

FILINVEST LAND, INC.

ANNUAL
REPORT
2012

FILINVEST



"Sobrang love ko ang Filinvest-
for building the Filipino dream."
-Kris Aquino

www.filinvest.com.ph

Higher Living



Distinctive Homes



Oasis in the City



Lifestyle Choices



FILINVEST *Premiere*

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Cover Story

The New FLI.

The winds of change are blowing through Filinvest Land, Inc. (FLI) with a new home, a change of leadership and a renewed commitment to be the Filipino's trusted partner in fulfilling his dream of owning a home. The company will continue to diversify, expand and innovate as it adapts to changing lifestyles across all markets.

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MISSION

The mission of Filinvest Land, Inc. is to fulfill every Filipino's dream of having his own home. The primary responsibility of Filinvest is to the people that inhabit the cities, communities and homes it has created. Filinvest will continually contribute to the economic development of society and will always be a good corporate citizen.

OBJECTIVES

Filinvest shall provide its customers with universally competitive products that are valued not only for quality but in terms of affordability for all income levels. Only through research and development, innovation and the use of appropriate technology can high-quality services be provided.

Affordable housing shall always be a high priority in company endeavors. Coupled with safeguarding and maximum utilization of company assets, this long-term view (one of holding permanent the strategic health of Filinvest) should lead to better and sounder returns for stockholders.

The continuous pursuit of this mission can only result in industry leadership.

SHARED VALUES

In the delivery of service to its clients, high quality will be the one and only standard. A singularity of interest exists between the company and its employees. Providing good working conditions, compensation based on performance, opportunity for growth, and employment security are musts.

The core values of integrity, customer service, professionalism, teamwork, innovation and cost-effectiveness are highly valued. The highest standards of business and moral ethics shall be exercised.

The long-term strategic health of Filinvest will always be paramount over short-term financial gains.

FILINVEST LAND, INC.
AND SUBSIDIARIES

(Amounts in Thousands of Pesos,
Except Per Share Data)

FINANCIAL HIGHLIGHTS

	2010	2011	2012
OPERATING RESULTS			
Revenues*	8,195,732	9,652,684	11,796,763
Net Income*	2,426,061	2,942,087	3,431,436
Net Income**	2,952,359	2,942,087	3,431,436
Return on Assets (avg)	4%	5%	5%
Return on Equity (avg)	6%	7%	8%
FINANCIAL POSITION			
Total Assets	61,866,737	68,302,130	81,927,264
Total Long-term Debt	11,910,408	16,488,016	25,346,442
Stockholders' Equity***	41,668,460	43,655,396	45,878,645
No. of Shares Issued and Outstanding (000's)	24,249,759	24,249,759	24,249,759
Debt to Equity****	29%	38%	55%
Net Debt to Equity*****	24%	35%	51%
PER SHARE DATA			
Primary/Fully Diluted Earnings	Php 0.12	Php 0.12	Php 0.14

* excluding one-time gain/extraordinary items

** including one-time gain/extraordinary items

*** prior years restated

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

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



MESSAGE OF THE CHAIRMAN

The Philippines's Gross Domestic Product (GDP) grew by 6.6% in 2012, a substantial improvement over 2011's 3.9% growth, backed by government spending and increased investor confidence. The real estate industry, together with renting and business activities which include the IT-BPOs under the services sector, grew by 7.9%.

On the back of this strong economic growth, your Company attained another record in revenues and earnings in 2012. Net income reached Php3.43 billion, 17% more than the net income generated in 2011.

With over 100 projects nationwide, your Company continues on its mission in Building the Filipino Dream of providing Filipinos the opportunity of owning their own home.

The new house models and projects that we have lined up for the affordable and middle-income housing categories, as well as the new provinces that we are expanding to, will continue to make owning a home within the reach of the majority of the population.

The Philippine economy is going strong, but 2013 will be another challenging year, with the ever growing competitive business environment. We remain optimistic on the prospects of the real estate industry and are ready to take advantage of opportunities to further expand our reach in the Philippines, both geographically and by tapping additional segments of population. The low interest rate environment will make it more affordable for our customers to avail of mortgages, as well as enable your Company to take advantage of lower financing costs to fund our expansion.

Your Company is on track to double its leasing portfolio from the 2011 level by 2015. We are expanding our BPO office buildings to other urban cities, while we will be building more malls to complement our residential projects.

And while we expand, we will, as always, continue to maintain a strong and prudent financial position.

I would like to thank our stakeholders, our shareholders, employees and business partners who have stood by the Company through the years. We will continue to work together as we bring the Company to the next phase of our growth.



ANDREW L. GOTIANUN, SR.
Chairman of the Board



MESSAGE OF THE PRESIDENT & CEO

The strong economic performance, coupled with generally strong corporate earnings, pushed the Philippine stock market to record highs, with the main index, the PSEi, gaining 33% year-on-year, making it the second best performing market in Southeast Asia, and the ninth best performing market in the world. Your Company's share price likewise tracked

the PSEi's strong performance, gaining 50.5% to end 2012 at Php1.49 from Php0.99 a year ago.

SOLID FINANCIAL PERFORMANCE

Filinvest Land, Inc.'s (FLI) net income for 2012 reached Php3.431 billion, 17% more than the Php2.942 billion generated in 2011. The growth was driven by the 27% increase in Real Estate Sales to Php8.8 billion from Php7.0 billion in 2011. Rental Income, on the other hand, contributed Php1.8 billion to total revenues, or 16% more than the previous year's Php1.5 billion. The growth in Real Estate Sales and Rental Income fueled the 21% increase in Total Revenues to Php11.6 billion from Php9.6 billion.

The hike in Real Estate Sales was driven by higher reservation sales generated during the year, as well as the completion of more mid-rise buildings (MRB) that were already sold. In 2012, FLI completed the construction of 16 buildings in eight MRB projects. FLI started its first MRB in February 2008, and has since completed 41 buildings in its various MRB projects as of the end of 2012. Another 11 buildings are currently under construction.

Sales take-up generated in 2012 reached Php13.1 billion or 15% more than the Php11.4 billion generated in 2011. To sustain its sales growth, FLI launched nine new projects and 12 additional phases of existing projects in 2012.

On the other hand, the rise in Rental Income is attributed to higher occupancy and lease rates in its office portfolio. All 12 operational buildings at Northgate Cyberzone, as well as the new EDSA Transcom building in Mandaluyong City are fully leased out, with PBCom Tower registering an occupancy rate of more than 90%.

Meanwhile, Equity in Net Earnings from FLI's 20%-owned affiliate, Filinvest Alabang, Inc. (FAI), the developer of the 244-hectare Filinvest City in Alabang, Muntinlupa, surged to Php187 million in 2012 from Php63 million in 2011.



FAI sold lots with a total area of 2.6 hectares to various buyers in 2012, including a lot to a major university. Lot prices at Filinvest City have hit a high of Php115,000 per square meter, significantly higher than the previous highest price achieved during the height of the property boom in 1997, right before the Asian Financial Crisis, compared with the range of Php53,200 to Php67,500 per square meter for 2011. Prices have soared in recent months with the completion of the Skyway extension from Sucat to Alabang in April 2011. As of the end of 2012, FAI still beneficially owns 85.1 hectares of developed land in Filinvest City.

FLI's financial condition remained very healthy with Stockholders' Equity at Php45.88 billion. Total Assets rose 20% to Php81.93 billion as of end-December 2012 from Php68.30 billion as of December 2011. Debt-to-Equity Ratio stood at 0.55:1, while Return on Equity rose to 7.7%, on track with the Company's target RoE of 10% by 2014.

Your Company declared regular and special cash dividends of Php0.0475 per share in 2012, or a total of Php1.15 billion, equivalent to a 39% pay-out rate. This is 21% more than the dividends we paid in 2011.

The relatively low interest rate environment enabled your Company to issue seven-year bonds at 6.27% per annum in June, to partially finance our capital expenditures and expansion plans. We have kept the maturities of our debt well spread out to minimize the strain on our cash flow.

2012 YEAR OF TRANSITION

2012 was a year of many firsts and transitions for your Company.

We worked at strengthening our Filinvest brand, helped by our first brand endorser, Ms. Kris Aquino, and made Filinvest a household name. Your Company also moved into its new headquarters along EDSA in Mandaluyong City, a highly visible and central location, making it more accessible for our customers, sellers and staff.

2012 saw the changing of the guard at FLI, when I took over as President and CEO, from Mr. Joseph M. Yap in November.

Mr. Yap remains as a Director of FLI and the President of the two subsidiaries engaged in office leasing -- Cyberzone Properties, Inc. and Filinvest Asia Corporation. He continues to sit in key committees such as the Executive and Technical Committees of the Board of Directors.

The past six years under Mr. Yap saw FLI grow from a purely horizontal residential property developer with no presence in Metro Manila to now include 12 mid-rise building projects and seven high-rise buildings, for a total of over 100 residential projects nationwide. Our net income grew four times from Php872 million in 2006 to Php3.43 billion. We also saw the leasing portfolio of our office buildings more than triple from a net share of 53,500 square meters of gross leasable area (GLA) to more than 162,000 square meters by the end of 2012.

