



# ANNUAL REPORT 2005



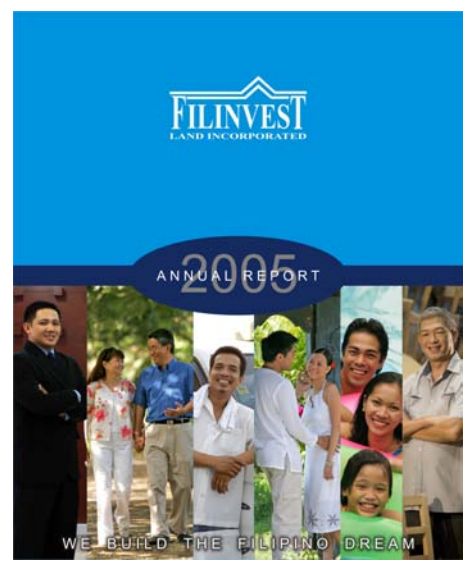
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WE BUILD THE FILIPINO DREAM



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**COVER STORY**

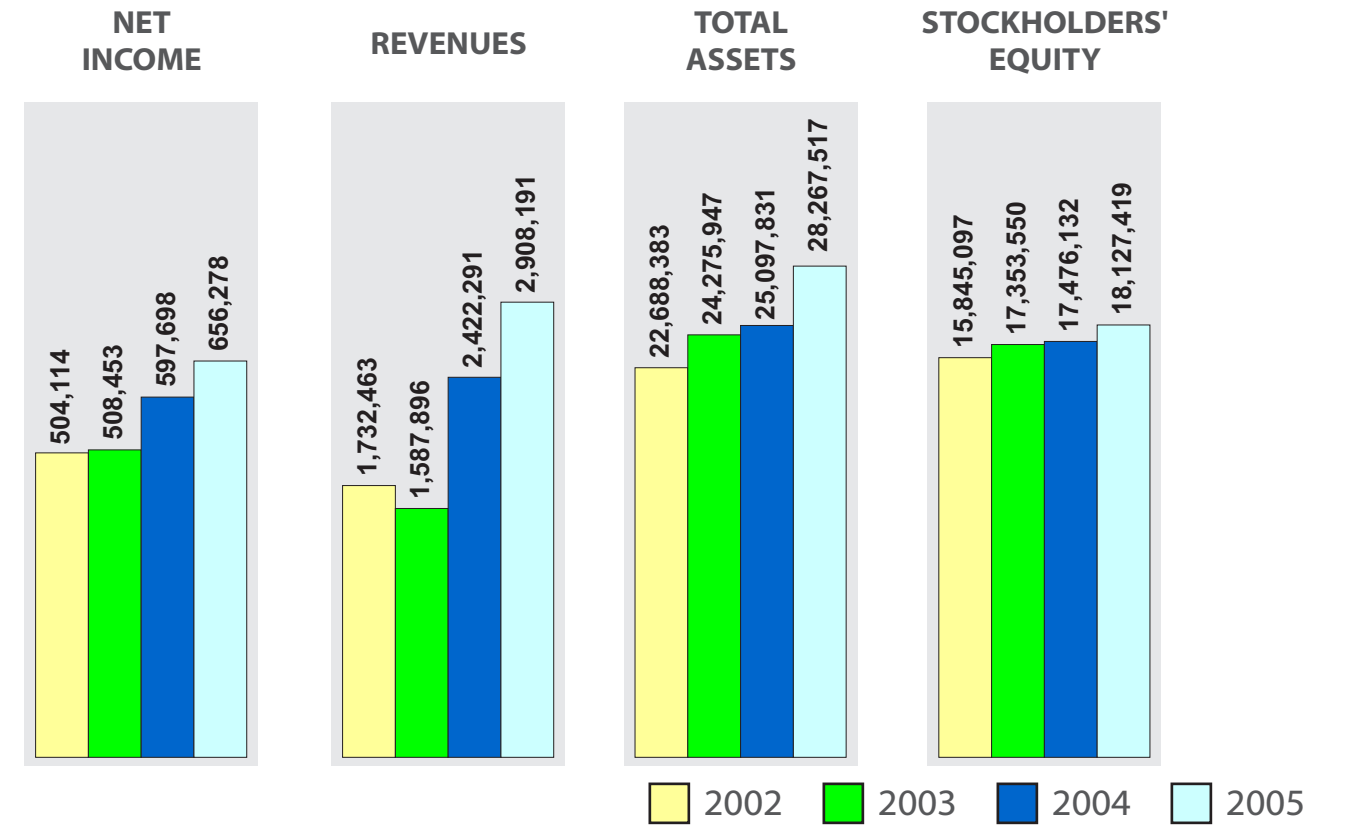
Filinvest Land, Inc. strives to be part of every important milestone in a Filipino's life from starter homes for newlyweds, to master-planned townships for raising families, to entrepreneurial villages and to retirement and leisure investments that crown the fruits of his efforts. With a wide range of projects that offer more choices and the best value, we remain true to our commitment to building the Filipino dream.

