COVER SHEET

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S.E.C. Registration Number

FILINVEST LAND, INC.

(Company's Full Name)

79 EDSA, HIGHWAY HILLS,

MANDALUYONG CITY

(Business Address; No. Street City / Town / Province)

c/o Atty. Sharon P. Pagaling-Refuerzo

Contact Person

918-8188

Company Telephone Number

Definitive Information Statement

Month Day

Fiscal Year

D I S

FORM TYPE

Month Day

Annual Meeting

Secondary License Type; If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of **FILINVEST LAND, INC.** ("FLI") will be held on **20 April 2018 (Friday)** at **10:30 AM** at Ballroom 1 and 2, Crimson Hotel Filinvest City, Manila, Entrata Urban Complex, 2609 Civic Drive, Filinvest City, Alabang, Muntinlupa City at which meeting the following matters shall be taken up:

I. Call to Order

II. Proof of Notice of Meeting

III. Certification of Quorum

IV. Approval of the Minutes of the Annual Stockholders' Meeting held on 21 April 2017

V. Presentation of the President's Report

VI. Ratification of the Audited Financial Statements for the year ended 31 December 2017

VII. Ratification of the Acts and Resolutions of the Board of Directors, Board Committees and Management for the year 2017

VIII. Election of the Members of the Board of Directors, including two (2) Independent Directors, to serve for 2018-2019

IX. Appointment of the External Auditor

X. Other Matters

XI. Adjournment

Stockholders who will not, are unable to, or do not expect to attend the meeting in person may, at their option, designate their authorized representatives by means of Proxy. The Proxy instrument must be duly notarized and must be submitted to Atty. Elma Christine R. Leogardo at the Office of the Corporate Secretary, located at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, or Stock Transfer Service, Inc. at 34-D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City on or before 18 April 2018.

Only Stockholders of Record as of 5:00 PM of 01 March 2018 shall be entitled to vote at this meeting.

PLEASE NOTE THAT THE CORPORATION IS NOT SOLICITING PROXIES.

The nomination and election of the members of the Board of Directors should be in accordance with the nomination forms, procedures and requirements adopted by the Board of Directors. Any stockholder may obtain the required nomination form from, and must submit his nominations, to the Corporate Secretary at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila not later than 06 March 2018.

All nominations shall be in writing duly signed by the nominating stockholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominee. The nomination must indicate whether the nominees are intended to be independent directors. Further, all nominations should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications, such as the nominee's age, educational attainment, full disclosure of work and/or business experience and/or affiliations. The Directors and Independent Directors shall be elected from among FLI's stockholders. All nominees for Directors and Independent Directors must possess the minimum requirements/qualifications and none of the disqualifications prescribed by the Securities and Exchange Commission and in FLI's Revised Manual on Corporate Governance.

Please be guided accordingly.

ELMA CHRISTINE R. LEOGARDO
Corporate Secretary

<u>SECURITIES AND EXCHANGE COMMISSION</u>

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **Filinvest Land, Inc.**

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **170957**

5. BIR Tax Identification Code: **000 - 533 - 224**

6. Address of principal office: **Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila**

   Postal Code: **1550**

7. Registrant's telephone number, including area code: **(02) 918 8188**

8. Date, time and place of the meeting of security holders:

   Date: **April 20, 2018**
   Time: **10:30 a.m.**
   Place: **Ballroom 1 and 2**
   Crimson Hotel Filinvest City, Manila
   Entrata Urban Complex
   2609 Civic Drive, Filinvest City
   Alabang, Muntinlupa City

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

   On or before March 28, 2018

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

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

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

Name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange / Common shares

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

PART I
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting

The annual stockholders' meeting of **FILINVEST LAND, INC.** ("FLI") for the year 2018 is scheduled on **April 20, 2018, 10:30 a.m.** at the **Ballroom 1 and 2 of Crimson Hotel Filinvest City, Manila located at the Entrata Urban Complex, 2609 Civic Drive, Filinvest City, Alabang, Muntinlupa City.**

(a) The complete mailing address of FLI is Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila.

(b) The information statement shall be sent or given to stockholders and/or security holders beginning **March 28, 2018.**

2. Dissenter's Right of Appraisal

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

a. A dissenting stockholder files a written demand within thirty (30) days after the date on which the vote was taken in which he registered a negative vote. Failure to file the demand within the 30-day period constitutes a waiver of the right. Within ten (10) days from demand, the dissenting stockholder shall submit the stock certificates to the corporation for notation that such shares are dissenting shares. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the shares by the corporation, all rights accruing to the shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof.

b. If the corporate action is implemented, the corporation shall pay the stockholder the fair value of his shares upon surrender of the corresponding certificate/s of stock. Fair value is determined by the value of the shares of the corporation on the day prior to the date on which vote is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.

c. If the fair value is not determined within sixty (60) days from the date of the vote, it will be determined by three (3) disinterested persons (one chosen by the corporation, another chosen by the stockholder, and the third one chosen jointly by the corporation and the stockholder). The findings of the appraisers will be final, and their award will be paid by the corporation within (30) days following such award. Upon such payment, the stockholder shall forthwith transfer his shares to the corporation. No payment shall be made to the dissenting stockholder unless the corporation has unrestricted retained earnings.

d. If the stockholder is not paid within thirty (30) days from such award, his voting and dividend rights shall be immediately restored.

There is no matter to be taken up at the annual meeting on April 20, 2018 which would entitle a dissenting stockholder to exercise the right of appraisal.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

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

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) As of February 15, 2018, the total number of shares outstanding and entitled to vote in the annual meeting is **24,249,759,506** common shares and **8,000,000,000** preferred shares. Each share is entitled to one vote.

(b) The record date for purposes of determining the stockholders entitled to vote is **March 1, 2018**.

(c) A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: *Provided*, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of FLI multiplied by the whole number of directors to be elected. The stockholder must be a stockholder of record as of March 1, 2018 to be able to exercise cumulative voting rights.

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

(d) Security Ownership of Certain Beneficial Owners and Management

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of FLI as of **February 15, 2018** are as follows:

Title of Class of Securities	Name/ Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Preferred	Filinvest Development Corporation The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	N.A.	Filipino	8,000,000,000	100%
Common	Filinvest Development Corporation The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	N.A.	Filipino	14,409,926,733	59.42%
Common	PCD Nominee Corporation (Non-Filipino) G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	Invesco Hong Kong Limited (more than 5%)	Non-Filipino	6,889,853,354	28.41%
Common	PCD Nominee Corporation (Filipino) G/F, Philippine Stock Exchange Tower Ayala Avenue, Makati City	(No single shareholder beneficially owns at least 5% of the total shares)	Filipino	2,641,837,350	10.89%

Total number of shares of all record and beneficial owners as a group is 8,000,000,000 preferred shares representing 100% of the total outstanding preferred shares, and 24,249,759,506 common shares representing 100% of the total issued and outstanding common shares.

