Mrs. Josephine G. Yap is hereby authorized to negotiate, enter into, sign, execute and deliver loan agreements, promissory notes, bills purchase forms and such other agreements, contracts, instruments and documents as may be required by BPI, under such terms and conditions as said officer may deem to be beneficial to the Corporation.

**RESOLVED FINALLY**, that BPI be furnished a copy of the foregoing resolution for its guidance, on whose authority it may continue to rely, unless and except to the extent that the foregoing resolution shall be revoked or modified by the receipt of any subsequent resolutions of the Board of Directors of the Corporation.”

(4)

“**RESOLVE**, that the Corporation be authorized, as it is hereby authorized, to purchase five (5) parcels of land located in Karuhatan, Valenzuela (formerly Polo, Bulacan) with an aggregate area of 49,971 square meters, more or less, identified as follows: a) Lot No. 957 of the Malinta Estate with an area of

8,575 sq. m., more or less, and covered by Transfer Certificate of Title (TCT) No. T-2025; b) Lot No. 744-A of the Malinta Friar Lands Estate with an area of 26,075 sq. m., more or less, and covered by TCT No. T-2026; c) Lot No. 807-A-2 with an area of 2,500 sq. m., more or less, excluding a 500 sq. m. portion thereof and covered by TCT No. T-2027; d) Lot No. 1519 of the Malinta Friar Lands Estate with an area of 12,696 sq. m., more or less, and covered by TCT No. T-2028; and e) Lot 1517-B of the Malinta Friar Lands Estates with an area of 125 sq. m., more or less, and covered by TCT No. T-20711, together with all the improvements, if any, all of the Registry of Deeds for the Province of Bulacan and registered in the name of Far East Broadcasting Company (Philippines), Inc.;

**RESOLVE, FURTHER**, that the Corporation's Director, **MR. JOSEPH M. YAP** be authorized, as he is hereby authorized, in the name and for the account of the Corporation, to negotiate for and enter into the foregoing transactions, under such terms and conditions as may in his judgment be for the best interest of the Corporation;

**RESOLVE, FINALLY**, that **MR. JOSEPH M. YAP** be authorized as he is hereby authorized, directed and empowered, for and in the name of the Corporation, to execute, sign, and deliver any and all Memorandum of Agreement and its amendments or supplements, Deed of Absolute Sale, or such other instrument, agreement, contract and document that may be necessary and/or required for the implementation of the foregoing transactions."

(5)

**"RESOLVED AS IT IS HEREBY RESOLVED**, that the Corporation be authorized to offer and issue to the general public an aggregate maximum amount of Php 7,000,000,000.00 worth of fixed rate peso denominated retail bonds at an issue price of 100.00% of face value with maturity periods of up to 7 years and 10 years (the "Bonds"), the amounts in each maturity period and interest rates of which will be underwriters;

**RESOLVED FURTHER**, to direct Management to evaluate all aspects relating to the proposed offering of the Bonds, including the timing thereof;

**RESOLVED, FURTHER**, that the Corporation be authorized to file: (a) a Registration Statement and such other documents before the Securities and Exchange Commission (SEC) in respect of the public distribution and sale of the Bonds prior to that of the offer period; and (b) a listing application and such other documents with the Philippine Dealing & Exchange Corporation ("PDEX");

**RESOLVED, FURTHER**, that the Corporation be authorized to approve the disclosures in the Registration Statement and Offering Prospectus to be filed with the SEC, and assume full responsibility for the information contained therein;

**RESOLVED FINALLY**, that the Corporation's President and chief Executive Officer, Ms. Lourdes Josephine G. Yap, and Senior Vice-President and Chief Finance Officer, Mr. Nelson M. Bona are hereby empowered, authorized and directed, to sign, execute and deliver whether acting singly or jointly the necessary documents, papers, certification, such as, but not limited to : (i) the Registration Statement with the SEC, and such other documents and offering materials ; (ii) the underwriting agreement, trust agreement, selling agency agreement, registry and paying agency agreement, listing application with PDEX, and such other agreements and documents; and to perform any all acts reasonably necessary to implement the foregoing resolutions."

(6)

**"RESOLVE**, as it is hereby **RESOLVED**, that the Corporation acquire, by purchase or by other valid contract, the properties consisting of three (3) parcels of land with an aggregate area of **4,800 sq. m.**, more or less, located along EDSA, Diliman, Quezon City, more particularly identified as follows: a) Lot 2, Blk. S-155 with an area of 1,650 sq. m. and Lot 3, Blk. S-155 with an area of 1,650 sq. m. both covered by TCT No. 004-2012008368; and b) Lot No. 12, Blk. S-155 with an area of 1,500 sq. m and covered by TCT No. 004-2012007963, including all improvements, if any, ( hereafter the **"Properties"**) of the Register of Deeds for Quezon City, upon such terms and conditions as may be in the best interests of the Corporation;