STRATEGIC PLANS

My task is now to bring your Company to even greater heights, on the back of the five-year strategic plan we launched in 2011.

BALANCING OUR PRODUCT MIX WITHOUT LOSING FOCUS

We will be introducing more product lines and cater to the ever changing lifestyles of the urban Filipino but at the same time keeping our focus of providing affordable and middle-income housing to the majority of the population.

Medium-Rise Buildings (MRBs) have become a staple product and now account for a third of our sales. We plan to launch MRB projects in more regional centers, including Tagaytay City, Iloilo City and Cagayan de Oro City, as well as other cities in Metro Manila where we still do not have a presence. To make our mid-rise buildings within the reach of a larger portion of urbanites, we launched the "Spatial" brand to bring the urban accessibility, family-friendly lifestyle, and a simpler resort version of our Oasis lifestyle to more people, thus offering an "Oasis" at Spatial prices. Our first project under this brand is One Spatial Pasig along A. Rodriguez Avenue, a few meters from Marcos Highway and the LRT2-Santolan Station.

Our traditional housing products now comprise a third of our sales. FLI will further build up the Futura Homes brand of our affordable homes and will accelerate the launch of these products nationwide. Rollout of our Futura and Filinvest low-density housing will keep pace with the increase in MRB products to maintain its share in the Company's overall portfolio.

The focus on MRBs and traditional housing reflects the Company's

continued bias towards development projects with product construction cycles of one year or less.

We will soon be launching mixed-use developments in major urban centers that will allow our customers to work, live and play within our projects. Such projects will be collaborative efforts with our office leasing, commercial center and the Filinvest Hotel arm of our parent company, Filinvest Development Corporation (FDC). Being located in very selective locations with distinct market segmentation will make our projects stand out from the usual project offerings. Several of the projects will cater to the niche market of the affluent Filipino-Chinese market with more discerning projects close to where the Chinese schools are located and where they traditionally locate their businesses.

HEAVILY INVESTING IN RECURRING INCOME

We are on track with our strategic goal of doubling the GLA of our leasing portfolio from the end-2011 level to 2015. Filinvest One, FLI's newly completed building at Northgate Cyberzone, is already 70% leased out, and some floors have already been turned over to tenants for fit-outs. Filinvest One will start contributing to FLI's revenues by August of this year. Three more office buildings in Northgate Cyberzone are under construction, with Plaz@ E scheduled for completion in late 2013, and the twin buildings of Filinvest Two and Filinvest Three within 2014.

2012 also saw your Company complete the construction of its first BPO office building outside Northgate Cyberzone, the EDSA Transcom building, as well as break ground on its first office building project outside Metro Manila in Filinvest Cebu Cyberzone. We have 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, which FLI won the right to develop in March 2012. The first building will have a GLA of over 19,000 square meters. When completed, the project will have a total of four buildings with a GLA of over 100,000 square meters.

To further grow our BPO office building leasing business, your Company will expand to other urban areas.

For our retail portfolio, FLI is expanding Festival Supermall at Filinvest City by another 110,000 square meters, bringing the total GFA to 310,000 square meters, maintaining its position as the biggest mall in south Metro Manila. FLI will also start constructing two malls, one in Tagaytay City and the second at its Princeton Heights residential project, both located in the Province of Cavite. We plan to construct more Filinvest malls adjacent to some of our major residential projects to enhance the community and value of our customers' dream homes.

For 2013, FLI is targeting to spend Php20 billion for capital expenditures (capex). Around Php10 billion is earmarked for residential project development costs, Php7 billion for the construction of office buildings and malls, and the balance of Php3 billion for land banking activities.

SUSTAINABILITY

Our large low-cost land bank will sustain the future growth of your Company. As of end-2012, FLI had a land bank of 2,251 hectares of land, inclusive of 379 hectares under joint venture agreements. In addition to our investment in Filinvest City, the depth of the land bank now includes 29 hectares in six other locations in Metro Manila earmarked for mid-rise, high-rise and mixed-use developments that are targeted for launch within the next two years. FLI has the second largest land bank among the listed property companies, and we have enough land to sustain our horizontal residential projects for at least 10 years, and our mid-rise and high-rise buildings for four to five years.

We also have land sufficient for another 300,000 square meters of BPO office space, as well as access to land owned by affiliate FAI adjacent to our Northgate Cyberzone for at least another 150,000 square meters. Our retail portfolio, on the other hand, sources its land from our residential land bank as these are meant to complement their development.

CORPORATE SOCIAL RESPONSIBILITY

FLI has always been guided by the principles of sustainability and social responsibility as your Company moves towards achieving its strategic objectives.

We ensure that our projects preserve or cause the least impact on the environment.

At Timberland Heights, half of the total area of the 677-hectare township will remain as open spaces and linear parks, with natural streams and waterfalls highlighted throughout the development. In addition, FLI has planted thousands of trees. It has become a haven for outdoor activities like bird watching, trekking, mountain biking, trail runs and camping.

The construction methodology we use in our MRB buildings utilizes reinforced concrete walls using reusable steel forms. This construction technique does not only produce a higher-quality finished product by eliminating the need for plastering, but also saves 3,000 pieces of plywood and 85,000 board feet of lumber per five-story building. The 41 completed buildings built to date have already saved the equivalent of 123,000 pieces of plywood and 4.5 million board feet of lumber.

While tree planting remains an integral part of our residential projects, we also support initiatives of third parties in areas outside our projects. In 2012, FLI donated 1,500 assorted seedlings of forest trees and vetiver grass to the Municipality of San Mateo, Rizal to support its Greening Program and Tree Planting Activities. Moreover, some 150 pieces of gabion cages and lacing wires were also donated to be used in the rehabilitation and slope protection of critical areas in the municipality.

The FLI family continues to share our blessings with our less fortunate brothers and sisters. We donated 850 bags of relief goods to the families in San Mateo, Rizal that were affected by the “Habagat” torrential rains in August. During a tree planting activity at Havila in May 2012, Php40,000 was raised from FLI, its employees, sellers and contractors for the benefit of the Kanlungan ni Maria Home for the Aged in Antipolo City, Rizal. For our annual Christmas Outreach Program, FLI employees visited the Anawim Home for the Aged in Montalban, Rizal.

We have turned over the first two “silid-pangarap” units that FLI and the Filinvest Group donated funds for to the Aklat, Gabay, Aruga tungo sa Pag-angat at Pag-asa (AGAPP) Foundation, whose aim is to elevate the quality of pre-school education in the country and plant the roots of literacy in the early years of childhood, so that underprivileged children have a better chance of staying in school in the future. A “silid pangarap” is a one-storey, two-room school-library facility that serves as a pre-school classroom for schools in depressed and disadvantaged communities. The first two units were in public schools in Muntinlupa City and Davao City. The next two units will be in Ilocos Sur and Lanao del Norte.

We also continue to provide a monthly donation to the Bethlehem Day Care Foundation, Inc. in the Inayawan Garbage Dumpsite, in Talisay, Cebu, which provides scholarships, supplemental feeding, uniforms and school supplies to the children of families who scavenge in the dumpsite.

LOOKING FORWARD

We look towards 2013 with optimism as our country continues on its path of strong economic growth. Even in an environment of more intense competition within our industry, we believe that financial prudence and cautiousness, backed by our strategic plans and continued focus on providing affordable homes for the majority of the population, as well as your Company’s competent and hardworking staff and management and support from our Board of Directors, will enable FLI to achieve its goals.

I would like to thank our stakeholders, our shareholders, employees and business partners for your continued trust and support of the Company.



Josephine Gotianun Yap
President & CEO

OPERATIONAL

HIGHLIGHTS



Creating Urban Havens

The resort-inspired Oasis communities of FLI continued to thrive in 2012, generating 35% of the company's sales for the year. More people were able to enjoy a refreshing urban lifestyle as more buildings and amenities were completed in the various Oasis projects such as Capri Oasis in Pasig and Maui Oasis in Sta. Mesa, Manila.

FLI aims to create an Oasis community in every regional center so that urban dwellers can have their own patch of green in the city. In 2013, new Oasis projects are scheduled for launching in Cagayan de Oro, Iloilo and Tagaytay.

To bring the Oasis lifestyle within reach of a wider market, One Spatial was launched in Pasig City. This affordable mid-rise condo complex offers more space and better value with two-bedroom units available for the average price of a studio unit. Buyers are also given the option to combine up to three units for bigger space requirements. To be established as the affordable counterpart of the Oasis series, more Spatial condos are being planned in other centrally located and accessible urban locations, starting with the upcoming 8 Spatial in Davao City.

ON TARGET: An Oasis in Every Regional Center

FLI is gearing up to maintain its leadership as the largest mid-rise building (MRB) developer in the country.