As of **February 15, 2018**, 6,894,617,012 or 21.38% of the outstanding common shares of the Corporation is owned by foreigners, as follows:

Nationality	Foreign Shares	Rank
American	990,358	00.00%
Australian	21,174	00.00%
British	636,586	00.00%
Canadian	66,483	00.00%
Chinese	2,709,224	00.01%
Foreign	6,889,886,321	28.16%
Hongkong	98,428	00.00%
Japanese	63,231	00.00%
Malaysian	9,452	00.00%
Singapore	12,709	00.00%
Swiss	123,046	00.00%

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

Security Ownership of Management as of **February 15, 2018** is as follows:

Title of Class of Securities	Name and Office Address/Residence	Amount and Nature of Ownership	Citizenship	% of Ownership
Common	Mercedes T. Gotianun The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City 1634, Metro Manila	76 (D) 37,493,662(I)**	Filipino	0.00% (D) 0.0090% (I)
Common	Andrew T. Gotianun, Jr. Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	406,571(D) 1,916 (I)*	Filipino	0.0017% (D) 0.00% (I)
Common	Lourdes Josephine Gotianun Yap Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	7,694,919(D)*** 39,585,690(I)****	Filipino	0.0317% 0.12%
Common	Jonathan T. Gotianun The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City 1634, Metro Manila	61(D) 323,534 (I) *****	Filipino	0.00% 0.00%
Common	Michael Edward T. Gotianun Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City	11,235,913(D) 47,131,422(I)*	Filipino	0.05% (D) 0.00% (I)
Common	Efren C. Gutierrez c/o Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	13,083(D) 802 (I)*	Filipino	0.0001% (D) 0.00% (I)
Common	Francis Nathaniel C. Gotianun Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City	32,518(D) 0 (I)	Filipino	0.0001% (D) 0.00% (I)
Common	Val Antonio B. Suarez c/o Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	1(D) 1(I) *	Filipino	0.00%
Common	Lamberto U. Ocampo c/o Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	1(D) 0 (I)	Filipino	0.00%
Common	Luis L. Fernandez Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	4,064,940 (D) 369,960 (I)*	Filipino	0.0168% (D) 0.00% (I)
Not	Nelson M. Bona	0 (D)		

Applicable	Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	24,664 (I)*	Filipino	0.00%
Not Applicable	Ana Venus A. Mejia Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0	Filipino	Not Applicable
Not Applicable	Lian-Ta C. Chien Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0	Filipino	Not Applicable
Not Applicable	Francis V. Ceballos Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0	Filipino	Not Applicable
Common	Antonio E. Cenon Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	81,297 (D) 0 (I)	Filipino	0.0003%
Common	Winnifred H. Lim Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0 (D) 1,026,563 (I)	Filipino	0.00% 0.0042%
Not Applicable	Reynaldo A. Ascano Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0	Filipino	Not Applicable
Not Applicable	Tristaneil D. Las Marias Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0	Filipino	Not Applicable
Not Applicable	Vince Lawrence Abejo Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0	Filipino	Not Applicable
Not Applicable	Reynaldo Juanito S. Nieva II Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila	0	Filipino	Not Applicable

* Shares of stock in Filinvest Development Corporation
** Includes shares of stock in Filinvest Development Corporation under the name Andrew Sr. &/or Mercedes Gotianun
*** Includes shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap
**** Includes shares of stock in Filinvest Development Corporation under the name Joseph &/or Josephine Yap
***** Includes shares of stock in Filinvest Development Corporation

Total ownership of all directors and officers as a group as of February 15, 2018 is 0.20% of the total issued and outstanding common shares of stock.

a) No person holds more than 5% of the common stock under a voting trust or similar agreement.

b) There has been no change in control of FLI since the beginning of last year.

5. Directors And Principal Officers

(a)(i) The members of the Board serve for a term of one year and until their successors shall have been duly elected and qualified. The business experience of the directors and officers of FLI named below cover at least the past five (5) years. The following are the current directors and executive officers of FLI:

Jonathan T. Gotianun *Chairman of the Board*	Mr. Gotianun, 64, Filipino, was first elected as a Director of FLI on June 17, 1994. He also serves as the Chairman of the Board of Directors of FDC and East West Banking Corporation ("EWBC"), both publicly-listed companies. He is also the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and Chairman of the Board of Directors of FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.
Lourdes Josephine Gotianun Yap *President and Chief Executive Officer*	Mrs. Yap, 62, Filipino, was first elected as a Director of FLI on November 24, 1989. Mrs. Yap, who was elected as the President and CEO of FLI on October 31, 2012, is also a Director and the President and CEO of FDC, a publicly-listed company and Filinvest Alabang, Inc. ("FAI"), and a Director in FDCUI and EWBC, a publicly-listed company. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.
Mercedes T. Gotianun *Director*	Mrs. Gotianun, 89, Filipino, was a Director of FLI from 1991 to 2010 and its Chief Executive Officer from 1997 to 2007. She was first elected as a Director of FLI on November 24, 1989. She serves as a Director of EWBC and FDC, both publicly-listed companies, and also as a Director of FAI, Pacific Sugar Holdings Corporation ("PSHC") and FDCUI. She was involved in the operations of Family Bank and Trust Co. since its founding in 1970 and was President and Chief Executive Officer of the bank from 1978 to 1984. She obtained her university degree from the University of the Philippines.
Andrew T. Gotianun, Jr. *Vice Chairman*	Mr. Gotianun, 66, Filipino, was first elected as a Director of FLI on November 24, 1989. He is also a Director of FDC, a publicly-listed company, and a Director in FAI and FDCUI. He was elected Chairman of the Board of Timberland Sports and Nature Club, Inc. ("TSNC") in 2017. He served as a director of Family Bank and Trust Co. from 1980 to 1984. He obtained his Bachelor of Science (Major in Accounting)

degree from Republican College in 1981.

Michael Edward T. Gotianun *Director*	Mr. Gotianun, 60, Filipino, was first elected as a Director of FLI on May 8, 2015. He is also a Director of FDC, a publicly-listed company, FAI and Festival Supermall, Inc. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979.
Efren C. Gutierrez *Director*	Mr. Gutierrez, 82, Filipino, was a Director of FLI from 1994 to 2001, and was re-elected to FLI's Board in 2006. He was first elected as a Director of FLI on June 17, 1994. He served as the President of FAI from 1999 to 2005. He is the Chairman of the Board of The Palms Country Club, Inc. He is not a Director of any other publicly-listed company. He obtained his Bachelor of Laws degree from the University of the Philippines.
Francis C. Nathaniel Gotianun *Director*	Mr. Gotianun, 34, Filipino, was first elected as a director of FLI on April 22, 2016. He is the Vice President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc. and President & CEO of The Palms Country Club, Inc. He is not a Director of any other publicly-listed company. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.
Lamberto U. Ocampo *Independent Director*	Mr. Ocampo, 92, Filipino, was an independent director of FLI from 2002 to 2008, having been first elected as an independent director of FLI on May 30, 2002. He is also an independent director of Cyberzone Properties, Inc. (CPI). In 2012, Mr. Ocampo was re-elected as an independent director of FLI. He is a Civil Engineer by profession. He served as director of DCCD Engineering Corporation from 1957 to April 2001, as its Chairman of the Board from 1993 to 1995, and President from 1970 to 1992. He is not a Director of any other publicly-listed company. He obtained his Master's Degree in Engineering from the University of California-Berkeley.
Val Antonio B. Suarez *Independent Director*	Mr. Suarez, 59, Filipino, was first elected as an independent director of FLI on May 8, 2015. He is also an independent director of FDC and Lepanto Consolidated Mining Company, both publicly-listed companies. He is also an independent director of CPI. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange. Mr. Suarez is a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University School of Law and a Master of Laws degree from Georgetown University Law Center.