**FILINVEST LAND, INC. AND SUBSIDIARIES  
FINANCIAL HIGHLIGHTS**  
*(Amounts In Thousands of Pesos, Except Per Share Data)*

	2005	2004	2003	2002
<b>Operating Results</b>				
Revenues	2,908,191	2,422,291	1,587,896	1,732,463
Net Income	656,278	597,698	508,453	504,114
Return on Assets (ave.)	2%	2%	2%	2%
Return on Equity (ave.)	4%	3%	3%	3%
<b>Financial Position</b>				
Total Assets	28,267,517	25,097,831	24,275,947	22,688,383
Total Long-term Debt	5,575,000	3,950,000	3,240,778	3,269,004
Stockholders' Equity	18,127,419	17,476,132	17,353,550	16,845,097
No. of Shares Issued and Outstanding ('000)	7,819,261	7,819,261	7,819,261	7,819,261
Debt to Equity*	31%	23%	19%	19%
Net Debt to Equity**	28%	22%	18%	18%
<b>Per Share Data</b>				
Primary Earnings	0.086	0.078	0.066	0.066
Fully Diluted Earnings	0.077	0.070	0.060	0.061

\* computed as long-term debt divided by stockholders' equity

\*\* computed as long-term debt less cash and cash equivalents divided by stockholders' equity





## JOINT MESSAGE OF THE CHAIRMAN AND THE PRESIDENT

### FELLOW SHAREHOLDERS,

The Philippine economy continued its growth in 2005, expanding at a reasonably respectable rate of 5.1%. This growth was achieved in spite of the political turmoil that went on for the better part of the year. The threat of a major fiscal crisis caused by huge budget deficits, which had loomed so menacingly in 2004, receded into the background as the new Expanded Value Added Tax (EVAT) Law was passed, cleared by the Supreme Court and implemented in 2005.

The real estate industry also continued its recovery and expansion. Although new Licenses to Sell issued dipped slightly by 3% to 167,200 units in 2005 from 172,883 units in 2004, the real estate industry still grew by 5%, keeping pace with the economy as a whole.

A major driving force for the economy in general and the real estate industry in particular is the increase in remittances from Overseas Filipino Workers (OFW). Total remittances sent through official channels reached a record of US \$10.7 billion in 2005, jumping by 25%. Housing demand went up also as a result of the increased availability of mortgage financing provided by banks at historically low rates. Another factor that may have contributed to the continuing growth of the real estate industry is that lot sales below P1.5 million and house and lot sales below P2.5 million are exempted from the EVAT under the new law.

In this tumultuous and eventful year, your company continued to grow and expand. Sales reservations increased by 10% to P3.3 billion in 2005, on top of a base which had already grown 48% in 2004.

### Financial Highlights

Filinvest Land, Inc. (FLI) earned a consolidated net income of P656.3 million in 2005. This represents a 10% increase over the net income of P597.7 million registered in 2004.

Our development and expansion projects were made possible by the company's strong financial base. Your

company's balance sheet remained solid with a high degree of liquidity and strong cash flows. Total consolidated assets stood at P28.3 billion, while stockholders' equity hit P18.1 billion.

Your company further strengthened its capital base in 2005 by increasing its authorized capital from P10 billion to P16 billion. In addition, a stock dividend of 25% was declared and approved at our stockholders' meeting in May 2005. With this expanded solid financial foundation, your company stands ready to meet the challenges of a more competitive and dynamic real estate industry in the future.

In June 2005, your company obtained a P2.25 billion eight-year loan facility from International Finance Corp. (IFC), the private sector investment arm of the World Bank. This funding was granted by IFC in recognition of the critical role played by FLI in meeting the financing needs of its middle-income and affordable housing clients. This groundbreaking loan facility is the first of its kind and has since served as a model for other similar IFC real estate facilities in other parts of the world. It is also another stamp of approval, from one of the world's most respected financial groups, on the creditworthiness and financial strength of your company. FLI availed itself of P1.125 billion of the loan facility in October 2005 as it geared up to meet the increased financing requirements of our buyers brought about by the expansion in the local real estate industry.

To fast-track the development of certain key projects, FLI also obtained P500 million in developmental loans from two local banks. In spite of the increase in its long term debt, FLI continued to maintain a very comfortable debt to equity ratio of 0.31 to 1.

Despite the increase in your company's long-term debt, financial prudence and strength continue to be the guiding principles for the financial policies and structure of your company.

In December 2005, Filinvest Development Corporation (FDC), the parent company of FLI, purchased the P1.2 billion convertible bond previously issued to RECO Grandhomes Pte Ltd, a real estate subsidiary of the Government of Singapore Investment Corporation (GIC). Subsequent to the purchase

of the bond, the terms were renegotiated to reduce the total carrying cost of the bond and to extend the maturity to December 2010 from February 2007.

### Project Highlights

Filinvest Land, Inc. strengthened its presence in its core affordable and middle-income markets by introducing a broader range of products and by launching several new projects. In 2005, your company expanded its product offerings by launching THE MANORS at SOUTH PEAK, VILLAGE SQUARE at PARK SPRING, ALDEA REAL, BANYAN RIDGE, VILLA MERCEDITA, MACTAN TROPICS, IRVINE PLACE III and SUMMERFIELD.

Special focus has been made by FLI on selected geographical expansions both within and outside Metro Manila. In the metropolis, your company continues to expand and upgrade its key township developments of TIMBERLAND HEIGHTS, CIUDAD DE CALAMBA and FILINVEST EAST COUNTY. These integrated developments are designed to be complete self-contained communities with all the amenities including provisions for schools, hospitals and commercial areas all within easy reach of its residents.

FLI continued its tradition of innovation with the launching of its much awaited Micro, Small and Medium Enterprise (MSME) subdivisions appropriately called ASENSO VILLAGES in 2005. As the pioneer and only developer of this unique business park concept, your company aims to provide a product that would meet the needs of the small and medium entrepreneur for a safe and secure workplace while being able to have the family residence just a few steps away. This concept was launched with President Gloria Macapagal-Arroyo as the Guest of Honor in October 2005. At present, there are two Asenso Villages, Asenso Village Ciudad de Calamba and Asenso Village Gen. Trias. Several more Asenso Villages are in the pipeline. Our aim is clearly summed up in the Asenso Village motto of "Buhay, Bahay, Kabuhayan."