Metro Manila

- One Oasis Ortigas, Pasig
- Bali Oasis 1 & 2, Pasig
- Maui Oasis, Manila
- Sorrento Oasis, Pasig
- Capri Oasis, Pasig
- Asiana Oasis, Parañaque
- One Spatial, Pasig

Cebu

- One Oasis Cebu
- Amalfi Oasis
- Sanremo Oasis

Davao

- One Oasis Davao

Launching Soon

- Girin Oasis, Cainta
- 8 Spatial, Davao
- One Oasis Cagayan de Oro
- Il Nautilo, Cebu
- Iloilo City
- Tagaytay City



Capri Oasis amenity area



Maui Oasis tunnel exclusively for residents



One Spatial model unit

One Spatial



Innovating High-rise Developments

The Company strives to adapt to the changing lifestyle of urbanites by creating innovative high-rise condos suited to different target markets within Metro Manila. In 2012, FLI broke ground for Studio City in Filinvest City, Alabang to cater to the Northgate Cyberzone workforce. It also recently topped off Anaheim Tower, the first of four residential towers of The Levels condo community in Alabang.

FLI also broke ground for Studio Zen along Taft Avenue in Manila for those studying in the various schools and universities in the area. Adding to its Studio series for students and yuppies, FLI launched Studio A in the Katipunan area of Quezon City. The Company also continued the development of Vinia Residences + Versaflats in Quezon City and The Linear in Makati which recently topped off the first of its two towers.



Filinvest High-rise Condos: Evolving with the Filipino Urbanite

With a keen eye on current trends, FLI designs high-rise developments that match the residential demands of fast-paced, contemporary lifestyles.



Anaheim Tower at The Levels





Homes for Auspicious Beginnings

Combining the best of Western architecture and age-old principles of harmony and prosperity, The Signature and Fortune Hill will set a new benchmark for luxurious living.

Making the **Fil-Chi Connection**

FLI will apply niche marketing to tap the affluent and influential Filipino-Chinese (Fil-Chi) communities in Metro Manila. Recognizing the Chinese trait of wanting to stay close to family and roots, FLI is launching The Signature and Fortune Hill, two premium condo communities that will target the Fil-Chi neighborhoods of San Juan and Quezon City.

Both developments are situated in prime areas close to established Fil-Chi communities. Fortune Hill is highly desirable because of its proximity to prominent schools such as Xavier School, Immaculate Conception Academy and La Salle Greenhills. The Signature likewise enjoys a strategic location close to the commercial districts of Banawe in Quezon City and Grace Park in Calococan City and is designed as a home for generations to enjoy.



The Signature

Expanding FLI's Leasing Portfolio

FLI maintained a stable recurring income stream with occupancy of Northgate Cyberzone at 100% for its 12 operational buildings. New and renewed leases in the 10-hectare BPO hub reached more than 28,000 square meters in 2012. Filinvest One, the 13th building, was completed in March 2013 and is already 70% leased out. Three more buildings with a GLA of over 61,000 square meters are under construction and scheduled for completion up to 2014.

FLI Leasing Portfolio to Double by 2015

The Company's new BPO building on EDSA with a gross leasable space of 7,400 square meters was fully leased out to a tenant three months prior to its completion. In Lahug, Cebu, FLI started construction of the first building in Filinvest Cebu Cyberzone, a joint venture with the Provincial Government of Cebu. When completed, the 1.2-hectare development is projected to have a total of four buildings with a GLA of over 100,000 square meters.

FLI remains bullish on the BPO sector and is rapidly expanding its office portfolio to meet the needs of the industry. FLI believes that Cebu, in particular, has good potential for this business. With three BPO office buildings under construction in Metro Manila and one in Filinvest Cebu Cyberzone, FLI is taking great strides towards its target to double its leasing portfolio by 2015.

The Company also develops retail projects to complement its residential areas. Construction is in full swing for the Festival

Supermall expansion in Alabang while design planning is in progress for the first phase of the Il Corso lifestyle strip at Citta di Mare in Cebu. In addition, pocket commercial centers near Princeton Heights in Cavite and Brentville in Laguna are expected to begin construction in 2013.

Capitalizing on Tagaytay's popularity as a weekend getaway, Filinvest will launch Tagaytay 360, a new lifestyle complex envisioned to become a landmark destination in itself. It is a fully integrated, master-planned development where people can live, shop, dine and celebrate milestones. The project involves a mall, MRBs and a condotel.

Filinvest Mall near Princeton Heights



Filinvest One and Filinvest Two Buildings in Northgate Cyberzone



Enhancing Township and Urban Center Developments

FLI continued to develop its expansive township developments by integrating new elements that contribute to a complete live-work-play lifestyle.

Ciudad de Calamba, the 350-hectare township in Laguna, successfully sold out its remaining inventory of industrial lots at the PEZA-registered Filinvest Technology Park (FTP). As the industrial anchor of the township, FTP is home to a growing number of light and medium non-polluting locators. For 2013, FLI is planning a major relaunch of Ciudad de Calamba to make it a destination area in Laguna. This includes the upcoming construction of the Santuario de San Andres church, which is expected to draw more people to the township, as well as the planning of the town center that will become the central activity area.



Ciudad de Calamba gateway

In the Quezon City environs, FLI continued to enhance the mountain suburban lifestyle of Timberland Heights, its 677-hectare township. Following its new master plan, Timberland Heights launched The Glades, a middle-income residential community that offers smaller lot cuts on a gently sloping terrain. FLI also introduced The Leaf, a prime condotel project located beside Timberland Sports and Nature Club.

In November 2012, the former Filinvest Corporate City in Alabang was relaunched as Filinvest City. Introducing a colorful logo and a new tagline, "Inspiring Possibilities," the rebranding reflected the shift in orientation from a central business district to a vibrant urban center that features a balance of residential, business and lifestyle elements. Also in the same month, the Filinvest Tent was launched, making it the biggest events venue south of Metro Manila with 2,000 square meters of unobstructed hall space.

The Leaf at Timberland Heights



Rebranding and Revitalizing a Flagship Satellite City

From its sedate corporate personality, Filinvest City is reborn as a place of infinite possibilities.

- **Premiere CBD** – An energized and business-friendly environment continues to attract large multinational and local corporations and leading BPO firms.
- **Garden City** – Harmonizing modernity with nature, Filinvest City features tree-lined avenues and refreshing linear greenbelts, making the city a veritable pedestrian's paradise.
- **Mod Metropolis** – Round-the-clock amenities create a cosmopolitan lifestyle where life's pleasures and necessities are always within reach.
- **Convergence Hub** – The Skyway from Makati leads straight to Filinvest City, giving it unparalleled accessibility. It is also a convenient take-off point to business and leisure destinations in the Calabarzon area.



FILINVEST CITY

Inspiring Possibilities.

Lot prices in Filinvest City reached an all-time high at Php115,000 per square meter in 2012. This was attributed to the completion of the Skyway extension and the rapid pace of development in the city. This is significantly higher than the previous highest price achieved during the height of the property boom in 1997.



Toasting the relaunching of Filinvest City at the grand event held at the Filinvest Tent

Street parade at Filinvest City



Fireworks to close a festive celebration

Filinvest Tent



Sustaining Market Leadership in Affordable & Mid-Income Housing

FLI is a market leader in the affordable and middle-income property segments, which are consistent revenue generators of the Company. In 2012, FLI launched new phases in the communities of Summerbreeze in Batangas and Princeton Heights in Cavite, along with new minimalist house designs for its affordable communities.

With the growing housing demand in the country as the driver, Filinvest will continue to develop projects in growth areas such as Cavite, Laguna and Batangas. Upcoming developments in 2013 include Futura Homes San Pedro in Laguna and Savannah Fields in Cavite.

FLI will focus on building up the Futura Homes brand with competitive pricing, consistent quality and timely delivery to buyers. The Company will also apply its “Buhos Tibay” seal of construction quality to its affordable housing products. With the “Buhos Tibay” guarantee, buyers are assured that their homes are built with reinforced concrete, making them fire-resistant, pest-proof, energy-efficient and requiring less maintenance.



Growth Driver: Increasing Housing Demand

According to Colliers International, the affordable market is the biggest segment, with 7.4 million Filipino families. FLI will strengthen its Futura Homes brand to maximize this growth potential.



Opal Duplex house model



Futura Homes San Pedro



Spacious sellers' hub

New Home. Revitalized Customer Service

In October 2012, FLI moved its corporate headquarters from San Juan to the new Filinvest Building along EDSA in Mandaluyong City. The strategic location made FLI more accessible to its clients since it is within convenient reach of public transportation systems.

The move is in sync with FLI's thrust to foster a culture of excellent customer service across the organization. Generous spaces have been allotted in the new building for meeting rooms and lounge areas. The second floor customer lounges were designed with the clients' comfort in mind, with ample natural light and comfortable sofas.

Other customer service innovations included the installation of a kiosk for the automated queuing system, enhanced communication and IT systems for faster and more efficient delivery of services, as well as skills and customer care training programs for front liners.