Nelson M. Bona *Chief Financial Officer*	Mr. Bona, 67, Filipino, was appointed as FLI's Chief Financial Officer in January 2007. He is also the Treasurer and Chief Financial Officer of FDC. He was formerly an Executive Vice President of EWBC and Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc.
Ana Venus A. Mejia *Treasurer/Deputy Chief Financial Officer*	Ms. Mejia, 52, Filipino, has been with the Filinvest Group for 22 years. She started in January 1996 as Assistant Controller of FDC and has served the Group in various capacities. She was appointed as Treasurer of FLI in 2012. Prior to joining Filinvest, she worked with Shoemart and Sycip, Gorres, Velayo & Company. She is a Certified Public Accountant and a Magna Cum Laude graduate of Pamantasan ng Lungsod ng Maynila.
Elma Christine R. Leogardo *Corporate Secretary and Compliance Officer*	Atty. Leogardo, 59, Filipino, was appointed by the Board of Directors as Corporate Secretary and Compliance Officer on May 8, 2015. She concurrently serves as a Vice President of the Legal Department of the Company. Prior to joining the Company, she was a senior partner at Villaraza Cruz Marcelo & Angangco. She is a fellow of the Institute of Corporate Directors, President of the Legal Management Council of the Philippines, was former President and current trustee of the Maritime Law Association of the Philippines, and a member of the Integrated Bar of the Philippines and the Philippine Bar Association. She holds a Bachelor of Arts degree, *cum laude*, from the University of the Philippines, and a Bachelor of Laws degree from the same university.
Sharon P. Pagaling-Refuerzo *Assistant Corporate Secretary and Corporate Information Officer*	Atty. Pagaling-Refuerzo, 38, Filipino is concurrently Senior Assistant Vice President of the Corporate Advisory Services of the Legal Department of FLI. She is also the Corporate Secretary of The Palms Country Club, Inc. and Timberland Sports and Nature Club, Inc., as well as Corporate Secretary in various companies of the Group. Admitted to the Philippine Bar in 2006, she holds an A.B. Philosophy degree, *cum laude*, from the University of the Philippines and a law degree from San Beda College.

A Certification that none of the above-named directors and officers works in the government is attached herein as Annex "A".

The members of the Nomination Committee of FLI are Efren C. Gutierrez (Chair), Mercedes T. Gotianun, Lourdes Josephine Gotianun Yap, Lamberto U. Ocampo (Independent Director) and Rizalangela L. Reyes. Ms. Reyes sits in the committee in an ex-officio capacity as the head of FLI's Human Resources Department.

The Audit and Risk Management Oversight Committee of FLI is composed of Val Antonio B. Suarez (Chair/Independent Director), Jonathan T. Gotianun and Efren C. Gutierrez.

The directors of FLI are elected at the annual stockholders' meeting to hold office for one (1) year and until their respective successors have been duly appointed or elected and qualified. Officers and committee members are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

(a)(ii) Certain Relationships And Related Transactions

In the normal course of business, FLI and its subsidiaries and affiliates enter into certain related-party transactions principally consisting of advances and inter-company charges. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

Significant related party transactions for the year ended December 31, 2017 as discussed in the 2017 Audited Financial Statements are as follows:

a. *Transactions with bank under common control of the ultimate parent (EW)*
   On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

   Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month. For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a "pass-through arrangement".

   In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

   The Group's plan assets in the form of cash equivalents amounting to ₱52.30 million and ₱49.32 million as of December 31, 2017 and 2016, respectively, are maintained with EW (see Note 23 of the 2017 Audited Financial Statements). The Group also maintains cash and cash equivalents with EW.

b. *Transactions with Ultimate Parent (ALG)*
   Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. *Transactions with Parent Company (FDC)*
   The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 22 of the 2017 Audited Financial Statements).

d. *Transactions with an Associate (FAI)*
In 2013, the Parent Company purchased from FAI a parcel of land located at Alabang, Muntinlupa City for a total purchase price of ₱603.40 million. As of December 31, 2017 and 2016, outstanding liability amounted to ₱300.85 million and ₱325.83 million, respectively. In 2015, the Parent Company completed the development of the first tower on this property.

Due from Associate include receivables for the transfer of equipment, furniture and fixtures and inventories to an affiliate for the start-up of operations. Other transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, share of expenses and commission charges. The account also includes dividend receivable amounting to ₱160.00 million from the dividend declared by FAI both in 2017 and 2016. (see Note 11 of the 2017 Audited Financial Statements).

e. *Transactions with Affiliates*
In 2007, the Parent Company entered into a development agreement with GCK Realty Corporation (GCK), an affiliate. The agreement provides that the Parent Company shall undertake the construction of a condominium building on the land owned by GCK located in Kamputhaw, Cebu City. The agreement further provides that the Parent Company shall shoulder all costs and expenses necessary and incidental to the construction of the building. The saleable condominium units forming part of the building as developed shall be allocated between the Parent Company and GCK on a 92% and 8% sharing, respectively.

GCK shall pay the Parent Company management fee and the reimbursable commissions paid by the Parent Company to the brokers based on a certain percentage of the gross selling price of the units owned by GCK. The Parent Company shall likewise set aside an amount equivalent to a certain percentage of all collections received from the sale of units of GCK for expenses related to the maintenance and upkeep of the building. In 2010, the Parent Company started to remit sales on the sold units belonging to GCK.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱31.00 million, ₱30.77 million and ₱28.74 million in 2017, 2016 and 2015, respectively. Post-employment benefits of key management personnel amounted to ₱0.68 million and ₱9.44 million in 2017 and 2015, respectively (nil in 2016).

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

There will be an election of the members of the Board during the annual stockholders' meeting. The stockholders of FLI may nominate individuals to be members of the Board of Directors. The deadline for submission of nominees is on March 6, 2018.

All nominations for directors, including the independent directors, shall be addressed to and received by:

THE NOMINATION COMMITTEE
c/o THE CORPORATE SECRETARY
FILINVEST LAND, INC.
6th Floor, Filinvest Building, 79 EDSA, Highway Hills
Mandaluyong City 1550, Metro Manila

and signed by the nominating stockholders together with the acceptance and conformity by the nominees on or before March 6, 2018 at 5:00 p.m. All nominations should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications.

The Nomination Committee created under FLI's Revised Manual on Corporate Governance endorsed nominees of FDC to the Board of Directors, as well as the nominees for independent directors, for election at the upcoming annual stockholders' meeting, in accordance with the qualifications and disqualifications set forth in the Manual, as follows:

Qualifications

(1) He is a holder of at least one (1) share of stock of FLI;

(2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;

(3) He shall be at least twenty one (21) years old;

(4) He shall have proven to possess integrity and probity; and

(5) He shall be assiduous.

Disqualifications

(1) Any person finally convicted judicially of an offense involving moral turpitude or fraudulent acts or transgressions;

(2) Any person finally found by the Securities and Exchange Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule,

regulation or order of the Securities and Exchange Commission or Bangko Sentral ng Pilipinas;

(3) Any person judicially declared to be insolvent;

(4) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;

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

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

Temporary Disqualifications

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

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

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

(4) Being under preventive suspension by the Company;

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

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

Recommended Directors for 2018-2019

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

1. Mercedes T. Gotianun
2. Andrew T. Gotianun, Jr.
3. Jonathan T. Gotianun
4. Lourdes Josephine Gotianun Yap
5. Efren C. Gutierrez
6. Michael Edward T. Gotianun
7. Francis Nathaniel C. Gotianun
8. Lamberto U. Ocampo (Independent Director)
9. Val Antonio B. Suarez (Independent Director)

Following are the qualifications of the nominees for the Board of Directors:

Jonathan T. Gotianun

Mr. Gotianun, 64, Filipino, was first elected as a Director of FLI on June 17, 1994. He also serves as the Chairman of the Board of Directors of FDC and East West Banking Corporation ("EWBC"), both publicly-listed companies. He is also the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and Chairman of the Board of Directors of FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.

Lourdes Josephine Gotianun Yap

Mrs. Yap, 62, Filipino, was first elected as a Director of FLI on November 24, 1989. Mrs. Yap, who was elected as the President and CEO of FLI on October 31, 2012, is also a Director and the President and CEO of FDC, a publicly-listed company and Filinvest Alabang, Inc. ("FAI"), and a Director in FDCUI and EWBC, a publicly-listed company. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.