In addition to its traditional products, FLI continues to selectively target certain niche markets, expanding its reach in leisure and farm communities.

New developments were introduced to enhance the

residential farm estate NUSA DUA in Tanza, Cavite where the first two phases have been sold out. In 2005, the company saw the completion of the wooden Balinese-themed two-storey clubhouse dubbed as THE WANTILAN, complementing the 370-sqm swimming pool, a game room, a meditation garden and a children's playground. A new phase is slated for opening in 2006.

Timberland Heights, the residential township just 15 minutes away from Quezon City, continued to offer the best in mountain resort lifestyle to urban dwellers north of Metro Manila. Anchoring this township will be the TIMBERLAND SPORTS AND NATURE CLUB (TSNC). Designed to be a world-class family country club in a mountain resort setting, TSNC was launched in 2005. Full-blast development is ongoing. The Club will open its doors to its select roster of members in 2007.

In the East, 2005 saw the launching of FOREST FARMS, FLI's newest addition to its select line-up of farm estate projects. Targeted at the urban dweller who wants to have a resort lifestyle surrounded by nature but without having to leave the city, the thickly forested project, with its stands of decades old baete and acacia trees, is an oasis and a serene sanctuary for those seeking to escape the pressures of urban life.

### International Recognition

In the prestigious 2005 Euromoney Real Estate Awards, Filinvest received the Award for Investment Management in



Mrs. Josephine G. Yap, FLI Director, receives the Award for Investment Management from Euromoney



the Philippines. This was the result of a survey designed by the London-based international finance magazine to provide a qualitative and quantitative review of the best services in real estate, organized by geography and areas of service. The company was rated by investors, investment banks and real estate advisers.

### The Road Ahead

We aspire to achieve further gains in the coming year and beyond by continuing to invest in the future and by concentrating on our strategic directions.

Filinvest will continue to maintain its main focus on the middle-income and affordable housing sectors. Your company will continuously strengthen its presence in these markets by introducing a broader range of products in various locations.

Special focus is being made on selectively expanding our presence geographically inside and outside Metro Manila. Regional sales will continue to contribute its share to total company performance. With its extensive land bank of over 2,100 hectares, your company stands ready to meet the expanded demands for new property development projects in the years to come.

Your company will continue to improve and innovate so that it can provide its customers with the best in its category products. We will continue to strive to provide the highest standards of customer service possible.

### Summing Up

We would like to thank our shareholders for your continued support. We also would like to thank the members of our Board of Directors for their valuable advice and counsel without which management would not have been able to achieve its objectives. Finally, we thank all the members of our dedicated workforce for continuously supporting our company in whatever capacity their jobs require of them. Whether it is in coming up with a new product design, a new marketing plan or simply keeping the accounting records, each one's contribution is critical and invaluable to the overall success of the company. Hard work, integrity, team work,

professionalism, honesty and commitment are the key ingredients in our unrelenting pursuit of product excellence, the highest standards of customer service, ethical dealings, financial success and people welfare. We will continue building on these fundamental values as we set our sights on the future.

MERCEDES T. GOTIANUN  
Chairman and CEO

JOSEPH M. YAP  
President and COO



## OPERATIONAL HIGHLIGHTS

The year saw the continued increase in the sales of Filinvest Land, Inc. (FLI) across all residential sectors. Total sales rose by 10% to P3.3 billion in 2005 compared to the P3 billion attained in 2004, the highest level since 1996.

Traditional housing continued to dominate sales, accounting for 92% of sales with the balance of 8% in our new products: residential farm estates, industrial lots and leisure. Affordable and middle-income housing products contributed 74% of total sales.

### Best-Selling Middle-Income Residential Projects

Under CORTE BELLA, the Metro Homes Division of Filinvest Land, sales were contributed by PARK SPRING, SPRING COUNTRY, SPRING HEIGHTS 1, THE TROPICS, MOUNTAIN VIEW and STA. CECILIA. Sales were also contributed by the newly launched IRVINE PLACE I, II and III projects in Cainta.

The VILLAGE SQUARE at PARK SPRING was launched in 2005. Located in San Pedro, Laguna with a total land area of 11,522 sqm, Village Square is a residential community offering lots and shophouses designed to provide a residential unit on the second floor and a store front to accommodate business activities on the ground floor. This master-planned development shall feature a "one-of-a-kind" tenant mix that will answer the basic needs of the nearby communities.

Another middle-income project launched last year was THE MANORS at SOUTH PEAK in San Pedro, Laguna. Only 10 minutes from Alabang, the project offers residents easy access to nearby churches, schools and commercial establishments while also providing beautiful views and a fresh countryside location.

To ensure a continuous flow of products, several new middle-income projects are set for launch in 2006. Among these are THE PINES at SOUTH PEAK, SPRING HEIGHTS 2 in Quezon City, STA. ISABEL in MISSION HILLS and ASHTON FIELDS in Calamba, Laguna.

### Booming Socialized and Affordable Housing Projects

Socialized and affordable housing projects continued to contribute their share to Filinvest Land, Inc.'s total sales. Demand for our products grew as confidence in the real estate industry increased.

BELVEDERE TOWNE, BELMONT and BELLEVIEW MEADOWS all contributed significantly to the growth in sales in the socialized housing segment.



Sofia model unit of Northview Villas



Park Spring entrance marker



Demand for affordable housing units under FUTURA CLASSICS, the Value Homes Division of Filinvest Land, also expanded. CRYSTAL AIRE and SPRINGFIELDVIEW, two themed communities in the heart of General Trias, Cavite, continued to be top-selling projects, given their proximity and reasonable prices.