Automated queuing system

SOCIAL RESPONSIBILITY



Beyond helping Filipinos fulfill their dream of owning a home, Filinvest Land, Inc. (FLI) and its employees also strive to fulfill Filipino dreams of a better life and a brighter future by engaging in outreach activities and various forms of community service.

Educational Advocacy

Through the years, education has been one advocacy that is close to the hearts of the Filinvest family. FLI and the Filinvest Group share the vision of a nation where every child will be provided educational opportunities that will adequately prepare him for life.

FLI continues to give a monthly donation of Php25,000 (or a total of Php300,000 annually) to the Bethlehem Day Care Foundation, Inc. located in the Inayawan Garbage Dumpsite in Dumlog, Talisay, Cebu, across the South Road Properties. The daycare center provides scholarships, supplemental feeding, uniforms and school supplies to the children of families who scavenge in the dumpsite. It also provides substitute parenting for the pre-school children, along with mental stimulation and teaching of values and basic skills for daily living.

FLI, together with the Filinvest Group, donated funds to support Kris Aquino's commitment to provide five "silid pangarap" units to the



Filinvest brand ambassador Kris Aquino and Filinvest Director Mercedes Gotianun lead the ribbon-cutting ceremony for the Silid Pangarap classroom.



Tree planting at Havila



Silid pangarap turnover rites in Davao City: (L-R) Filinvest VP Michael Gotianun, School Division Superintendent Helen Paguican, 2nd District Congresswoman Mylene Garcia and AGAPP Chair Pinky Aquino-Abellada

Aklat, Gabay, Aruga tungo sa Pag-angat at Pag-asa (AGAPP) Foundation, whose aim is to elevate the quality of pre-school education in public schools and improve childhood literacy so that underprivileged children have a better chance of staying in school in the future. A “silid pangarap” is a one-storey, two-room school-library facility that serves as a pre-school classroom for public schools in depressed and disadvantaged communities.

The first two “silid pangarap” units were turned over to their beneficiaries in October 2012. These are the Itaas Elementary School NBP Annex in Barangay Poblacion, Muntinlupa City and the Daniel M. Perez Central Elementary School in Bunawan District, Davao City. Kris and Filinvest are gearing up for the next two “silid pangarap” units in Ilocos Sur and Lanao del Norte. The allocated funds for these units will also cover the cost of training the kindergarten teachers who will teach the pupils in these classrooms.

Concern for the Environment

As a conscientious and environmentally conscious developer, FLI has always been guided by the principles of sustainability and social responsibility in all its endeavors. The Company consistently implements measures to maintain the ecological integrity of its project sites and to ensure the least impact on the environment.

At its 677-hectare Timberland Heights township project in Rizal, FLI forges a synergy between modernization and environmental

preservation. Fully half of the total area of Timberland Heights will remain as open spaces and linear parks, with natural streams and waterfalls preserved and highlighted throughout the development. It has become a haven for outdoor activities like bird watching, trekking, mountain biking, trail runs and camping.

FLI encourages different groups to participate in tree planting activities within its Timberland Heights and Havila townships in Rizal. In 2012, the St. Luke’s Heart Institute Alumni Association, the Paco Catholic School, the Philippine National Police (PNP) and the United Architects of the Philippines (Greenhills and Markina Chapters), as well as several Filinvest units, held many tree planting activities at Havila and Timberland Heights. At least 2,000 forest and fruit-bearing trees were planted on each occasion, resulting in over 16,000 trees planted as of the end of 2012.

FLI also donated 1,500 assorted seedlings of forest trees and vetiver grass to the Municipality of San Mateo, Rizal to support its greening program and tree planting activities. Some 150 pieces of gabion cages and lacing wires were also donated for the rehabilitation and slope protection of critical areas in the municipality.

Tree planting activities within different FLI projects continue, as well as in non-project areas. In Davao City, FLI had tree planting activities in Barangays Matina Pangi and Eden, in the city’s Talomo and Toril districts.

In FLI’s mid-rise building (MRB) projects, only a third of the land area is used for the buildings’ footprint, leaving the majority of

the land area for open spaces and amenities. These resort-type developments give residents a refreshing oasis in the corporate jungle. The construction methodology used in these mid-rise buildings utilizes reinforced concrete walls using reusable steel forms. This technique produces a higher-quality finished product by eliminating the need for plastering and also saves 3,000 pieces of plywood and 85,000 board feet of lumber per five-storey building. The 41 completed buildings built to date have already saved the equivalent of 123,000 pieces of plywood and 4.5 million board feet of lumber.

Partnership with the Community

Aside from building homes, FLI also forges a lasting partnership with the communities where its projects are located.

For its Havila township project, encompassing Antipolo, Angono and Taytay in Rizal, FLI's involvement does not end with donating land. The Company co-sponsors a number of activities to enhance the overall living environment and community life of its residents.

FLI supported fun runs held by two schools located within Havila in 2012. In January, PAREF Rosehill had an Earth Run participated in by 800 runners while San Beda had 700 participants in its November Fun Run.

In February 2012, the annual procession of Our Lady of Peace

and Good Voyage (also known as the Virgin of Antipolo) passed through Havila. It retraced the route of the image from Antipolo to Kulaiki (Colaique, within Havila) during the Japanese Occupation in World War II. The head sacristan of the Antipolo Cathedral, Procopio Angeles, had transferred the statue from the Antipolo Cathedral to a hill between Antipolo and Angono to hide the image from the Japanese Imperial Army that invaded the town.

FLI also donated a 1,066-square meter lot to Barangay Bubuyan in Calamba, Laguna, near its Ciudad de Calamba township project. The lot will be used for community facilities, including a deep well, water tanks and basketball courts. A daycare center has already been built on the property.

Outreach Activities

In 2012, FLI and its employees continued to share their blessings with the less fortunate, especially the abandoned elderly. Heeding the call of social responsibility, the entire organization poured its efforts into outreach programs where it can make a difference.

During the tree planting activity at Havila in May 2012, those who participated were requested to donate an amount for every tree planted. The funds were donated to the Kanlungan ni Maria Home for the Aged in Antipolo City, Rizal. A total of Php40,000 was raised from FLI, its employees, sellers and contractors.

Procession of Our Lady of Peace and Good Voyage at Havila





PAREF Rosehill Earth Run

For its annual Christmas Outreach Program, FLI employees visited the Anawim Home for the Aged in Montalban, Rizal. The activity, called “Handog Aginaldo Para sa Masayang Pasko ni Lolo at ni Lola,” was able to raise Php55,300 in cash as donation to the institution.

In the aftermath of the heavy flooding caused by the “habagat” in August 2012, FLI extended assistance to those affected by donating 850 bags of relief goods in various barangays in San Mateo, Rizal.

Personnel Development

Recognizing that employees are its most valued resource, FLI continues to conduct training programs aimed at enhancing skills, improving productivity and developing leadership potential.

In 2012, a total of 30 sessions of different training programs were conducted, participated in by 555 employees. The training

programs included the orientation of new employees, Work, Attitude and Value Enhancement (WAVE), and skills improvement to improve work efficiency.

After the move to FLI’s new headquarters, an Emergency Response Team was formed, and its members were given Basic Life Support and First Aid Training.

To foster camaraderie and teamwork within the FLI family, an Employees’ Day was held at the Enchanted Kingdom in Laguna in November 2012. A total of 693 FLI employees and their family members attended the whole-day event which had team-building activities in the morning.

The General Assembly is an annual event that helps boost morale and rallies the FLI family to work as a team. At the General Assembly in February 2013, FLI employees were briefed on the previous year’s performance, while the Company’s goals and targets for the following year were unveiled. Achievements of various units were also recognized.

In the same event, the winners of the 2012 FLI Superheroes campaign were announced. The FLI Superheroes are employees who best embody the Company’s corporate values of integrity, customer service, professionalism, teamwork, innovation and cost-effectiveness. Winners in the individual, project team and support group categories were awarded certificates and cash gifts.

Management also launched its “Service Idols” campaign for 2013, where individuals and groups are encouraged to strengthen internal and external customer service. Aside from recognizing employees who go the extra mile to serve their customers, the contest also encourages employees to propose solutions on how to deliver better customer service. The winners of the campaign will be recognized in next year’s General Assembly.



CORPORATE GOVERNANCE REPORT

Your Company has always been a firm believer in good Corporate Governance and has always abided by the core values of its founder, Mr. Andrew L. Gotianun, of integrity, fairness and financial responsibility. These principles have been incorporated in the Company's Code of Ethics as well as in its Corporate Governance Manual. Today, Filinvest Land, Inc. (FLI) continues to operate guided by its corporate core values of Integrity, Team Work, Professionalism, Innovation, Customer Service and Cost Effectiveness.

COMPLIANCE WITH BEST PRACTICES ON CORPORATE GOVERNANCE

For the year 2012, FLI fully complied with the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) regulatory requirements. It is also in compliance with its Manual for Corporate Governance. In particular, your Company wishes to highlight 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.