Mercedes T. Gotianun

Mrs. Gotianun, 89, Filipino, was a Director of FLI from 1991 to 2010 and its Chief Executive Officer from 1997 to 2007. She was first elected as a Director of FLI on November 24, 1989. She serves as a Director of EWBC and FDC, both publicly-listed companies, and also as a Director of FAI, Pacific Sugar Holdings Corporation ("PSHC") and FDCUI. She was involved in the operations of Family Bank and Trust Co. since its founding in 1970 and was President and Chief Executive Officer of the bank from 1978 to 1984. She obtained her university degree from the University of the Philippines.

Andrew T. Gotianun, Jr.

Mr. Gotianun, 66, Filipino, was first elected as a Director of FLI on November 24, 1989. He is also a Director of FDC, a publicly-listed company, and a Director in FAI and FDCUI. He was elected Chairman of the Board of Timberland Sports and Nature Club, Inc. ("TSNC") in 2017. He served as a director of Family Bank and Trust Co. from 1980 to 1984. He obtained his Bachelor of Science (Major in Accounting) degree from Republican College in 1981.

Michael Edward T. Gotianun

Mr. Gotianun, 60, Filipino, was first elected as a Director of FLI on May 8, 2015. He is also a Director of FDC, a publicly-listed company, FAI and Festival Supermall, Inc. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979.

Efren C. Gutierrez

Mr. Gutierrez, 82, Filipino, was a Director of FLI from 1994 to 2001, and was re-elected to FLI's Board in 2006. He was first elected as a Director of FLI on June 17, 1994. He served as the President of FAI from 1999 to 2005. He is the Chairman of the Board of The Palms Country Club, Inc. He is not a Director of any other publicly-listed company. He obtained his Bachelor of Laws degree from the University of the Philippines.

Francis C. Nathaniel Gotianun

Mr. Gotianun, 34, Filipino, was first elected as a director of FLI on April 22, 2016. He is the Vice President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc. and President & CEO of The Palms Country Club, Inc. He is not a Director of any other publicly-listed company. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.

Lamberto U. Ocampo

Mr. Ocampo, 92, Filipino, was an independent director of FLI from 2002 to 2008, having been first elected as an independent director of FLI on May 30, 2002. He is also an independent director of CPI. In 2012, Mr. Ocampo was re-elected as an independent director of FLI. He is a Civil Engineer by profession. He served as director of DCCD Engineering Corporation from 1957 to April 2001, as its Chairman of the Board from 1993 to 1995, and President from 1970 to 1992. He is not a Director of any other publicly-listed company. He obtained his Master's Degree in Engineering from the University of California-Berkeley.

Val Antonio B. Suarez

Mr. Suarez, 59, Filipino, was first elected as an independent director of FLI on May 8, 2015. He is also an independent director of FDC and Lepanto Consolidated Mining Company, both publicly-listed companies. He serves as an independent director of CPI. He is the

Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange. Mr. Suarez is a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University School of Law and a Master of Laws degree from Georgetown University Law Center.

Independent Directors

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

A copy of the Certification on the Qualifications of the Nominees for Independent Directors is attached herein as Annex "B".

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

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

i. Is not a director or officer or substantial stockholder of FLI or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

ii. Is not a relative of any director, officer or substantial shareholder of FLI, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

iii. Is not acting as a nominee or representative of a substantial shareholder of FLI, any of its related companies or any of its substantial shareholders;

iv. Has not been employed in any executive capacity by FLI, any of its related companies or by any of its substantial shareholders within the last two (2) years;

v. Is not retained as professional adviser by FLI, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm;

vi. Has not engaged and does not engage in any transaction with FLI or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.

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

i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

ii. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

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

i. He shall have at least one (1) share of stock of FLI;

ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of FLI for at least five (5) years;

iii. He shall possess integrity/probity; and

iv. He shall be assiduous.

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

i. He becomes an officer or employee of FLI, or becomes any of the persons enumerated under item (A) hereof;

ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of FLI;

iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member.

iv. If he becomes disqualified under any of the grounds stated in FLI's Revised Manual on Corporate Governance.

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

i. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an independent director can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;

ii. Independent directors can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the independent director position was relinquished or terminated;

iii. After completion of the five-year service period, an independent director shall be ineligible for election as such in the same company unless the independent director has undergone a "cooling off" period of two (2) years, provided, that during such period, the independent director concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as independent director in the same company;

iv. An independent director re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years under the conditions mentioned in paragraph (ii) above;

v. After serving as independent director for ten (10) years, the independent director shall be perpetually barred from being elected as such in the same company, without prejudice to being elected as independent director in other companies outside the business conglomerate;

vi. All previous terms served by existing independent directors shall not be included in the application of the term limits.

F. On March 31, 2017, the SEC issued an advisory stating that if there is no suitable replacement, an independent director may be re-elected in 2017 until 2021, subject to prior written notice and justification to the SEC.

G. Pursuant to SEC Memorandum Circular No. 04, Series of 2017, which took effect on March 2017, the following additional guidelines, amending the rules on the term limit of independent directors, shall be observed in the qualification of individuals to serve as independent directors:

i. The independent director shall serve for a maximum cumulative term of nine (9) years;

ii. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;

iii. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and

iv. The reckoning of the cumulative nine-year term is from 2012.

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

The conduct of the election of independent directors shall be in accordance with FLI's Revised Manual on Corporate Governance. In 2009, FLI filed with the SEC its application for the amendment of the by-laws to include the procedure that will govern the nomination and election of independent directors. This procedure is consistent with FLI's Revised Manual on Corporate Governance and Rule 38 of the Securities Regulation Code. The approval by the Commission of 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 held on May 27, 1994.

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

(a)(iv) Other Significant Employees

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

(a)(v) Family Relationships

Mrs. Mercedes T. Gotianun is the mother of Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun, Mr. Michael Edward T. Gotianun and Mrs. Lourdes Josephine Gotianun Yap. Mr. Francis Nathaniel C. Gotianun is the grandson of Mrs. Mercedes T. Gotianun and the son of Mr. Jonathan T. Gotianun. All of them are current members of the Board of Directors of FLI.

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

(a)(vi) Involvement in Certain Legal Proceedings

Except for (a) criminal cases filed in 2007 before the DOJ in I.S. Nos. 2007-001 and 2007-011 and which were dismissed by the DOJ on March 26, 2009 and April 7, 2009, respectively; (b) criminal complaints in the Prosecutor's Office (filed against certain FLI officers) arising from alleged unlawful collection and application of subdivision dues and other charges being collected by a homeowners' association which was dismissed on January 23, 2012, and (c) the complaint for estafa filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, which was dismissed, although MPMII filed a Petition for Review before the Secretary of Justice, none of the members of FLI's Board nor its executive officers are involved in any major criminal, bankruptcy or insolvency investigations or proceedings for the past five years and up to January 31, 2017, nor have they been found by judgment or decree to have violated securities or commodities laws and enjoined from engaging in any business, securities, commodities or banking activities.

6. Compensation Of Directors And Executive Officers

Summary Computation Table

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

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(d) Bonus (P)	(e) Other Annual Compensation	TOTAL
Lourdes Josephine Gotianun Yap *(President/Chief Executive Officer)* Steve Chien Liang Ta *(Senior Vice President)* Nelson M. Bona *(Chief Financial Officer/ Senior Vice President)* Ana Venus A. Mejia *(Deputy Chief Financial Officer/Treasurer/ Senior Vice President)* Francis V. Ceballos *(Senior Vice President)*					
CEO and top four (4) highest compensated officers	2018 - Estimated	25.44M	7.10M	-	32.54M
	2017	24.23M	6.77M	-	31.00M
	2016	23.22M	7.55M	-	30.77M
All officers and directors as a group unnamed	2018 – Estimated	47.21M	12.73M	-	59.94M
	2017 –	44.97M	12.12M	-	57.09M
	2016	43.11M	13.13M	-	56.24M

Except for a per diem of ₱50,000.00 being paid to each non-executive director for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

There is no action to be taken at the annual meeting of the stockholders on April 20, 2018 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of FLI will participate. Neither is there any proposed grant or extension to any such persons of any option, warrant or right to purchase any securities of FLI.