**RESOLVED FURTHER**, to authorized the Corporation to enter into an escrow agreement with Cesar Rodriguez, Jr., Ferdinand Rodriguez, Mary Faye Garcia, Eustracia Therese Rodriguez (the “Sellers”) and East West Banking Corporation (“EWBC”) for the purposes of ensuring compliance by the Corporation and/or the sellers of their respective obligations under the Deed of Conditional Sale and purchase of the Properties;

**RESOLVED FINALLY**, that the Corporation's Director, JOSEPH M. YAP, be authorized as he is hereby authorized, directed and empowered, for and in the name of the Corporation, to execute , sign and deliver the Deed of Absolute Sale covering the purchase of the properties or such other instrument, agreement, contract and document that may be necessary and / or required for the implementation of the foregoing transaction and sign, execute and deliver on behalf of the Corporation, the escrow agreement with the Sellers and EWBC, its ancillary agreements and all other documents related thereto, with regard to the Properties.”

(7)

“**RESOLVED**, that the Philippine Depository & Trust Corporation (PDTC) be appointed as Registrar and paying Agent of the Corporation with such duties and obligations as may be agreed upon.”

**RESOLVED FURTHER** that the Corporation, be as it hereby authorized to list with the Philippine Dealing and Exchange Corp. ( PDEX) the Unsecured Fixed-Rate Peso Retail Bonds up to an aggregate amount of Seven Billion Pesos (Php 7,000,000,000.00).”

**RESOLVED FINALLY**, that the Corporation's President and Chief Executive Officer, Ms. Lourdes Josephine G. Yap, and Senior Vice- President and Chief Finance Officer, Mr. Nelson M. Bona are hereby empowered, authorized and directed, to sign, execute and deliver whether acting singly or jointly, the Paying Agency and Registry Agreement with PDCT, the listing application with PDEX and any other application forms, documents, papers, agreements, instruments and contracts that are relevant, under such terms and conditions as they either one of them deem/s advantageous and beneficial to the Corporation, and to perform any all acts reasonably necessary to implement the foregoing resolution.”

(8)

“**RESOLVED**, that the Corporation be, as it is hereby authorized, to avail of the additional term loan line made available by the Development Bank of the Philippines (the “Bank”) up to an aggregate amount of Php5,000,000,000.00.

**RESOLVED FURTHER** that the Corporation’s President and Chief Executive Officer, Mrs. Lourdes Josephine G. Yap is hereby authorized to negotiate, enter into, sign, execute and deliver loan agreements, promissory notes, bills purchase forms and such other agreements, contracts, instruments and documents as may be required by the Bank, under such terms and conditions as said officer may deem to be beneficial to the Corporation.

**RESOLVED, FINALLY**, that the Bank be furnished a copy of the foregoing resolution for its guidance, on whose authority it may continue to rely, unless and except to the extent that the foregoing resolution shall be revoked or modified by the receipt of any subsequent resolutions of the Board of Directors of the Corporation”.

(9)

“**RESOLVED**, that the Corporation be, as it is hereby authorized, to obtain and avail of the additional shared term loan facility made available by the Bank of the Philippine Islands (BPI) up to an aggregate amount of Php 4,200,000,000.00.

**RESOLVED FURTHER** that the Corporation’s President and Chief Executive Officer, Mrs. Josephine G. Yap is hereby authorized to negotiate, enter into, sign, execute and deliver loan agreements, promissory notes, bills purchase forms, loan disclosures, and such other agreements, contracts, instruments and documents as may be required by BPI, under such terms and conditions as said officer

may deem to be beneficial to the Corporation.

**RESOLVED, FINALLY**, that BPI be furnished a copy of the foregoing resolutions for its guidance, on whose authority it may continue to rely, unless and except to the extent that the foregoing resolutions shall be revoked or modified by the receipt of any subsequent resolutions of the Board of Directors of the Corporation.”

(10)

“**RESOLVE**, that the Corporation be authorized, as it is hereby authorized, to purchase several parcels of land located along E. Delos Santos Avenue corner Aurora Boulevard, Quezon City with an aggregate area of 11,764 square meters, more or less, and covered by Transfer Certificates of Title (TCT) Nos. 11006, 11007, 11008, 11009, 11010, RT-35443 (333085) and 300861, together with all the improvements, if any, all of the Register of Deeds of Quezon City and registered in the name of National Book Store, Inc.;

**RESOLVE, FURTHER**, that the Corporation’s Director, **MR. JOSEPH M. YAP** be authorized, as he is hereby authorized, in the name and for the account of the Corporation, to negotiate for and enter into the foregoing transactions, under such terms and conditions as may in his judgment be for the best interest of the Corporation;

**RESOLVE, FINALLY**, that **MR. JOSEPH M. YAP** be authorized as he is hereby authorized, directed and empowered, for and in the name of the Corporation, to execute, sign, and deliver any and all Contract to Sell, Deed of Absolute Sale, Promissory Note or such other instrument, agreement, contract and document that may be necessary and/or required for the implementation of the foregoing transactions.”

(11)

“**RESOLVED**, as it is hereby resolved, that the Corporation is hereby authorized to participate in the bid for the purchase of GSIS acquired properties classified as Big Ticket and Medium Ticket Accounts.