On February 28, 2011, your Company filed a Revised Manual on Corporate Governance in order to update it to reflect current best practices.

In order to keep abreast of best practices in Corporate Governance, the members of the Board and top management have all attended seminars on corporate governance initiated by duly accredited institutions.

FLI constantly reviews its Corporate Governance practices and welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors.

On January 31, 2013, FLI submitted its Certification of Compliance with the Manual of Corporate Governance to the SEC and PSE.

On March 26, 2013, FLI submitted to the PSE its Corporate Governance Disclosure for 2012.

BOARD OF DIRECTORS

Leading the practice of good Corporate Governance is the Board of Directors. Your Board of Directors is firmly committed to the adoption of and compliance with the best practices in Corporate Governance as well as the observance of all relevant laws, regulations and ethical business practices.

Nominations and Voting for the Board of Directors

The members of the Board are elected during the annual stockholders' meeting. The stockholders of FLI may nominate individuals to be members of the Board of Directors.

The Nomination Committee receives nominations for independent directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Nomination Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in FLI's Revised Manual on Corporate Governance and the Securities Regulation Code. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Nomination Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening. The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees.

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 Manual on Corporate Governance. In 2008, 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 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, 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 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. Vacancies in the Board occurring mid-term are filled as provided in the Corporation Code and FLI's Revised Manual on Corporate Governance. 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.

Independent Directors

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 judgement in carrying out his responsibilities as 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 stockholder 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 an executive capacity by FLI, any of its related companies or any of its substantial shareholders within the last two (2) years;
 - v. Is not related as a 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 any of its related companies or 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 items (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 its 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 an 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.

On May 3, 2012, FLI submitted to the SEC and PSE the Certificates of Qualifications of Independent Directors.

Members of the Board of Directors, Attendance and Committee Memberships

The following table lists down the members of the Board of Directors and their attendance in Board Meetings during 2012.

Name of Director	Number of Meetings Attended	Percentage of Meetings Attended
Andrew L. Gotianun, Sr.	6 of 6	100%
Mercedes T. Gotianun*	3 of 3	100%
Lourdes Josephine G. Yap	6 of 6	100%
Andrew T. Gotianun, Jr.	6 of 6	100%
Jonathan T. Gotianun	6 of 6	100%
Joseph M. Yap	6 of 6	100%
Efren C. Gutierrez	6 of 6	100%
Cornelio C. Gison**	3 of 3	100%
Cirilo T. Tolosa (Independent Director)	6 of 6	100%
Lamberto U. Ocampo (Independent Director)	5 of 6	83%

*Mercedes T. Gotianun was elected as a Member of the Board of Directors on April 27, 2012.

**Cornelio C. Gison served as a Member of the Board of Directors until April 27, 2012.

The following table lists down the attendance of the Board of Directors during the April 27, 2012 Annual Stockholders' Meeting and their memberships in the different Committees:

Name of Director	Attended April 15, 2011 Annual Stockholders' Meeting	Member of the Following Committees
Andrew L. Gotianun, Sr.	Yes	Nomination Committee (Chair)
Mercedes T. Gotianun *	No	Executive Committee, Compensation Committee (Chair), Nomination Committee
Andrew T. Gotianun, Jr.	Yes	Executive Committee
Joseph M. Yap	Yes	Executive Committee, Technical Committee (Chair)
Lourdes Josephine G. Yap	Yes	Executive Committee (Chair), Compensation Committee, Nomination Committee
Jonathan T. Gotianun	Yes	Executive Committee, Audit Committee, Compensation Committee
Efren C. Gutierrez	Yes	Audit Committee
Cornelio C. Gison **	Yes	None
Cirilo T. Tolosa (<i>Independent Director</i>)	Yes	Audit Committee (Chair)
Lamberto U. Ocampo (<i>Independent Director</i>)	No	Compensation Committee, Nomination Committee, Technical Committee

*Mercedes T. Gotianun was elected as a Member of the Board of Directors on April 27, 2012.

**Cornelio C. Gison served as a Member of the Board of Directors until April 27, 2012.

Duties and Responsibilities of the Different Board Committees

EXECUTIVE COMMITTEE

The functions, duties and responsibilities of the Board of Directors may be delegated, to the fullest extent permitted by law, to an Executive Committee to be established by the Board of Directors. The Executive Committee shall consist of five (5) members, and least three (3) of whom shall be members of the Board of Directors. All members of the Executive Committee shall be appointed by and under the control of the Board of Directors.

The Executive Committee may act on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority vote of the Board of Directors, except with respect to: (i) approval of any action for which shareholders' approval is also required; (ii) the filing of vacancies in the Board of Directors; (iii) the amendment or repeal of these By-Laws or the adoption of new By-Laws; (iv) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and (v) the distribution of cash dividends to shareholders.

The act of the Executive Committee on any matter within its competence shall be valid if: (i) it is approved by the majority vote of all its members in attendance at a meeting duly called where a quorum is present and acting throughout; or (ii) it bears the written approval or conformity of all its incumbent members without necessity for a formal meeting.

The Executive Committee shall hold its regular meeting at least once a month or as often as it may determine, in the principal office of the Corporation or at such other place as may be designated in the notice. Any member of the Executive Committee may, likewise, call a meeting of the Executive Committee at any time. Notice of any meeting of the Executive Committee shall be given at least seven (7) business days prior to the meeting or such shorter notice period as may be mutually agreed. The notice shall be accompanied by: (i) a proposed agenda or statement of purpose; and (ii) where possible, copies of all documents, agreements and information to be considered at such meeting.

AUDIT COMMITTEE

The Board shall constitute an Audit Committee to be composed of at least three (3) Director-members, preferably with accounting and financial background, one of whom shall be an independent director and another should have related audit experience.

The Chairman of this Committee should be an independent director. He should be responsible for inculcating in the minds of the Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

Duties and Responsibilities:

- Provide oversight financial management functions specifically in areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;

- Provide oversight of the Corporation's internal and external auditors;
- Review and approve audit scope and frequency, and the annual internal audit plan;
- Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved;
- Set up an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal;
- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system;
- Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies;
- Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- Coordinate, monitor and facilitate compliance with existing laws, rules and regulations;
- Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report.
- Establish and identify the reporting line of the chief audit executive so that the reporting level allows the internal audit activity to fulfill its responsibilities. The chief audit executive shall report directly to the Audit Committee functionally. The Audit Committee shall ensure that the internal auditors shall have free and full access to the Corporation's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

COMPENSATION COMMITTEE

The Board may constitute a Compensation Committee composed of at least three (3) Director-members, one of whom shall be an independent director.

Duties and Responsibilities:

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.
- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

- Disallow any director to decide his or her own remuneration.
- Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and ensuing year.
- Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

NOMINATION COMMITTEE

The Board may constitute a Nomination Committee consisting of at least three (3) Director-members, one of whom shall be an independent director. The Head of the Human Resources Department shall be a non-voting ex-officio member.

The Nomination Committee may review and evaluate the qualifications of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board, and provide assessment on the Board's effectiveness in directing the process of renewing and replacing the Board's members.

The Nomination Committee may consider the following guidelines in the determination of the number of directorships for the Board:

- The nature of the business of the Corporations in which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

The Nomination Committee may pre-screen and shortlist all candidates nominated to become a member of the Board of Directors, taking into account the qualifications and the grounds for disqualifications as set forth in FLI's Manual of Corporate Governance and the Securities Regulation Code.

The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination for members of the Board of Directors. The same shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission (SEC).

The Nomination of independent directors shall be conducted by the Committee before the stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors as set forth in the Company's Manual on Corporate Governance.

After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, which shall be made available to the SEC and all stockholders through the filing and distribution of the Information Statement, or in such reports the Company is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

Compensation of the Board of Directors and Officers:

Except for per diem of Php50,000 being paid to non-executive directors of the Filinvest Group for every meeting attended, there are no other arrangements to which directors are compensated, for any services provided as director, including any amounts payable for committee participation or special assignments.

Meanwhile, the aggregate compensation paid or incurred during the last two fiscal years to the non-independent Directors and top officers of FLI are as follows:

Name and Principal Position	2012			2011		
	Salaries	Bonus	Total	Salaries	Bonus	Total
Lourdes Josephine G. Yap* <i>President/CEO</i>						
Nelson M. Bona <i>Chief Finance Officer/SVP</i>						
Francis V. Ceballos <i>Senior Vice President</i>						
Steve Chien Liang Ta <i>Senior Vice President</i>						
Pablito A. Perez <i>First Vice President</i>						
Total for the Chief Executive Officer and the five (5) highest paid officials	Php21M	Php4.1M	Php25.1M	Php20M	Php3.9M	Php23.9M
Total of all officers and directors as a group	Php43.5M	Php7.9M	Php51.4M	Php41.5M	Php7.5M	Php49M

*Lourdes Josephine G. Yap replaced Joseph M. Yap as President and CEO on October 31, 2012.