BROOKESIDE LANE, a 19-hectare commercial development opened additional phases to meet the strong demand from entrepreneurs, professionals and Overseas Filipino Workers (OFW). Located along Arnaldo Highway in Cavite, the project offers prime commercial lots to meet the needs of the fast expanding communities in the area.

New house models for the Futura Classics affordable product line were introduced in 2005. These are the Sampaguita and Ilang-Ilang models under the BLOOM SERIES. These houses have been very enthusiastically received because they meet the needs of households who are interested in buying a start-up home with the opportunity for upgrading and expansion in the future as their income levels improve.

In 2006, the 1.5-hectare EL SORRENTO SPORTS AND COUNTRY CLUB will be opened in Tanza, Cavite. This beautiful and well-appointed club is designed to meet the sports, recreational and social requirements of the nearby communities.

To meet the increasing housing needs of Sto. Tomas, Batangas, PALMRIDGE and SUMMERBREEZE TOWNHOMES are scheduled for launch in 2006.

### Expanding High-End Residential Project

BRENTVILLE INTERNATIONAL continues to be recognized in the market as the premiere international community south of Metro Manila. Brentville has established its communities of PROMINENCE I and II and THE CLASSIQUES as benchmarks for world-class living, from their high-end finishes and luxurious amenities to exclusive privileges such as access to the facilities of Brent International School and first-class amenities of the PALMS COUNTRY CLUB.

To meet the increasing demand for fine living inside Brentville International, a new series of houses was launched

in 2005. These Mediterranean-inspired single-detached homes, the Mona Lisa and the Madonna models, collectively known as THE MASTERPIECES, offer superior space planning, quality construction and upscale finishing.



Socialized housing units



Brentville main clubhouse and pool



The Classiques model units

### Expanding FLI's Nationwide Reach

Special focus is being made on expanding Filinvest Land, Inc.'s presence geographically outside Metro Manila, specifically in regional growth areas.

Regional sales improved substantially in Cebu in 2005 as a result of the opening of a new project, MACTAN TROPICS, as well as new phases in existing projects such as ALDEA DEL SOL and CORONA DEL MAR, a residential beach front resort community in Talisay, Cebu.

Following the success of ORANGE GROVE and FUENTE DE VILLA ABRILLE in Davao, FLI launched VILLA MERCEDITA in 2005 and is opening several new projects in 2006.

### Leading Township Projects

Filinvest Land, Inc. continued to expand its presence in the northern, southern and eastern sectors of Greater Metro Manila through its township developments. These self-contained townships offer complete communities with all the amenities including provisions for schools, hospitals and commercial areas. For 2005, new developments were added to these exclusive townships.

### Ciudad de Calamba

The 350-hectare township development in Calamba, Laguna is fast gaining ground as the commercial, residential and industrial hub in the area. With easy access and a direct link to the South Luzon Expressway via the Batino Exit and a wide entrance road, CIUDAD DE CALAMBA is very accessible to residents and commercial locators alike.

In 2005, township facilities were expanded with the introduction of a multi-cab transport system established to ferry residents to and from major transportation terminals in the area. In addition, a 1,000-sqm parcel of land was



Bianca model unit of Ciudad de Calamba



Ciudad de Calamba proposed town plaza



made available to the city and in close coordination with the city government, a 24-hour police detachment and a health center will be established in 2006 to serve the residents of the township and the surrounding communities.

Aside from its three existing residential communities, VISTA HILLS, PUNTA ALTEZZA and MONTEBELLO, Ciudad de Calamba opened in late 2005 a new affordable project within the township - the 11.3-hectare ALDEA REAL. In addition, the highly successful Punta Altezza opened two additional phases to meet continuing demand.

The industrial anchor of the township, FILINVEST TECHNOLOGY PARK CALAMBA (FTPC) caters to big and small businesses alike. In 2005, four new locators set up their businesses in FTPC. With a complete range of lot sizes, FTPC is the only industrial park in the south catering to big and small locators alike.

### Timberland Heights

TIMBERLAND HEIGHTS, the mountain resort township, provides Metro Manila's urban dwellers with breathtaking views and a cool climate so close to the metropolis.

Rising inside our 677-hectare Timberland Heights in San Mateo, Rizal are the MANDALA RESIDENTIAL FARM ESTATES that offer hobby farmers generous lot cuts that complement the mountain resort lifestyle. With the successes of MANDALA WEST and MANDALA NORTH, the first two phases of the project, MANDALA SOUTH was launched in 2005.

In addition, BANYAN RIDGE was opened in 2005 as a residential product alternative for those looking for smaller lot sizes for purely residential use. THE RANCH, an exclusive high-end residential subdivision offering a limited number of quality residential house and lot packages, will be launched in 2006 to complement the product offering of Timberland Heights.

### Filinvest East County

FILINVEST EAST COUNTY (FEC), FLI's 300-hectare premiere township development, which stretches from Taytay to Antipolo and Angono in the east of Metro Manila, produced



Timberland Heights model farm and visitors' center



Highlands Pointe entrance marker

another stellar performance in 2005. In HIGHLANDS POINTE, sales were brought in by THE VILLAS, MANOR RIDGE and VILLA MONTSERRAT I. San Beda College Rizal, located within Highlands Pointe, continues to increase its student base and to expand its facilities.

MISSION HILLS, the high-end community of FEC located in Antipolo, generated its share of sales with the highly successful STA. CECILIA I and II projects, which were sold out in 2005. STA. ISABEL, the newest subdivision in MISSION HILLS, was launched in 2005 and immediately drew keen interest from buyers eager for a high quality development but at reasonable prices.