7. Independent Public Accountants

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

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

8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Authorization or Issuance of Securities other than for Exchange

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

10. Modification or Exchange of Securities

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

11. Financial and Other Information

(a) Information Required

a. Financial Statements

The audited financial statements of FLI for the year ended December 31, 2017 is attached as Annex "C" to form an integral part hereof.

b. Management's Discussion and Analysis, or Plan of Operations

The Management's Discussion and Analysis, or Plan of Operations is attached as Annex "D" hereof.

(b) Legal Proceedings

Item 3. Legal Proceedings

The Company is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. However, the Company does not believe that any such lawsuits or legal actions will have a significant impact on its financial position or results of its operations. Noteworthy are the following cases involving the Company:

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

This is a civil action for the declaration of nullity of deeds of conditional and absolute sale of certain real properties located in Tambler, General Santos City covered by free patents and executed between FLI and the plaintiff's patriarch, Hadji Gulam Ngilay. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of the properties. On appeal, the Court of Appeals rendered a decision partly favorable to FLI but nullified the sale of some properties involved. FLI filed a petition for review on certiorari to question that portion of the decision declaring as void the deeds of sale of properties covered by patents issued in 1991. The Supreme Court affirmed the decision of the Court of Appeals but declared with finality that FLI's purchase of sales patents issued in 1991 was void and ordered the Ngilays to return ₱14,000,000.00 to FLI. The Regional Trial Court issued a Writ of Execution dated February 16, 2015. To satisfy the monetary judgment in favor of FLI, four parcels of land owned by the Ngilays and covered by Transfer Certificates of Title ("TCT") Nos. P-6886, 147-2014005034, 147-2014000465, and 147-2014000468, were levied on execution and sold at public auction to FLI as highest bidder. The Sheriff's Certificate of Sale over the properties was registered with the Registry of Deeds of General Santos Santos City. FLI filed a motion for the surrender of the certificates of title of the Ngilays so that FLI's affidavit of consolidation of ownership can be annotated on the titles and new certificates of title will be issued in FLI's name. This motion is pending.

(b) *Republic of the Philippines vs. Rolando Pascual, et. al.*
G.R. No. 222949
Supreme Court

The National Government through the Office of the Solicitor General filed suit against Rolando Pascual, Rogelio Pascual, and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable being forest land. The case was dismissed by the RTC of General Santos City (Branch 36) on November 16, 2007 for lack of merit. On appeal, the Court of Appeals reversed the Decision of the RTC and ordered the case to be remanded for a full-blown trial on the merits. FLI filed a Motion for Partial Reconsideration, which was denied by the CA. On April 4, 2016, FLI filed its Petition for Review with the Supreme Court, but the SC also affirmed the Decision of the CA remanding the case for reversion filed by the Republic of the Philippines to the RTC of General Santos City for further proceedings. The RTC of General Santos City (Branch 36) set a hearing on June 5, 2018.

(c) *Antonio E. Cenon and Filinvest Land, Inc. vs. San Mateo Landfill, Mayor Rafael Diaz, Brgy. Pintong Bukawe, Director Julian Amador and the Secretary, Department of Environment and Natural Resources*
Civil Case No. 2273-09
Branch 75, Regional Trial Court, San Mateo, Rizal
CA-G.R. CV No. 107682
Court of Appeals, Manila

On February 9, 2009, FLI and its First Vice President, Engr. Antonio E. Cenon ("Plaintiffs") filed an action for injunction and damages against the respondents to stop and enjoin the construction of a 19-hectare landfill in a barangay in close proximity to Timberland Heights in San Mateo, Rizal. Plaintiffs sought preliminary and permanent injunctive reliefs and damages and the complete and permanent closure of the dump site. After presenting evidence, plaintiffs rested their case. Defendant San Mateo Sanitary Landfill and defendant Mayor separately filed a Demurrer to Evidence. In an Order dated August 22, 2016, the Court granted both Demurrers to Evidence and dismissed the case for insufficiency of evidence. Plaintiffs filed a Notice of Appeal which was granted by the Regional Trial Court in an Order dated September 23, 2016. The Court of Appeals issued a Notice to File Brief dated November 3, 2016 which required Plaintiffs to file their Appellants' Brief. On February 15, 2017, plaintiffs filed their Appellants' Brief. San Mateo Sanitary Landfill filed its Brief dated April 7, 2017. Plaintiffs filed their Reply Brief on June 5, 2017. San Mateo Sanitary Landfill filed an Omnibus Motion for Leave to File Rejoinder and to Admit Rejoinder dated June 27, 2017. Pursuant to the October 20, 2017 Resolution of the Court of Appeals, plaintiffs filed their Comment on the Omnibus Motion on December 18, 2017.

(d) *Manila Paper Mills International, Inc. vs. Filinvest Land, Inc., et al.*
Civil Case No. DC-721-17
Regional Trial Court
Branch 90, Dasmariñas City, Cavite

In its Complaint dated July 14, 2017, Manila Paper Mills International, Inc. ("MPMII") claims it owns three parcels of land in Dasmariñas City, Cavite covered by TCT Nos. T-636128, T-636130 and T0636131 with the following respective areas: 79,999 square meters, 40,000 square meters, and 104,340 square meters, or a total area of 224,339 square meters. These areas allegedly overlap with FLI's lots which now form part of FLI's project, The Glens located in San Pedro Laguna. According to MPMII, plotting for The Glens conducted by a Licensed Geodetic Engineer through Google Maps revealed that portions of the project encroached on said MPMII properties for a total of 208,256 square meters. The Complaint prays for the cancellation of FLI's certificates of title that overlap with MPMII's as well as the payment of damages. MPMII also prayed for the issuance of a temporary restraining order or preliminary injunction to enjoin FLI from possessing, altering, transferring ownership, or disposing of the subject properties. MPMII subsequently amended its complaint to address issues raised by FLI in its first Motion to Dismiss. The main subject of amendment was the change in the plaintiff from MPMII to "Trustees and Shareholders of MPMII."

In response to the amended complaint, FLI filed its second Motion to Dismiss, where FLI argued, among others, that: (a) the court has no jurisdiction over the amended complaint's prayer for injunctive relief; (b) the amended complaint should be dismissed because the original complaint lacks cause of action (because MPMII's corporate personality has ceased in 2004) and may not therefore be subject to amendment; (c) the correct filing fees were not paid and in view of its impropriety, the amendment circumvents the need for separate filing and payment of new docket fees.

During the proceedings, the court allowed MPMII to present evidence on its prayer for injunction even before the resolution of FLI's motions to dismiss which raised serious grounds. The presiding judge also showed bias in favor of MPMII in proceeding with the hearing of the latter's evidence without the presence and participation of FLI's counsel. Thus, FLI filed a Motion to Recuse which is still pending. In the meantime, the proceedings have not continued.

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

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

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

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

14. No Action to be Taken on Restatement of Accounts

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

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

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

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

Information on Independent Accountant

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

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

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

SGV billed FLI for audit fees totaling ₱700,000.00 and ₱640,000.00 for the years 2017 and 2016, 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 of Policies and Procedures of the Management/Audit and Risk Oversight Committee for Independent Accountant's Services**

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 and Risk Management Oversight 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. Thereafter, the Audit & Risk Management Committee makes the appropriate recommendation to the Board of Directors of the Company.