Family Relationships

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

EXTERNAL AUDITOR

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.

FLI, in compliance with SRC Rule 68(3)(b)(iv) relative to the five-year rotation requirement of its external auditors, has designated as its engagement partner Ms. Cyril Jasmin B. Valencia from CY2008 to CY2010, Mr. Michael C. Sabado in CY2011, and Ms. Cyril Jasmin B. Valencia in CY2012. The representatives of SGV were present at the annual meeting held last April 27, 2012 where they had the opportunity to make a statement if they desired to do so. They were also expected to have been available to respond to appropriate questions at the meeting.

A. Audit and Audit-Related Fees

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

- 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;
- 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 totalling Php500,000 and Php525,000 for fiscal years 2011 and 2012, 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.

SHAREHOLDERS' RIGHTS

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its investors:

The Board shall be committed to respect the following rights of the stockholders:

A. Voting Right

1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
2. Cumulative voting is mandatory in the election of directors.
3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

B. Power of Inspection

All Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, during business hours and upon prior written notice to the Corporation and for good reason.

All Shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

C. Right to Information

1. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.
2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
3. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes."

D. Right to Dividends

1. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
2. The Commission may direct the Corporation to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: i) when justified by definite corporate expansion projects or programs approved by the Board; or ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

E. Appraisal Right

The Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class

of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

F. The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the corporation.

The shareholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

G. It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights

and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

DIVIDEND POLICY AND DIVIDENDS PAID

On January 8, 2007, the Board of Directors approved an annual cash dividend payment ratio for the Company's issued shares of twenty percent (20%) of its consolidated net income from the preceding fiscal year, subject to the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. Circumstances which could restrict the payment of cash dividends include, but are not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board may, at any time, modify such dividend pay-out ratio depending upon the results of operations and future projects and plans of the Company.

On June 30, 2008, FLI paid cash dividends of Php0.02 per share or a total of Php485.72 million to all shareholders on record as of June 15, 2008. This equivalent to 28.5% of the Php1.704 billion in net income generated in 2007.

On June 9, 2009, FLI paid a cash dividend of Php0.033 per share or a total of Php800.242 million to all shareholders on record as of May 14, 2009. This is equivalent to 42.9% of the Php1.867 billion net income reported in 2008.

On June 9, 2010, FLI paid a regular cash dividend of Php0.017 and special cash dividend of Php0.016 per share or a total of Php800.242 million to all shareholders on record as of May 18, 2010. This is equivalent to 39.7% of 2009's Php2.018 billion net income.

On June 7, 2011, FLI paid a regular cash dividend of Php0.0196 and a special cash dividend of Php0.0196 per share or a total of Php950.59 million to all shareholders on record as of May 13, 2011. This is equivalent to 39.2% of 2010's Php2.246 billion core net income.

On June 21, 2012, FLI paid a regular cash dividend of Php0.0237 and a special cash dividend of Php0.0237 per share, or a total of Php0.0475 per share. This was equivalent to Php1,151.864 million, and paid to all shareholders on record as of May 25, 2012. This is equivalent to 39.2% of 2011's Php2.940 billion net income.

ANNUAL STOCKHOLDERS' MEETING AND PROCEDURES

Notice of Annual Stockholders' Meeting

Stockholders on record as of March 15, 2012 were entitled to attend and vote at the April 27, 2012 Annual Stockholders' Meeting.

Stockholders were informed that the Annual Stockholders' Meeting would be held at 9:00 a.m. at Ballrooms 1 & 2, Mandarin Oriental, Makati Avenue, Makati City, Metro Manila.

On January 25, 2012, FLI disclosed to the Philippine Stock Exchange that its Board of Directors had fixed the date of the Annual Stockholders' Meeting for April 27, 2012 with the record date for those entitled to attend set for March 15, 2012.

On March 26, 2012, FLI disclosed to the Philippine Stock Exchange the Notice of Annual Stockholders' Meeting. Notices of the Annual Stockholders' Meeting and Audited Financial Statements were delivered to stockholders on record as of March 15, 2012 starting March 27, 2012.

Procedures During the Annual Stockholders' Meeting

The following was the agenda of the Annual Stockholders' Meeting last April 27, 2012:

- Call to order
- Proof of Notice of Meeting
- Certification of Quorum
- Approval of the Minutes of the Annual Stockholders' Meeting held on April 15, 2011
- Presentation of the President's Report
- Approval of the Audited Financial Statements for the Year Ending December 31, 2011
- Ratification of the Acts and Resolutions of the Board of Directors and Management for 2011
- Election of the Members of the Board of Directors including two independent directors to serve for the year 2012-2013
- Appointment of External Auditor
- Other Matters
- Adjournment

Only stockholders of record as of March 15, 2012 were entitled to attend and vote in the said meeting.

The following are the minutes of the Annual Stockholders' Meeting of FLI held on April 27, 2012:

i. Call to order, certification of quorum

The Chairman of the Board, Mr. Andrew L. Gotianun, Sr. 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, 23,976,269,333 shares representing 74.35% thereof are present, in person or by proxy, and that thereof, 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 15, 2011

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 15, 2011 as presented in the Information Statement distributed to 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, 2011
Declaration of Cash Dividends

The President, Mr. Joseph M. Yap, presented in his report on the Company's operations for the year ended December 31, 2011, 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 2011. The President also announced to the stockholders the Board of Directors approved during its meeting on April 27, 2012 the declaration of cash dividend of Php0.475 per share payable on June 21, 2012 with record date on May 25, 2012. After the presentation, the Company's President and Corporate Secretary responded to the 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, 2011.

iv. Ratification of all Acts and the Resolutions of Directors and Management for the Year 2011 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 2011 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 2011 to date.

v. Election of Members of the Board of Directors for the year 2012-2013

The 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 2012-2013. 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 the 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.	Andrew T. Gotianun, Jr.
Jonathan T. Gotianun	Mercedes T. Gotianun
Lourdes Josephine G. Yap	Cirilo T. Tolosa (as independent director)
Efren C. Gutierrez	Lamberto U. Ocampo (as independent director)
Joseph M. Yap	

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 2012-2013.

vii. Adjournment

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

On the same day, right after the stockholders' meeting, FLI disclosed to the Philippine Stock Exchange the results of the annual stockholders' meeting which included the following:

- a. Approval of the Minutes of the Annual Stockholders' Meeting held on April 15, 2011;
- b. Approval of the Audited Financial statements for the year ended 2011;
- c. Ratification of the acts and resolutions of the Board of Directors and corporate officers for the year 2011;
- d. Appointment of SGV & Co. as the Corporation's external auditor for the year 2012-2013;
- e. Election of the Board of Directors

FLI also made another disclosure to the Philippine Stock Exchange regarding the declaration of the Board of Directors of a cash dividend for all stockholders on record as of May 25, 2012 in the amount of Php0.0475 per share broken down as Regular Cash Dividend of Php0.0237 per share and Special Cash Dividend of Php0.0237 per share. Payment date was set for June 21, 2012.

STATUTORY COMPLIANCE

FLI fully complied with the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) regulatory requirements. Below is the Company's Reportorial Compliance Report:

Type of Report	Number of Filings
Financials	
Annual Report (17-A)	1
Quarterly Report (17-Q)	3
2011 Audited Financial Statements	1
Request for extension in filing 17-A, 17-Q	2
Ownership	
Annual List of Stockholders – for Annual Stockholders' Meeting	1
Foreign Ownership Monitoring Report	12
Public Ownership Report	4
Report on Number of Shareholders and Board Lot	12
Statement of Changes in Beneficial Ownership of Securities (23-B)	17
Top 100 Stockholders' List	4
Notices – Stockholders' Meetings/Briefings/Dividends	
Notice of Annual/Special Stockholders' Meeting	1
Dividend Notice (part of disclosure on Results of Stockholders' Meeting)	1
Notice of Analysts' Briefing	4
Other Disclosures	
Certification – Qualifications of Independent Directors	1
Certification – Attendance of Directors in Board Meetings	1
Certification – Compliance with Manual on Corporate Governance	1
Clarifications of News Articles	3
Definitive Information Statement (20-IS)	1
General Information Sheet	1
Preliminary Information Statement (20-IS)	1
SEC Form 17-C (Current Report) Which includes the following: Results of Annual Stockholders' Meeting/Board Meetings (7) Press Releases (12) Other Matters (4) i. Payment of Php500 million 3 year fixed rate bonds ii. Change of business address iii. Report on compliance with SEC Memorandum re: guidelines for the assessment of the performance of audit committees iv. Appointment of New Corporate Information Officer	22

INVESTOR RELATIONS

FLI's website, www.filinvestland.com, makes available to the public, current information on the Company, including details of its operations.

The Investor Relations section of the website provides information on financial statements, press releases, declaration of dividends, ownership structure and any changes in the ownership of major shareholders and officers, notice of analysts' briefings, other reportorial requirements by the Philippine Stock Exchange.

