FILINVEST
LAND INCORPORATED

19 January 2010

Philippine Stock Exchange
4/F Philippine Stock Exchange
Exchange Road, Ortigas Center
Pasig City

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

Dear Ms. Encarnacion,

We obtained information today that PhilRatings assigned the highest rating of **PRS Aaa** to FLI's proposed issuance of an additional P3 billion in fixed-rate bonds, which will mature in five years.

This fixed-rate bond flotation is subject of our previous disclosure dated December 11, 2009.

Attached is the rating news dated January 19, 2010 obtained from Philippine Rating Services Corporation.

Thank you.

Very truly yours,

ATTY. APOLLO M. ESCAREZ
VP & Corporate Information Officer

Filinvest Land Inc (FLI) Gets **PRS Aaa** Rating for its Additional P3 Billion Bond Issue

Philippine Rating Services Corporation has assigned a **PRS Aaa** rating for Filinvest Land Inc.'s total bond issue, composed of the P5 billion bonds initially issued and the proposed issuance of an additional P3 billion bonds in early 2010. The first bond series, composed of the P500 million bonds (due in 2012) and the P4.5 billion bonds (due in 2014) was assigned a rating of PRS Aaa in October 2009. The next series will be composed of the additional P3 billon bonds which will be due in 2015.

"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."

The rating assigned reflects the following key considerations: strong growth of FLI's real estate and leasing operations; its improving cash generation; conservative debt position; and financial flexibility. The rating also reflects the following factors which were considered when the PRS Aaa rating was assigned to FLI's P5 billion bond issue last October 2009: FLI's diversified portfolio; focus on the mass housing segment which enhances FLI's resilience; and favorable industry conditions.

PhilRatings' ratings are based on available information and projections at the time that the rating review is on-going. PhilRatings shall continuously monitor developments relating to FLI and may change the rating at any time, should circumstances warrant a change.

Despite having to face a more challenging environment brought about by the global financial crisis and relatively weak GDP growth in the country, FLI's revenues for the first nine months of 2009 were generally unchanged from the same period for the previous year. The slight drop in real estate revenues, brought about by the overall decline in high-end property sales experienced industry-wide, was offset by the slight increase in FLI's rental income. Although expenses were slightly higher, net income managed to register a 4.2% increase as a result of the lower corporate tax rate.

The company is expected to post increased growth from 2010 to 2015. Forecasted hikes in real estate revenues will come from the strong performance of the affordable, middle-income and high-end segments. Mid-rise buildings such as One Oasis-Cebu, One Oasis-Davao, One Oasis-Ortigas, Bali Oasis and the company's first high-rise building, The Linear, will generate bulk of future revenues.

Rental income is also expected to augment FLI's revenue generation, although at more modest growth levels. The improvement in leasing operation results will come from additional lease area and rental escalations. FLI is also expected to benefit from the earnings potential of Cyberzone Properties Inc's (CPI) Business Process Outsourcing buildings through its acquisition of Africa-Israel Properties (Phils), Inc's 40% stake in CPI.

FLI's strong revenue generation and conservative spending are expected to result in solid income growth for the projected period. As net income strengthens, net cash provided by operating activities is expected to improve, thereby providing higher coverage of interest expense and maturing obligations.

FLI's debt to equity ratio remained conservative at 0.18 as of the end of September 2009. Even with the issuance of the P5 billion bonds in the last quarter of 2009 and the proposed issuance of the additional P3 billion bonds in 2010, debt to equity ratio is expected to remain conservative. The company's sound debt profile provides flexibility in obtaining additional loans if required.

The amount of maturing loans remains fairly spread out on an annual basis, except in 2014 and 2015 when bullet payments on the P4.5 billion and P3 billion bonds will be due. Nevertheless, the company is expected to generate and accumulate enough cash to service obligations due during these years. Unavailed credit facilities, as well as contract-to-sell financing facilities with several banks, also provide added financial flexibility.