In Angono, 2005 saw the launching of FOREST FARMS, FLI's newest addition to its select line-up of farm estate projects.

The exclusive development of 39.2 hectares is targeted at the urban dweller who wants to have a resort lifestyle surrounded by nature but without having to leave the city. The thickly forested project is set among idyllic scenery with decades old balete and acacia trees serving as the backdrop to this oasis offering a serene sanctuary to those seeking to escape the pressures of urban life. Located approximately 200 meters above sea level, its high altitude provides a cool climate and breathtaking vistas of Laguna de Bay and the rugged Sierra Madre Mountains.

## Pioneering Entrepreneurial Communities

### Asenso Village

Filinvest Land, Inc. has continued its tradition of innovation with its launching in October 2005 of the ASENSO VILLAGE, the country's pioneering affordable and fully-functional entrepreneurial park community that addresses the needs of micro, small and medium enterprises. No less than President Gloria Macapagal-Arroyo launched the product concept last year.

Asenso Village, featuring innovative housing units that incorporate living quarters and a production area, is meant to be the preferred choice for entrepreneurs, investors and balikbayans looking to set up their small enterprises or home-based businesses.

Asenso Village will help entrepreneurs start or expand their businesses by providing them with a dedicated industrial-residential cluster that has access to various infrastructure, sustained technical and government institutional support, and other services and incentives needed for their successful operations.

Asenso Village Gen. Trias and Asenso Village Ciudad de Calamba are the first two such villages to be launched in 2006. Several other sites throughout the country are scheduled for launching in the near future.

### Filinvest Offers Leisure With Style

Filinvest Land, Inc. ventured into farming and leisure communities with the aim of upgrading our buyers' living experience and lifestyle. Our farming and leisure communities in the suburban areas are not only excellent



Asenso Village entrance marker



investment opportunities, they are also ideal for relaxation and the pursuit of one's hobbies. These leisure communities are meant to offer more lifestyle options for homeowners, retirees and investors alike.

**Laeuna de Taal**

A lakeside resort community, LAEUNA DE TAAL is located near Tagaytay and along the shores of Taal Lake in Talisay, Batangas. It is a master-planned community ideal for weekend getaways or for more permanent residential plans.

BAHIA, the first cluster of the community will be ready for turnover this year. Work in ORILLA, the second enclave, started in 2005. THE LAKE CLUB, the sports and beach club anchor of the resort development, will soon start construction for the exclusive enjoyment of its residents and members.

**Nusa Dua Farm Estate**

NUSA DUA, Filinvest's pioneer farm estate project, is the first residential farm estate in Tanza, Cavite. The first two phases have been sold out and the third phase is now open. In 2005,

we saw the completion of the Balinese-themed two-storey clubhouse dubbed as THE WANTILAN, complementing the 370-sqm swimming pool, a game room, a meditation garden and children's playground. The farm estate has generated interest from a wide mix of buyers, including Filipino and Japanese retirees.



Bahia Gate at Laeuna de Taal



The Wantilan Clubhouse at Nusa Dua



Timberland Sports and Nature Club

**Timberland Sports and Nature Club**

Amidst verdant rolling hills and picturesque views of the Sierra Madre mountain range will rise TIMBERLAND SPORTS AND NATURE CLUB, the 8-hectare private membership club that offers a wide range of activities and amenities for the whole family.

Site development works started in the early part of the year and was substantially completed by year-end. Construction of the club itself started in 2005 and is targeted to be completed and operational by mid-2007.

**Filinvest Alabang, Inc.**

Filinvest Land, Inc. maintains its 20% stake in Filinvest Alabang, Inc. (FAI), which posted a consolidated net income of P168.8 million in 2005.

**Office Sector**

**Northgate Cyberzone**

Cyberzone Properties, Inc. (CPI) is the Philippine Economic Zone Authority (PEZA)-accredited facilities provider which pioneered "built-to-suit" (BTS) offices in Northgate Cyberzone. It delivered ahead of schedule the Convergys building in 2004 and the HSBC building in 2005. Aside from



Convergys at Northgate Cyberzone

these, the two other operational I.T. buildings in the Plaz@ block are fully taken up by locator companies.

To address the pressing demand for I.T. offices, CPI started constructing Plaz@ A, a 6-storey building with a leasable area of 11,000 sqm, in the fourth quarter of 2005. Scheduled for completion in June 2006, Plaz@ A has been fully taken up by two major call center players even prior to completion. CPI broke ground in February 2006 on Plaz@ D, a mirror image of



Plaz@ A. By the second quarter of 2006, a third building will commence. Both will be available for turnover before the end of 2006. The completion of these three buildings will increase CPI's leasing portfolio from 40,000 sqm to 71,000 sqm.

A significant development is the entry of Africa Israel International Properties (2002) Ltd. as a major investor in Northgate Cyberzone. Under the investment agreement signed with CPI and FAI, the Israel-based firm agreed to subscribe up to 40% of CPI's outstanding capital stock. One of the largest companies in Israel, it has investments in residential real estate, shopping malls, energy, fashion, telecommunications and media and infrastructure. Its shares are traded in the Tel Aviv Stock Exchange.

### SOHO Projects

Filinvest Alabang, Inc. has also achieved remarkable success in its two Small Office-Home Office (SOHO) projects. 2301 Civic Place, which is right beside Asian Hospital, is scheduled for turnover by the second quarter of 2006. Even during the construction period, unit owners of 2301 Civic Place already received inquiries from people interested in leasing their units upon completion.

On the heels of the sold-out 2301 Civic Place, the 2nd SOHO project called Civic Prime was launched in May 2005. Located across Festival Supermall, near South Station, the 10-storey 11,220-sqm Civic Prime is substantially sold out and will start construction within the second quarter of 2006.