The contact details of the Investor Relations Department are available in the website and are as follows:

E-mail address: ir@filinvestland.com

Telephone numbers: (+632) 918-8111

(+632) 918-8188 local 5188

(+632) 588-1678 local 5188

To meet the requirements of FLI's investors, the Company conducted four (4) Analysts' Briefings in 2012:

- On March 16, 2012 at the FC Marketing Office in Filinvest City for Full Year 2011 results;
- On May 4, 2012 at the FC Marketing Office in Filinvest City for First Quarter 2012 results;
- On August 14, 2012 at the FC Marketing Office in Filinvest City for First Half 2012 results; and
- On November 14, 2012 at the Filinvest Building, No. 79 EDSA, Mandaluyong City, Metro Manila for First Nine Months of 2012 results

In 2012, FLI also participated in nine (9) conferences organized by different stock brokerages in Hong Kong, Singapore and the Philippines.

On March 21, 2013, FLI conducted an analysts' briefing at the Filinvest Building, No. 79 EDSA, Mandaluyong City, Metro Manila for Full Year 2012 results.

BOARD OF DIRECTORS

Lamberto U. Ocampo
Independent Director

Josephine Gotianun Yap
Co-Vice Chairman
President & CEO

Joseph M. Yap
Director

Andrew T. Gotianun, Jr.
Co-Vice Chairman

Efren C. Gutierrez
Director

Jonathan T. Gotianun
Director

Cirilo T. Tolosa
Independent Director



Andrew L. Gotianun, Sr.
Chairman

Mercedes T. Gotianun
Director

SENIOR MANAGEMENT



STANDING (L-R) **Antonio E. Cenon**, FVP-Permits & Licenses; **Luis T. Fernandez**, FVP-HOA & Water Systems; **Rizalangela L. Reyes**, VP-HR & Customer Care; **Michael Edward T. Gotianun**, VP-Supply Chain; **Winnifred H. Lim**, FVP- Chief Technical Planning Officer; **Jimmy S. Roque**, VP-Planning Head; **Francis V. Ceballos**, SVP-Cluster Head

SEATED (L-R) **Grace Marie M. Bada**, VP-Information Technology Head; **Bernadette M. Ramos**, VP-Group Real Estate Marketing; **Janette C. Manlangit**, VP-Project Group Head



STANDING (L-R) **Reynaldo A. Ascaño**, FVP-Cluster Head; **Reynaldo Juanito S. Nieva**, VP-Operations Head; **Gilberto B. Abanto**, VP-Security Services; **Steve C. Chien**, SVP-International & Special Projects; **Tristaneil D. Las Marias**, FVP-Cluster Head; **Pablito A. Perez**, FVP-Legal Department Head; **Nelson M. Bona**, SVP-Chief Finance Officer

SEATED (L-R) **Ana Venus A. Mejia**, SVP-Deputy Chief Finance Officer; **Harriet C. Ducepec**, VP-Market Research

FINANCIAL STATEMENTS

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	December 31	January 1	
	2012	2011	
	(As restated)	(As restated)	
ASSETS			
Cash and cash equivalents	₱2,106,452	₱1,153,306	₱1,758,725
Contracts receivable	10,597,950	8,452,908	7,845,871
Due from related parties	194,243	246,757	185,922
Other receivables	3,062,157	2,483,014	1,603,566
Financial assets at fair value through other comprehensive income	24,626	24,626	123,070
Real estate inventories	23,677,456	19,064,138	15,141,005
Land and land development	15,368,369	14,091,543	12,807,811
Investment in an associate	3,912,092	3,799,798	4,276,391
Investment properties	15,374,600	12,201,609	11,599,167
Property and equipment	1,327,943	1,289,870	1,474,952
Deferred income tax assets	22,427	18,071	15,312
Goodwill	4,567,242	4,567,242	4,567,242
Other assets	1,691,707	909,248	467,703
	₱81,927,264	₱68,302,130	₱61,866,737
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses	₱8,390,363	₱6,155,020	₱6,340,832
Income tax payable	18,028	183,208	163,870
Loans payable	10,981,518	8,511,007	6,961,167
Bonds payable	14,364,924	7,977,009	4,949,241
Due to related parties	182,979	48,411	82,643
Retirement liabilities	159,756	95,726	80,195
Deferred income tax liabilities - net	1,951,051	1,676,353	1,620,329
Total Liabilities	36,048,619	24,646,734	20,198,277
Equity			
Common stock	24,470,708	24,470,708	24,470,708
Preferred stock	80,000	80,000	80,000
Additional paid-in capital	5,612,321	5,612,321	5,612,321
Treasury stock	(221,041)	(221,041)	(221,041)
Remeasurement losses on retirement plan	(105,686)	(49,364)	(44,805)
Retained earnings	15,683,168	13,403,597	11,412,102
Revaluation reserve on financial assets at fair value through other comprehensive income	(2,619)	(2,619)	(2,619)
Share in other components of equity of an associate	361,794	361,794	361,794
Total Equity	45,878,645	43,655,396	41,668,460
	₱81,927,264	₱68,302,130	₱61,866,737

CONSOLIDATED STATEMENTS OF INCOME

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

	Years Ended December 31		
	2012	2011 (As restated)	2010 (As restated)
REVENUE			
Real estate sales	₱8,798,358	₱6,953,469	₱5,652,374
Rental services	1,777,330	1,528,290	1,411,269
EQUITY IN NET EARNINGS OF AN ASSOCIATE	187,294	63,407	55,217
OTHER INCOME			
Interest income	514,833	542,113	565,355
Foreign currency exchange gain - net	2,585	1,304	8,565
Gain from remeasurement of previously held interest in a business combination	—	—	517,240
Excess of fair value of net identifiable assets over consideration transferred in a business combination	—	—	9,058
Others	516,363	564,101	502,952
	11,796,763	9,652,684	8,722,030
COSTS			
Real estate sales	4,927,456	3,612,285	2,996,824
Rental services	451,178	425,653	400,884
OPERATING EXPENSES			
General and administrative expenses	1,141,557	918,396	799,914
Selling and marketing expenses	813,887	742,408	593,588
INTEREST AND OTHER FINANCE CHARGES	400,049	469,400	416,655
	7,734,127	6,168,142	5,207,865
INCOME BEFORE INCOME TAX	4,062,636	3,484,542	3,514,165
PROVISION FOR INCOME TAX			
Current	334,972	488,062	475,029
Deferred	296,228	54,393	86,777
	631,200	542,455	561,806
NET INCOME	₱3,431,436	₱2,942,087	₱2,952,359
Basic /Diluted Earnings Per Share	₱0.14	₱0.12	₱0.12

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2012	2011 (As restated)	2010 (As restated)
NET INCOME	₱3,431,436	₱2,942,087	₱2,952,359
OTHER COMPREHENSIVE INCOME			
Remeasurement losses on retirement plan	(56,322)	(4,559)	(44,805)
Share in other components of equity of an associate	—	—	361,794
	(56,322)	(4,559)	316,989
TOTAL COMPREHENSIVE INCOME	₱3,375,114	₱2,937,528	₱3,269,348