Information on the General Nature and Scope of the Business of FLI and its Subsidiaries

FLI is one of the Philippines' leading real estate developers, providing a wide range of real estate products to customers, namely: socialized, affordable, middle-income and high-end residential lots and housing units, medium-rise and high rise residential buildings, industrial parks, leisure developments such as farm estates, a residential resort development and private membership clubs. Historically, FLI's business has focused on the development and sale of socialized, affordable and middle-income residential lots and housing units to lower and middle-income markets. In recent years, FLI has begun to develop and sell residential subdivisions and housing units across all income segments in the Philippines. FLI has also begun to develop themed residential projects with a leisure component, such as farm estates and developments anchored by sports and resorts clubs. In 2006, FLI acquired three (3) strategic investment properties, Festival Supermall and a 60% ownership interest in each of Filinvest Asia Corporation (FAC) and Cyberzone Properties, Inc. (CPI). In 2010, FLI was able to increase its ownership in CPI to 100% after acquiring the remaining 40% from Africa-Israel Investments (Phil.), Inc. (AIPPI). CPI thus became a wholly-owned subsidiary of FLI. On February 11, 2016, FCGC Corporation (FCGCC) was incorporated to undertake the development of the Clark Green City project under the Joint Venture Agreement with Bases Conversion and Development Authority (BCDA). On March 16, 2016, Filinvest BCDA Clark, Inc. (FBCI), a joint venture company with BCDA, was incorporated to handle the development of the Clark Green City Project. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA. As of September 30, 2017, FCGCC and FBCI have not started commercial operations. On March 31, 2016, Filinvest Mimosa, Inc. (FMI) was incorporated to enter into an agreement with Clark Development Corporation (CDC) for the lease of the Mimosa Leisure Estate. FMI is 47.5% owned by FLI, 47.5% owned by FDC and 5% owned by CDC. FMI has started its commercial operations in June 2016.

FLI has twenty-one (21) principal subsidiaries. These subsidiaries are as follows:

1. *Property Maximizer Professional Corporation*, incorporated on October 3, 1997, is engaged in the business of real estate marketing. It markets and sells FLI's socialized, affordable, middle income, high-end and farm estate property development projects, its leasing operations and other real estate products of the Filinvest Group.

2. *Home Pro Realty Marketing, Inc.*, incorporated on March 25, 1997, is engaged in real estate marketing. It markets and sells FLI's socialized, affordable, middle income, high-end and farm estate property development projects, its leasing operations and other real estate products of the Filinvest Group.

3. *Property Specialists Resources, Inc.*, incorporated on June 10, 2002, is engaged in the business of real estate marketing. It markets and sells FLI's socialized, affordable, middle income, high-end and farm estate property development projects, its leasing operations and other real estate products of the Filinvest Group. In addition, it also operates Quest Hotel in Cebu City which is owned by FLI.

4. *Filinvest Asia Corporation*, incorporated on January 22, 1997, is engaged in real property development. It owns jointly with the Philippine Bank of Communications the PBCom Tower, the tallest office building in the Philippines located at the corner of Ayala Avenue and V.A. Rufino Street, Legaspi Village, Makati City. FAC leases out to interested third parties the office spaces found in 26 of the PBCom Tower's 52 floors.

5. *Cyberzone Properties, Inc.*, incorporated on January 14, 2002, is engaged in real property development. It owns and manages IT-based buildings on certain parcels of land forming part of the Northgate Cyberzone, the Special Economic Zone of Filinvest Corporate City, in Alabang, Muntinlupa City.

6. *Filinvest AII Philippines, Inc.*, incorporated on September 25, 2006, is engaged in real property development. It is developing residential and leisure projects in certain parts of the township community in San Mateo, Rizal known as Timberland Heights.

7. *Leisurepro, Inc.*, incorporated on April 21, 2004, is engaged in the business of real estate marketing. It markets and sells FLI's socialized, affordable, middle income, high-end and farm estate property development projects, its leasing operations and other real estate products of the Filinvest Group.

8. *Filinvest Cyberparks, Inc.,* incorporated on February 4, 2014, is engaged in real estate property development.

9. *Festival Supermall, Inc.,* incorporated on March 21, 1997, is engaged in the management of commercial centers.

10. *Filinvest Lifemalls Corporation.,* incorporated on June 19, 2006, is engaged in the acquisition of lands as investment property. The Corporation also invests or acquires interest in shares of stock, securities, and all other properties of whatever kind and nature.

11. *Philippine DCS Development Corporation,* incorporated on July 31, 2015, is engaged in the business of building and operation of District Cooling System (DCS), supply of chilled water, development of or search for new DCS for Heating, Ventilation, Air-conditioning (HVAC) projects.

12. *FCGC Corporation,* incorporated on February 11, 2016, was formed to engage in real estate property development. It was established by FLI for the purpose of developing the Clark Green City-Phase 1.

13. *Filinvest BCDA Clark, Inc.,* incorporated on March 16, 2016, was formed to engage in real estate property development. It is the joint venture company between FCGC Corporation, a wholly-owned subsidiary of FLI, and the Bases Conversion Development Authority (BCDA) for the development of the Clark Green City-Phase 1.

14. *Filinvest Cyberzone Mimosa, Inc.,* incorporated on January 23, 2017, was formed to engage in real estate property development, including the development and lease of office buildings.

15. *Filinvest Lifemalls Mimosa, Inc.,* incorporated on January 23, 2017, was formed to engage in real property development, including the development and management of retail spaces.

16. *Dreambuilders Pro, Inc.,* incorporated on January 11, 2017, was formed to engage in general construction business and construction management.

17. *Filinvest Cyberzone Mimosa, Inc.,* incorporated on January 23, 2017, was formed for purposes of certain activities in Filinvest Mimosa Estate such as to acquire by purchase, lease except financial leasing, donation or and hold for investment or otherwise deal in real estate of all kinds, nature purpose and/or any interest or right therein, whether improved or not, erect, construct, enlarge, alter improve, develop, manage lease, deal in, or otherwise dispose of commercial, business, industrial, residential, recreational complexes, buildings, houses, apartments, and other structures and immovable of whatever kind, together with their appurtenances.

18. Filinvest Lifemalls Mimosa, Inc., incorporated on January 23, 2017, was formed for purposes of certain activities in Filinvest Mimosa Estate such as to acquire by purchase, lease except financial leasing, donation, or otherwise, and/or to own, use, improve, develop, subdivide, sell,

mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds, nature and purpose and/or any interest or right therein, whether improve or not, erect construct, enlarge, alter, improve, develop, manage, lease, deal in, or otherwise dispose of commercial retail, business, industrial, residential, recreational complexes, buildings, houses, apartments, and other structures and immovable of whatever kind, together with their appurtenances.

19. *Property Leaders International Limited*, formed on February 7, 2017, is a company limited by shares and was registered at the territory of the British Virgin Islands.

20. *Proleads Philippines, Inc.*, incorporated on March 29, 2017, was formed for purposes of providing management, organizational, and other administrative services and training, including but not limited to, the preparation of all template documents, record keeping, messenger services and other logistical coordination auxiliary to real estate transactions to be negotiated by Philippine-licensed real estate brokers in their personal professional capacities.

21. *Realpros Philippines, Inc.*, incorporated on August 3, 2017, was organized to provide administrative support services and skills training primarily through the use of information technology licensed softwares and systems to facilitate the preparation of template documents, record keeping, messengers services and other logistical coordination auxiliary to real estate transactions to be negotiated by Philippine-licensed real estate brokers in the personal professional capacities.

D. OTHER MATTERS

15. Action With Respect To Reports

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

a. Approval of the minutes of the annual meeting of stockholders held on April 21, 2017;
b. Presentation of the President's Report and ratification of the Audited Financial Statements for the year ended 2017;
c. General ratification of the acts of the Board of Directors, Board Committees (including the Executive Committee) and the management from the date of the last annual meeting up to the date of the upcoming meeting;
d. Election of the members of the Board of Directors; and
e. Appointment of External Auditor.