## RETAIL SECTOR

### Festival Supermall

Festival Supermall reaffirmed its position as the premiere regional shopping center of Southern Metro Manila. It welcomed 84 new stores in 2005 to add to its increasing roster of over 600 tenants. Redevelopment of various areas in the mall continued in 2005 to further maximize its leasing potential as well as further enhance its tenant mix. Development of the Water Garden area into "Greens and Grills" is underway. Situated underneath a canopy of age-old acacia trees, Greens and Grills will offer alfresco dining for the late after-office crowd amidst garden center tenants.

### Westgate Center

Westgate Center, a 9.5-hectare master-planned retail development that features high-end dining, wellness and lifestyle stores, is 80% leased out. The stores that opened in 2005 were Wine Depot, UCC Coffee, Zong Restaurant, Belo Medical, Gymboree, Med Express, Cest Si Bon French Restaurant and Westgate Alabang Home Depot. 2006 will see the addition of a Japanese restaurant, an Indian restaurant and a seafood restaurant, among others, to further enhance its roster of fine dining establishments.



2301 Civic Place



Festival Supermall

### South Station

South Station's Green Building, which opened to the public in March 2005, now caters to more than half a million commuters who traverse the area daily. This year, FAI will start construction of the first wing of the second phase of South Station retail development which will add a total gross leasable area of almost 5,000 sqm and more than 500 bargain center spaces. The project is envisioned to make South Station the regional bargain and transport center of the South.

### F@st Bytes

To serve the 24/7 needs of the growing ranks of call center employees in Northgate Cyberzone, the Convergence Block will house F@st Bytes. This 4,000-sqm, 24-hour dining and retail hub opens in June 2006.

### Filinvest Corporate City

The entry of three big box retail locators further strengthened the city's reputation as the "Shopping Mecca of the South."

South Supermarket opened its doors in November 2005. Located along Filinvest Avenue, near Westgate Center, this 8,441-sqm complex houses a major supermarket complemented by dining establishments and convenience drug and book stores. The Alabang Home Depot and the Wilcon Builders' Depot together offer more than 25,351 sqm of construction supplies outlets that will service the home improvement and construction needs of the South Greater Metro Manila's strongest growing residential region.

## RESIDENTIAL SECTOR

Filinvest Alabang, Inc. has found a niche in residential developments with projects that cater to different market segments.

### Palms Pointe

Palms Pointe is now a bona fide residential community with land development utilities and amenities already in place. Located right across THE PALMS COUNTRY CLUB, it consists of



South Supermarket



Vivant Flats

148 prime lots within a gated enclave. More than 50 lots have been turned over to the buyers and several houses are now under construction. The first batch of residents is expected to move in by the second quarter of 2006.

### The Flats

The three-tower condominium community called "The Flats" caters to the upper middle-income market. Its first offering, the 17-storey Vivant Flats, was fully taken up in 2005. Construction is now in the finishing stages and the units will



be ready for turnover by mid-2006. Following the success of Vivant Flats, La Vie Flats, the second tower, is scheduled to break ground in 2006. La Vie will further add to the amenities of The Flats complex with its gym and children's study hall and playroom. It also houses its own function hall.

**West Parc**

For the middle-income segment, West Parc offers accessibility and a convenient lifestyle right across Westgate and near the Alabang-Zapote Road. Its first tower, the 15-storey Alder Building, is nearing completion and is scheduled for turnover by the second half of 2006. Birch Building quickly followed suit and is now under construction and expected to be completed by 2008. The third tower, Cedar Building, was launched in the first quarter of 2006 to meet the continued demand for this product line.

**Studio One**

Scheduled for soft launching in the first quarter of 2006 is Studio One, a 12-storey condominium with compact 13-sqm residential units set to rise within Northgate Cyberzone. Located in the same neighborhood as outsourcing firms such as HSBC, APAC and Convergys, it is walking distance for call center employees who can save on both commute time and expenses, while having a much safer residential destination during the wee hours of the morning.

**Pioneer Pointe**

Filinvest Alabang, Inc. is the project manager of Pioneer Pointe, a 28-storey middle-income condominium along Pioneer Street in Mandaluyong City. Construction is in full swing with structural topping-off expected in October 2006 and turnover by December 2007.

**LEISURE SECTOR**

**The Palms Country Club**

The Palms Country Club continued to be highly patronized by its members in 2005. It presently has over 1,400 members and continues to offer membership shares. Share value is now at

P785,000 per share, up by 57% from its initial price of P500,000 per share.

The club hosted numerous weddings and corporate functions, establishing its position as a preferred venue for big events in the area. The Palms Country Club lifestyle is seasoned by the successful events organized for its members such as the Summer Camp for kids and the New Year's Eve party.