**RESOLVED, FURTHER**, that the Corporation’s Director, **MR. JOSEPH M. YAP**, is hereby named, appointed, and authorized to represent the Corporation, to communicate with the GSIS, to negotiate for and accept the terms and conditions of the GSIS for the above-mentioned bid, and to sign and execute contracts, agreements, and other necessary or qualifying documents relative to the Corporation’s participation in the bid for purchase of GSIS acquired properties classified as Big Ticket and Medium Ticket Accounts.

**RESOLVED, FINALLY**, to authorize **MR. CHRISTIAN ERNEST N. SANTOS** to attend on bid proposals submission date and to submit and deliver the sealed bid of the Corporation.”



**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF  
FILINVEST LAND, INC.**

Held on May 10, 2013 at 9:00 a.m.  
Mandarin Oriental Manila, Makati Avenue, Makati City

**ATTENDEES FROM THE BOARD:**

ANDREW L. GOTIANUN, SR. (Chairperson)	MERCEDES T. GOTIANUN
L. JOSEPHINE GOTIANUN YAP	EFREN C. GUTIERREZ
ANDREW T. GOTIANUN, JR.	CIRILO T. TOLOSA
JONATHAN T. GOTIANUN	LAMBERTO U. OCAMPO
JOSEPH M. YAP	

**I. CALL TO ORDER; CERTIFICATION OF QUORUM**

The Acting Chairman of the Board, Mr. Jonathan T. Gotianun, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Pablito A. Perez, certified that out of the 32,249,759,506 shares outstanding, 24,941,564,665 shares representing 77.34% thereof are present, in person or by proxy, and that therefore, there is a quorum present for the transaction of business by the stockholders.

**II. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING HELD ON APRIL 27, 2012**

Upon motion duly made and seconded, and in the absence of any objection, the stockholders unanimously APPROVED the Minutes of the Stockholders' Meeting held on April 27, 2012 as presented in the Information Statement distributed to the stockholders prior to the meeting.

**III. PRESENTATION OF THE PRESIDENT'S REPORT AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012 / DECLARATION OF CASH DIVIDENDS**

The President, Mrs. L. Josephine Gotianun Yap, presented her report on the Company's Operations for the year ended December 31, 2012, copies of which were distributed to the stockholders prior to the meeting, together with the Company's Audited Financial Statements for the same period. The President's report was supplemented by a powerpoint presentation on the operational and financial highlights of the Company for 2012. The President also announced to the stockholders that the Board of Directors approved during its meeting on May 10, 2013 the declaration of cash dividend of ₱0.048 per share payable on July 3, 2013 with record date on June 7, 2013. After the presentation, the Company's President and Corporate Secretary responded to various queries and clarifications raised by some stockholders who attended the meeting.

Thereafter, and upon proper motion duly made and seconded, the stockholders, in the absence of any objection, NOTED the President's Report and APPROVED the Company's Audited Financial Statements as of and for the year ended December 31, 2012.

**IV. RATIFICATION OF ALL ACTS AND RESOLUTIONS OF DIRECTORS AND MANAGEMENT FOR THE YEAR 2012 TO DATE**

The next item in the agenda was the ratification by the stockholders of all acts, resolutions and proceedings of the outgoing Board of Directors and Officers of the Company for the year 2012 to date. On motion duly made and seconded, in the absence

of any objection, the stockholders APPROVED, RATIFIED AND CONFIRMED all acts, transactions, resolutions and proceedings of the Board of Directors and Officers of the Company for the year 2012 to date.

**V. ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2013 - 2014**

The Acting Chairman proceeded to the next item in the agenda, which is the election of the members of the Board of Directors of the Company for the year 2013-2014. The Corporate Secretary announced the names of the candidates pre-screened by the Nominations Committee, including Messrs. Lamberto U. Ocampo and Cirilo T. Tolosa as the nominees for the board seats allotted for the independent directors of the Company. The Secretary confirmed that there were no other nominations submitted within the period allowed under the Company's By-laws.

On motion duly made and seconded, the stockholders elected the following as members of the Board of Directors for the ensuing year:

ANDREW L. GOTIANUN, SR.	MERCEDES T. GOTIANUN
L. JOSEPHINE GOTIANUN YAP	EFREN C. GUTIERREZ
ANDREW T. GOTIANUN, JR.	CIRILO T. TOLOSA (as independent director)
JONATHAN T. GOTIANUN	JOSEPH M. YAP
LAMBERTO U. OCAMPO (as independent director)	

**VI. APPOINTMENT OF EXTERNAL AUDITORS**

On motion duly made and seconded, and in the absence of any objection, the stockholders APPROVED the appointment of SGV & Co. as the external auditor for the year 2013.

**VII. ADJOURNMENT**

There being no other matters to discuss, the meeting was adjourned at 10:30 a.m.

PREPARED BY:

  
**PABLITO A. PEREZ**  
Corporate Secretary

Attested by:

  
**JONATHAN T. GOTIANUN**  
Acting Chairman