ALL the above items are part of the agenda of the annual meeting of FLI to be held on April 20, 2018 and are subject to the approval by the stockholders.

A. Approval of the minutes of the annual meeting of the stockholders held on April 21, 2017

The minutes of the annual stockholders' meeting held on April 21, 2017, copy of which is attached hereto as Annex "E", is the record of the matters taken up in the said meeting, including the certification of notice and quorum for the transaction of business.

B. Presentation of the President's Report and approval of the Audited Financial Statements for the year ended 2017

The audited financial statements refer to the financial operations, balance sheet and income statement of FLI for the period ended December 31, 2017.

C. General ratification of the acts of the Board of Directors, (including the Executive Committee) and the management from the date of the last annual meeting up to the date of the upcoming meeting

The general ratification of the acts of the Board of Directors, Executive Committee and management from the date of the last annual meeting up to the date of the upcoming meeting refers to the approval by the stockholders of all actions and matters taken up and approved by the Board of Directors, Board Committees (including the Executive Committee) and management during the said period. The list of the more important resolutions approved and adopted by the Board of Directors, Board Committees (including the Executive Committee) from the last annual stockholders' meeting to date is attached hereto as Annex "F".

D. Election of the members of the Board of Directors

In accordance with the Company's Revised Manual on Corporate Governance and By-Laws, the stockholders must elect the members of the Board of Directors of the Company, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified.

There will be an election of the members of the Board during the annual stockholders' meeting to serve for the year 2018 to 2019.

The nominees and their qualifications are discussed in Part I of this Information Statement.

E. Appointment of 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.

The appointment of External Auditor for 2018 is included in the agenda for the stockholders' meeting.

16. Matters Not Required To Be Submitted

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

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

There is no action to be taken at the annual stockholders' meeting with respect to any amendment of the Company's Articles of Incorporation or By-Laws.

18. Other Proposed Action

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

19. Voting Procedures

(a) *Vote required for approval.*

The approval of the minutes of the annual stockholders' meeting held on April 21, 2017 and the audited financial statements for the year ended 2017, the ratification of corporate acts, and the appointment of external auditor for 2018, shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

The voting procedure shall be as follows:

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

(b) *Method by which votes will be counted.* The vote on any item for consideration need not be by ballot, unless demanded by a stockholder or his proxy. On a vote by ballot, each ballot shall be signed by the stockholder voting, in his name or by his proxy if there be such proxy, and shall state the number of shares voted by the stockholder or proxy concerned. The ballots shall then be counted by the Corporate Secretary, with the assistance of representatives of the Company's external auditor, Sycip Gorres Velayo (SGV) & Co. which is an independent party. The results of the voting shall be announced after the counting.

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

The shares of FLI were listed on the Philippine Stock Exchange (PSE) in 1993. The following table shows, for the periods indicated, the high, low and period end closing prices of the shares as reported in the PSE.

		High	**Low**	**Period End**
2018	February 15, 2018	1.80	1.78	1.79
2017	4th Quarter	2.11	1.75	1.88
	3rd Quarter	2.25	1.67	2.03
	2nd Quarter	1.79	1.60	1.67

	1st Quarter	1.82	1.53	1.64
2016	4th Quarter	1.89	1.50	1.53
	3rd Quarter	2.04	1.82	1.83
	2nd Quarter	2.08	1.77	1.99
	1st Quarter	1.84	1.32	1.77

On February 15, 2018, FLI's shares closed at the price of P1.79 per share. The number of shareholders of record as of said date was 5,004. Common shares outstanding as of February 15, 2018 is 24,249,759,506.

Top 20 Stockholders (common shares) as of February 15, 2018:

NAME	NO. OF SHARES	% OF TOTAL
1. Filinvest Development Corporation	14,409,926,733	59.42%
2. PCD Nominee Corporation (Non-Filipino)	6,889,853,354	28.41%
3. PCD Nominee Corporation (Filipino)	2,641,837,350	10.89%
4. Phil. International Life Insurance	50,000,000	00.21%
5. Phil. International Life Insurance Co., Inc.	20,000,000	00.08%
6. Michael Gotianun	11,235,913	00.05%
7. Lucio W. Yan &/or Clara Y. Yan	10,687,500	00.04%
8. Joseph M. Yap &/or Josephine G. Yap	7,694,843	00.03%
9. Berck Y. Cheng	7,000,000	00.03%
10. Joseph M. Yap	6,444,115	00.03%
11. Executive Optical, Inc.	5,040,647	00.02%
12. R Magdalena Bosch	4,877,928	00.02%
13. Luis L. Fernandez	4,064,940	00.02%
14. Luis L. Fernandez Or Veronica P. Fernandez ITF Marco	4,064,940	00.02%
15. Luis Rodrigo P. Fernandez	4,064,940	00.02%
16. Luis L. Fernandez Or Veronica P. Fernandez ITF Carlo	4,064,940	00.02%
17. Enrique P. Fernandez	4,064,940	00.02%
18. Veronica P. Fernandez	4,064,940	00.02%
19. Team Gladiola, Inc.	3,828,000	00.02%
20. Emily Benedicto	3,468,750	00.01%

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

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

Recent Sale of Unregistered Securities

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

Declaration of Dividends

In 2017, FLI declared cash dividends to all stockholders of record as of May 21, 2017 in the amount of ₱0.0613 per share, broken down as follows: a) Regular Cash Dividend of ₱0.0430 per share; (b) Special Cash Dividend of ₱0.0183 per share. Payment date was set on June 14, 2017.

In 2016, FLI declared cash dividends to all stockholders of record as of May 22, 2016 in the amount of ₱0.061 per share, broken down as follows: a) Regular Cash Dividend of ₱0.041 per share; (b) Special Cash Dividend of ₱0.020 per share. Payment date was set on June 15, 2016.

In 2015, FLI declared cash dividends to all stockholders of record as of June 5, 2015 in the amount of ₱0.0560 per share, broken down as follows: (a) Regular Cash Dividend of ₱0.0373 per share; (b) Special Cash Dividend of ₱0.0187 per share. Payment date was set on July 1, 2015.

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

Compliance with Leading Practices on Corporate Governance

FLI is in substantial compliance with its Manual for Corporate Governance as demonstrated by the following: (a) the election of two (2) independent directors to the Board; (b) the appointment of members of the audit, nomination and compensation committees; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (e) FLI's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by FLI.

In order to keep itself abreast with the leading practices on corporate governance, FLI requires the members of the Board and top level management to attend and participate in seminars on corporate governance conducted by SEC accredited institutions.

FLI welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors, to improve corporate governance.

There is no known material deviation from FLI's Revised Manual on Corporate Governance.

UNDERTAKING: FLI will provide without charge printed copies of its Annual Report on SEC Form 17-A to its stockholders upon receipt of a written request addressed to Atty. Elma Christine R. Leogardo, Corporate Secretary, at the Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila.

PART II

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in the City of Mandaluyong on the 20th day of March 2018.

FILINVEST LAND, INC.

By:

ELMA CHRISTINE R. LEOGARDO
Corporate Secretary

ANNEX "A"

SECRETARY'S CERTIFICATE

I, **ELMA CHRISTINE R. LEOGARDO**, Filipino, of legal age, and with office address at the 6th Floor, Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, after having been duly sworn in accordance with law, hereby certify:

1. I am the Corporate Secretary of **FILINVEST LAND, INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila.

2. Based on the records of the Corporation, none of its incumbent directors and executive officers named in the Corporation's Information Statement (SEC Form 20-IS) for the Annual Stockholders' Meeting to be held on 20 April 2018 is connected and/or working in the government.

3. This Certification is being issued as an annex to the Information Statement (SEC Form 20-IS) of the Corporation in connection with its Annual Stockholders' Meeting for the year 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of March 2018 in Mandaluyong City, Metro Manila.