**BOARD OF DIRECTORS**



Mercedes T. Gotianun (Chairman and CEO)  
Andrew T. Gotianun, Jr. (Vice Chairman)



Andrew L. Gotianun, Sr.  
(Chairman Emeritus)



Joseph M. Yap  
(President and COO)



Lourdes Josephine G. Yap  
(Director)



Jonathan T. Gotianun  
(Director)



Lim Swe Guan  
(Director)



Richard Teo  
(Director)



Alfredo V. Asuncion  
(Independent Director)



Lamberto Un Ocampo  
(Independent Director)

**SENIOR MANAGEMENT**

**Senior Vice President**  
Efren M. Reyes

**First Vice President**  
Antonio E. Cenon  
Fely T. Ramos  
Jose K. Pascual  
Luis T. Fernandez  
Marking C. Que  
Pablito A. Perez

**Vice President**  
Abner C. Gener, Jr.  
Emiliano D. Templo  
Giovanni G. Gan  
Lucille M. Valley  
Ma. Irma B. Tan  
Mary Eleanor A. Mendoza  
Reynaldo A. Ascaño  
Tristan D. Las Marias



**FILINVEST LAND, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

(Amounts in Thousands of Pesos)

	December 31	
	2005	2004 (As restated)
<b>ASSETS</b>		
Cash and cash equivalents	₱484,059	₱171,464
Mortgage, notes and installment contracts receivables	4,464,218	2,816,189
Due from related parties	44,372	12,364
Other receivables	685,600	744,937
Subdivision lots and housing units for sale	7,004,102	6,600,002
Land and land development	11,159,314	10,757,379
Investments in shares of stocks	3,362,357	3,354,454
Available-for-sale financial assets at fair value	367,342	-
Investment property - net	367,381	371,864
Property and equipment - net	42,189	39,937
Other assets	286,583	229,241
	<b>₱28,267,517</b>	<b>₱25,097,831</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	₱2,051,860	₱2,057,067
Due to related parties	186	195,528
Income tax payable	340	215
Unrealized gross profit on installment contracts receivables	326,100	136,288
Pension liability	61,804	55,250
Deferred income tax liability - net	1,175,791	912,388
Estimated liability for land development	949,017	314,963
Long-term debt	5,575,000	3,950,000
<b>Total Liabilities</b>	<b>10,140,098</b>	<b>7,621,699</b>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock	7,819,261	7,819,261
Additional paid-in capital	248,548	203,192
Revaluation reserve on available-for-sale financial assets	34,561	-
Share in revaluation increment on land of an associate	1,876,422	1,822,810
Reciprocal holdings in an associate	(16,000)	(16,000)
Retained earnings	8,164,627	7,646,869
<b>Total Stockholders' Equity</b>	<b>18,127,419</b>	<b>17,476,132</b>
	<b>₱28,267,517</b>	<b>₱25,097,831</b>

**FILINVEST LAND, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31	
	2005	2004 (As restated)
<b>REAL ESTATE SALES</b>	<b>₱2,410,471</b>	<b>₱2,236,210</b>
<b>COST OF REAL ESTATE SALES</b>	<b>1,032,473</b>	<b>927,042</b>
<b>GROSS PROFIT</b>	<b>1,377,998</b>	<b>1,309,168</b>
<b>REALIZED GROSS PROFIT ON PRIOR YEAR'S REAL ESTATE SALES</b>	<b>80,015</b>	<b>105,975</b>
<b>DEFERRED GROSS PROFIT ON CURRENT YEAR REAL ESTATE SALES</b>	<b>(247,425)</b>	<b>(131,234)</b>
<b>REALIZED GROSS PROFIT</b>	<b>1,210,588</b>	<b>1,283,909</b>
<b>EXPENSES</b>		
General and administrative	417,112	334,813
Selling and marketing	277,776	221,126
	<b>694,888</b>	<b>555,939</b>
<b>OTHER INCOME (CHARGES) - Net</b>		
Equity in net earnings of an associate	21,474	46,733
Interest income	300,695	138,810
Interest expense	(223,762)	(146,719)
Foreign exchange gain (loss)	6,280	(10,113)
Others - net	393,033	157,370
	<b>497,720</b>	<b>186,081</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,013,420</b>	<b>914,051</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	28,552	31,046
Deferred	328,590	285,307
	<b>357,142</b>	<b>316,353</b>
<b>NET INCOME</b>	<b>₱656,278</b>	<b>₱597,698</b>
<b>EARNINGS PER SHARE</b>		
Basic	<b>₱0.086</b>	<b>₱0.078</b>
Diluted	<b>₱0.077</b>	<b>₱0.070</b>



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

	Capital Stock	Additional Paid-in Capital	Revaluation Reserve on Available-for-sale Financial Assets	Share in Revaluation Increment on Land of an Associate	Reciprocal Holdings in an Associate	Retained Earnings	Total
<b>For The Year Ended December 31, 2005</b>							
Balances as of December 31, 2004, as previously reported	P7,819,261	P203,192	P-	P1,822,810	P-	P7,704,237	P17,549,500
Cumulative effect of changes in accounting policy	-	-	-	-	(16,000)	(57,368)	(73,368)
Balances as of December 31, 2004, as restated	7,819,261	203,192	-	1,822,810	(16,000)	7,646,869	17,476,132
Cumulative effect of change in accounting for investments	-	45,356	43,797	-	-	7,508,349	(49,367)
Balances as of January 1, 2005, as restated	7,819,261	248,548	43,797	1,822,810	(16,000)	7,508,349	17,426,765
Changes in fair value of available-for-sale financial assets	-	-	(9,236)	-	-	-	(9,236)
Income recognized directly in equity	-	-	(9,236)	-	-	-	(9,236)
Net income for the year	-	-	-	-	-	656,278	656,278
Total recognized income for the year	-	-	(9,236)	-	-	656,278	647,042
Adjustment on revaluation increment on land of an associate	-	-	-	53,612	-	-	53,612
<b>Balances as of December 31, 2005</b>	<b>P7,819,261</b>	<b>P248,548</b>	<b>P34,561</b>	<b>P1,876,422</b>	<b>(P16,000)</b>	<b>P8,164,627</b>	<b>P18,127,419</b>
<b>For The Year Ended December 31, 2004</b>							
Balances as of January 1, 2004, as previously reported	P7,819,261	P203,192	P-	P1,822,810	P-	P7,108,287	P16,953,550
Cumulative effect of changes in accounting policy	-	-	-	-	(16,000)	(59,116)	(75,116)
As restated	7,819,261	203,192	-	1,822,810	(16,000)	7,049,171	16,878,434
Net income for the year, as previously reported	-	-	-	-	-	595,950	595,950
Cumulative effect of changes in accounting policy	-	-	-	-	-	1,748	1,748
As restated	-	-	-	-	-	597,698	597,698
Balances as of December 31, 2004	P7,819,261	P203,192	P-	P1,822,810	(P16,000)	P7,646,869	P17,476,132