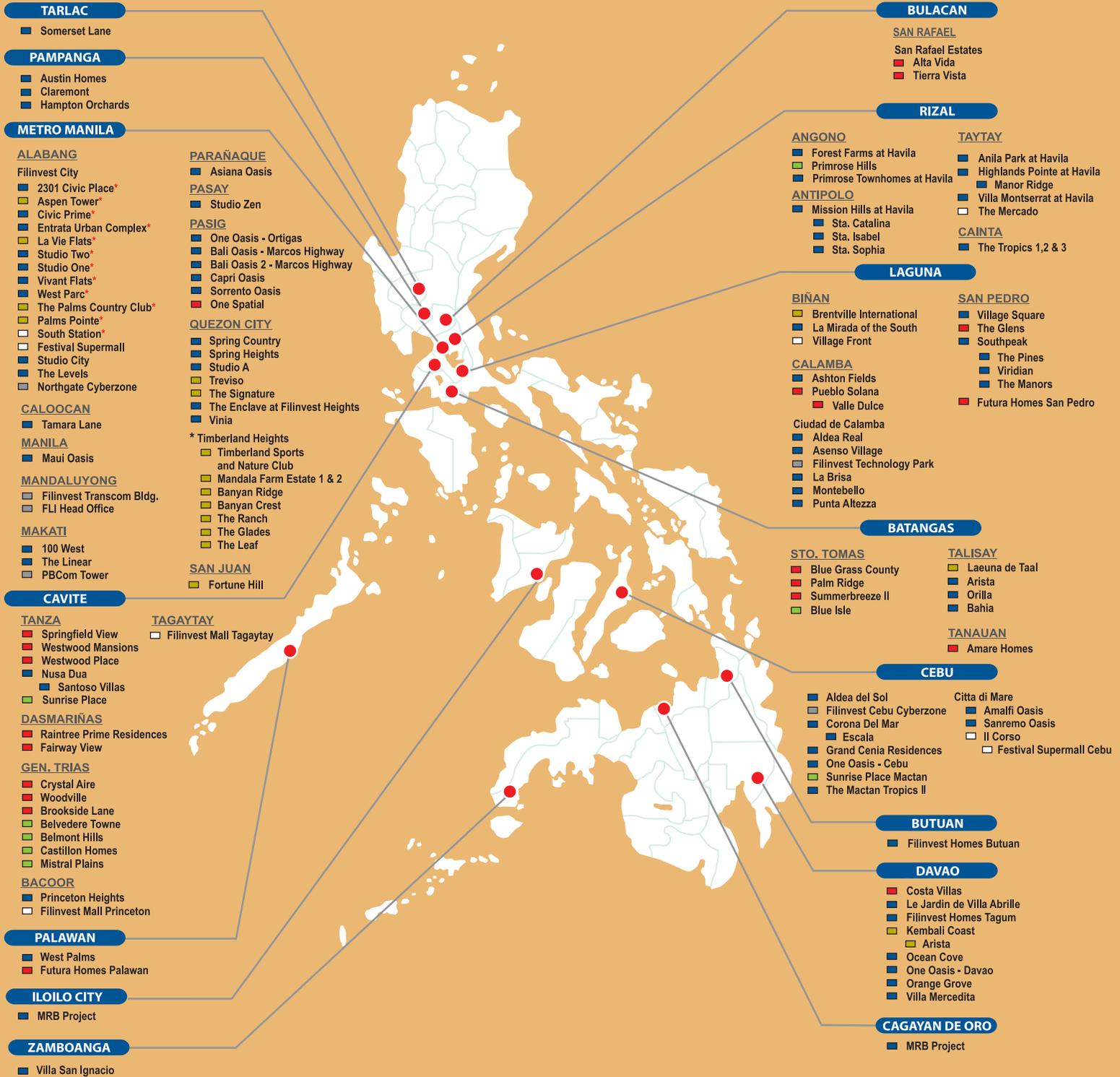
FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands of Pesos)

	Common Stock	Preferred Stock	Additional	Treasury Stock	Retained Earnings	Revaluation Reserve on Financial Assets at FVTOCI	Remeasurement Losses on Retirement Plan	Share in Other Components of Equity of an Associate	Total
For the Year Ended December 31, 2012									
Balances as of January 1, 2012, as restated	P24,470,708	P80,000	P5,612,321	(P221,041)	P13,403,597	(P2,619)	(P49,364)	P361,794	P43,655,396
Comprehensive income									
Net income	-	-	-	-	3,431,436	-	-	-	3,431,436
Other comprehensive income	-	-	-	-	-	-	(56,322)	-	(56,322)
Total comprehensive income	-	-	-	-	3,431,436	-	(56,322)	-	3,375,114
Dividends	-	-	-	-	(1,151,865)	-	-	-	(1,151,865)
Balances as of December 31, 2012	P24,470,708	P80,000	P5,612,321	(P221,041)	P15,683,168	(P2,619)	(P105,686)	P361,794	P45,878,645
For the Year Ended December 31, 2011									
Balances as of January 1, 2011, as previously stated	P24,470,708	P80,000	P5,612,321	(P221,041)	P11,390,088	(P2,619)	P-	P361,794	P41,691,251
Effect of adoption of PAS 19R	-	-	-	-	22,014	-	(44,805)	-	(22,791)
Balances as of January 1, 2011, as restated	24,470,708	80,000	5,612,321	(221,041)	11,412,102	(2,619)	(44,805)	361,794	41,668,460
Comprehensive income									
Net income, as previously stated	-	-	-	-	2,940,340	-	-	-	2,940,340
Effect of adoption of PAS 19R	-	-	-	-	1,747	-	-	-	1,747
Net income, as restated	-	-	-	-	2,942,087	-	-	-	2,942,087
Other comprehensive income, as previously stated	-	-	-	-	-	-	-	-	-
Effect of adoption of PAS 19R	-	-	-	-	-	-	(4,559)	-	(4,559)
Other comprehensive income, as restated	-	-	-	-	-	-	(4,559)	-	(4,559)
Total comprehensive income, as restated	-	-	-	-	2,942,087	-	(4,559)	-	2,937,528
Dividends	-	-	-	-	(950,592)	-	-	-	(950,592)
Balances as of December 31, 2011, as restated	P24,470,708	P80,000	P5,612,321	(P221,041)	P13,403,597	(P2,619)	(P49,364)	P361,794	P43,655,396
For the Year Ended December 31, 2010									
Balances as of January 1, 2010, as previously stated	P24,470,708	P80,000	P5,612,321	(P221,041)	P9,238,104	(P2,619)	P-	P-	P39,177,473
Effect of adoption of PAS 19R	-	-	-	-	21,881	-	-	-	21,881
Balances as of January 1, 2010, as restated	24,470,708	80,000	5,612,321	(221,041)	9,259,985	(2,619)	-	-	39,199,354
Comprehensive income									
Net income, as previously stated	-	-	-	-	2,952,226	-	-	-	2,952,226
Effect of adoption of PAS 19R	-	-	-	-	133	-	-	-	133
Net income, as restated	-	-	-	-	2,952,359	-	-	-	2,952,359
Other comprehensive income, as previously stated	-	-	-	-	-	-	-	361,794	361,794
Effect of adoption of PAS 19R	-	-	-	-	-	-	(44,805)	-	(44,805)
Other comprehensive income, as restated	-	-	-	-	-	-	(44,805)	361,794	316,989
Total comprehensive income, as restated	-	-	-	-	2,952,359	-	(44,805)	361,794	3,269,348
Dividends	-	-	-	-	(800,242)	-	-	-	(800,242)
Balances as of December 31, 2010, as restated	P24,470,708	P80,000	P5,612,321	(P221,041)	P11,412,102	(P2,619)	(P44,805)	P361,794	P41,668,460

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

	Years Ended December 31		
	2012	2011 (As restated)	2010 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱4,062,636	₱3,484,542	₱3,514,165
Adjustments for:			
Interest income	(514,833)	(542,113)	(565,355)
Interest expense	335,196	445,482	377,537
Depreciation and amortization	300,286	287,120	269,398
Equity in net earnings of an associate	(187,294)	(63,407)	(55,217)
Dividend income	(3)	(51)	(772)
Excess of fair value of net identifiable assets over consideration transferred in a business combination	-	-	(9,058)
Gain from remeasurement of previously held interest in a business combination	-	-	(517,240)
Operating income before changes in operating assets and liabilities	3,995,988	3,611,573	3,013,458
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	(2,145,042)	(607,037)	(183,205)
Due from related parties	52,514	(60,835)	42,636
Other receivables	(579,143)	(879,448)	(163,173)
Real estate inventories	(3,884,972)	(4,153,392)	(2,673,950)
Other assets	(778,138)	(275,918)	3,365
Increase (decrease) in:			
Accounts payable and accrued expenses	1,653,221	196,610	(351,777)
Retirement liabilities	(17,181)	8,271	10,852
Net cash generated from (used for) operations	(1,702,753)	(2,160,176)	(301,794)
Income taxes paid	(500,152)	(522,368)	(384,929)
Interest received	514,833	544,780	572,311
Dividends received	3	51	772
Net cash provided by (used in) operating activities	(1,688,069)	(2,137,713)	(113,640)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of raw land	(2,488,561)	(1,053,473)	(762,241)
Acquisitions of investment properties and property and equipment	(1,457,348)	(804,171)	(221,422)
Dividends received from associate	75,000	540,000	-
Proceeds from maturity of financial assets at fair value through other comprehensive income	-	93,662	-
Proceeds from maturity of available-for-sale securities	-	-	242,172
Acquisitions of available-for-sale securities	-	-	(95,444)
Acquisition of businesses - net of cash acquired	-	-	(920,698)
Net cash used in investing activities	(3,870,909)	(1,223,982)	(1,757,633)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans availment	₱4,850,000	₱4,220,000	₱120,000
Bond offering	7,000,000	3,000,000	-
Payments of:			
Loans payable	(2,371,417)	(2,652,667)	(606,833)
Bonds payable	(500,000)	-	-
Cash dividend	(1,151,865)	(950,592)	(800,242)
Interest and transaction costs	(1,449,162)	(826,233)	(876,122)
Increase (decrease) in amounts due to related parties	134,568	(34,232)	35,923
Net cash provided by (used in) financing activities	6,512,124	2,756,276	(2,127,274)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	953,146	(605,419)	(3,998,547)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,153,306	1,758,725	5,757,272
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱2,106,452	₱1,153,306	₱1,758,725

MAP OF PROJECTS



LEGEND:

- PREMIERE (LEISURE & RESIDENTIAL / COUNTRY CLUB)
- FILINVEST
- FUTURA
- SOCIALIZED
- RETAIL / COMMERCIAL
- OFFICE / IT / BUSINESS PARK

* Quezon City Environs
 * Filinvest Alabang, Inc. projects

FILINVEST

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