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

	Years Ended December 31	
	2005	2004 (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱1,013,420</b>	₱914,051
Adjustments for:		
Interest expense	223,762	146,719
Equity in net earnings of an associate	(21,474)	(46,733)
Depreciation and amortization	19,292	12,961
Loss on disposal of property and equipment	4,798	472
Provision for retirement benefits	11,751	10,806
Interest income	(300,695)	(138,810)
Operating income before changes in operating assets and liabilities	<b>950,854</b>	899,466
Decrease (increase) in:		
Mortgage, notes and installment contracts receivables	(1,648,029)	(643,139)
Other receivables	(79,183)	(188,350)
Subdivision lots and housing units for sale	(404,100)	(487,889)
Land and land development	(467,122)	125,520
Increase (decrease) in:		
Accounts payable and accrued expenses	(28,638)	352,150
Pension liability	(5,197)	(9,848)
Unrealized gross profit on installment contracts receivables	189,812	(41,494)
Estimated liability for land development	634,054	(50,220)
Cash used in operations	<b>(857,549)</b>	(43,804)
Interest received	300,695	138,810
Interest paid	(200,266)	(112,878)
Income taxes paid	(28,492)	(31,105)
Net cash used in operating activities	<b>(785,612)</b>	(48,977)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in other assets	(57,342)	105,013
Acquisitions of property and equipment	(21,858)	(25,808)
Increase in investments in shares of stock	(265,599)	(18,822)
Net cash provided by (used in) investing activities	<b>(344,799)</b>	60,383
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (payments of) notes payable, corporate notes and long-term debt	<b>₱1,670,356</b>	₱709,222
Decrease (increase) in amounts due from related parties	(32,008)	428
Decrease in amounts due to related parties	(195,342)	(604,940)
Net cash provided by financing activities	<b>1,443,006</b>	104,710
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>312,595</b>	116,116
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>171,464</b>	55,348
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱484,059</b>	₱171,464





# MAP OF PROJECTS



## BULACAN

- MEYCAUAYAN**
  - Medallion Townhomes
- SAN JOSE DEL MONTE**
  - Melody Plains
  - Melody Heights
- SAN RAFAEL**
  - San Rafael Estates
    - Alta Vida

## METRO MANILA

- NOVALICHES**
  - Castlespring Heights
  - Citation Homes
- QUEZON CITY**
  - Serra Monte Villas
    - Chatelaine
    - Aldea Verde
  - Spring Country
  - Spring Heights
  - Mountain View
  - Northview Villas
  - Cambridge Place
- PARAÑAQUE**
  - Classic Estates
- LAS PIÑAS**
  - Auburn Place
  - Meritville

## CAVITE

- GEN. TRIAS**
  - Belmont Hill
  - Sunny Brooke
  - Country Meadows
  - Crystal Aire
  - Woodville
  - Brookside Lane
  - Asenso Village
- DASMARIÑAS**
  - Raintree West
  - Oakridge
  - Windward Hills
  - Fairway View
  - Bahay Pangarap
- TANZA**
  - Belvedere Towne
  - Belleview Meadows
  - Springfield View
  - Westwood Place
  - Nusa Dua Farm Estate

## BATANGAS

- STO. TOMAS**
  - Blue Palm Estate
    - Blue Isle 1 and 2
    - Blue Grass County
    - Palmridge
    - Grand View Lane

- TALISAY**
  - Laeuna de Taal

## RIZAL

- ANGONO**
  - Primrose Hills
  - The Woodlands
  - Forest Farms
- CAINTA**
  - Serra Monte Mansions
    - La Mirada
  - The Tropics
    - Irvine Place
  - Eastville
- ANTIPOLO**
  - Mission Hills
    - Sta. Catalina
    - Sta. Cecilia
    - Sta. Clara
    - Sta. Isabel
    - Sta. Barbara
    - Sta. Monica
- TAYTAY**
  - Highlands Pointe
    - Manor Ridge
    - The Villas
    - Villa Montserrat
- SAN MATEO**
  - Timberland Heights
    - Timberland Sports and Nature Club
    - Mandala Residential Farm Estates
    - Banyan Ridge

## LAGUNA

- SAN PEDRO**
  - Southern Heights
  - Park Spring
    - Village Square
  - South Peak
    - The Manors
  - Summerfield
  - San Pedro Homesites
- BIÑAN**
  - Brentville International
    - Prominence I and II
    - The Village Front
    - The Classiques
- CALAMBA**
  - Ciudad de Calamba
    - Aldea Real
    - Punta Altezza
    - Vista Hills
    - Montebello
    - Asenso Village

## DAVAO

- Orange Grove
- Fuente de Villa Abrille
- Villa Mercedita

## CEBU

- Corona Del Mar
- Aldea del Sol
- The Mactan Tropics

**LEGEND:**

- SOCIALIZED HOUSING COMMUNITIES
- AFFORDABLE COMMUNITIES
- MIDDLE-INCOME COMMUNITIES
- HIGH-END COMMUNITIES
- RESIDENTIAL FARM ESTATES / LEISURE
- ENTREPRENEURIAL COMMUNITIES