ELMA CHRISTINE R. LEOGARDO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 5th day of March 2018 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Driver's License No. N26-13-020722, bearing her photograph and signature, issued by the Land Transportation Office and valid until 26 October 2018.

Doc. No. 31 ;
Page No. 8 ;
Book No. 12 ;
Series of 2018.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-17 UNTIL DECEMBER 31, 2018
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 3388587; 1-3-18; MANDALUYONG
MCLE COMPLIANCE NO. IV - 0014673 14 APRIL 2019
METRO MART COMPLEX, MANDALUYONG CITY

File No. 1.4.3
FLI Certification 2018 IS/SPR

ANNEX "B"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, LAMBERTO U. OCAMPO, Filipino, of legal age and with address at Makati City, after having been duly sworn in accordance with the law do hereby declare that:

1. I am an Independent Director of Filinvest Land, Inc. and have been re-elected as such at the annual stockholders' meeting of Filinvest Land, Inc. held on April 21, 2017.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
DCCD Engineering Corporation	Director	1957 to Present
DCCD Engineering Corporation	President	1970-1990
DCCD Engineering Corporation	Chief Engineer, EED	1957-1990

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest Land, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following directors/officers/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A		

5. I disclose that I (together with the other members of the Board of Directors of Filinvest Land, Inc.) am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Complaint for Syndicated Estafa filed by Manila Paper Mills International, Inc. (MPMI) dated April 12, 2016	Department of Justice	Petition for Review pending after Complaint was dismissed by City Prosecutor of Dasmariñas for no probable cause

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and Other SEC issuances.

8. I shall inform the Corporate Secretary of Filinvest Land, Inc. of any changes in the above-mentioned information within five days from its occurrence.

MAR 07 2018
Done, this ____ day of March 2018 at Mandaluyong City.

LAMBERTO U. OCAMPO
Affiant

MAR 07 2018

SUBSCRIBED AND SWORN to before me this ________ day of March 2018 at Mandaluyong City, affiant personally appeared before me and exhibited to me his Senior Citizen's Blu Card with Control No. 30-229 issued on May 7, 2005 in Makati City.

Doc. No. 83 ;
Page No. 18 ;
Book No. 13 ;
Series of 2018.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-17 UNTIL DECEMBER 31, 2018
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 3388587; 1-3-18; MANDALUYONG
MCLE COMPLIANCE NO IV - 0014673 14 APRIL 2019
METRO MART COMPLEX, MANDALUYONG CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, VAL ANTONIO B. SUAREZ, Filipino, of legal age with postal office address at Unit 2111, BSA Suites, 103 C. Palanca Street, Legaspi Village, Makati City, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee for Independent Director of Filinvest Land, Inc. and have been an independent director since 2015.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Suarez & Reyes Law Offices	Managing Partner	2000 to Present
Lepanto Consolidated Mining Company	Independent Director Member, Executive Committee	2011 to Present
Filinvest Development Corporation	Independent Director, Member, Audit Committee	2014 to Present
Cyberzone Properties, Inc.	Independent Director	2017 to Present
Tayabas Resources Ventures Corporation	Director and Corporate Secretary	2003 to Present
Southeast Cable TV Corporation	Director and Corporate Secretary	2003 to Present
Asian Vision Cable Holdings Group	Corporate Secretary	2003 to Present
MFG Manille, Inc. (Girbaud Stores)	Corporate Secretary	2003 to Present
Ambassador Suarez Development Corp.	Chairman and President	2003 to Present
Five Karats Property Holdings, Inc.	Director and Treasurer	2003 to Present
Gendrugs, Inc.	Director and Treasurer	2008 to Present
Amun Ini Resort and Spa, Inc.	Director and Corporate Secretary	2010 to Present
Carmen's Best Dairy Products, Inc.	Director and Corporate Secretary	2011 to Present
Headland Road Capital, Inc.	Chairman and President	2012 to Present
Camiguin Gendrugs, Inc.	Director and President	2013 to Present
Francisco Ortigas Securities, Inc.	Corporate Secretary	2013 to Present
Avocado Broadband Telecoms, Inc.	Director and Corporate Secretary	2015 to Present
Gendrugs Distributors, Inc.	Director and Treasurer	2016 to Present
Cebu Gendrugs, Inc.	Director and Treasurer	2016 to Present
Chocohills Generics, Inc.	Director and Treasurer	2016 to Present
Vertere Global Solutions, Inc.	Chairman	2017 to Present
Vertere Venture Capital, Inc.	Director	2017 to Present
R&S Development Corporation	Director and Treasurer	2017 to Present
Financial Executives Institute of the Phils.	Member	2010 to Present
Integrated Bar of the Philippines- Makati Chapter	Member	1986 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Filinvest Land, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following direct/officer/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. I disclose that I (together with the other members of the Board of Directors of Filinvest Land, Inc.(FLI)) am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
Complaint for Syndicated Estafa filed by Manila Paper Mills International, Inc. (MPMII) dated April 12, 2016	Department of Justice	Petition for Review pending after Complaint was dismissed by City Prosecutor of Dasmariñas for no probable cause*

*In its Resolution dated November 16, 2016 ("Resolution"), the Office of the City Prosecutor of Dasmariñas ruled against MPMII, finding that there was no probable cause to charge the respondents and upholding the validity of FLI's titles to the property. MPMII then filed with the Secretary of Justice (SOJ) a Petition for Review dated February 21, 2017 questioning the Resolution. On March 21, 2017, the respondents who are directors and officers of FLI filed their Comment on the Petition. The petition is still pending resolution by the SOJ.

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Filinvest Land, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 13 2018 day of March 2018 at Makati City.

VAL ANTONIO B. SUAREZ
Affiant

MAR 13 2018

MAKATI CITY

SUBSCRIBED AND SWORN to before me this ______ day of March 2018 at Makati City, affiant personally appeared before me and exhibited to me his Passport No. EC3246678 issued on 23 January 2015 by DFA Manila.

Doc. No. 353;
Page No. 72;
Book No. XXXIV
Series of 2018.

FELIPE I. ILEDAN JR.
Notary Public for and in Makati City
Until Dec. 31, 2018, Appt. No. M-13
Roll No. 27625, TIN 136897808
Rm. 412, 4th Flr. VGP Center, Ayala, Makati City
2018 PTR No. 6949062 issued 12/6/2017, Mla.
IBP No. 974042; 8/12/14
MCLE Comp. V-0023610, 8/26/2016

ANNEX "C"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SECRegistrationNumber

1	7	0	9	5	7					

COMPANY NAME

FILINVEST LAND, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

79 EDSA, Brgy. Highway Hills, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,699	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

FILINVEST LAND, INC.

[illegible] Hills
Mandaluyong City, Metro Manila
Trunk line (632) 918-8188
[illegible] (632) 588-1688
Fax number (632) 918-4189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC. and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2017 and 2016**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAR 20 2018 affiant exhibiting to me his/her ________ as competent evidence of Identity.

LOURDES JOSEPHINE GOTIANUN-YAP
President/CEO

NELSON M. BONA
Chief Finance Officer

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-17 UNTIL DECEMBER 31, 2018
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 3386587; 1-3-18; MANDALUYONG
MCLE COMPLIANCE NO. IV - 0014672; 14 APRIL 2019
METRO MART COMPLEX, MANDALUYONG CITY

Signed this 8th day of March, 2018

Doc. No. 391;
Page No. 80;
Book No. 15;
Series of 2018;

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Group as at December 31, 2017 and 2016, and its financial performance and its cash flows for the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Real Estate Revenue under Percentage of Completion Method

The Group applies the percentage of completion (POC) method in determining real estate revenue and costs. The POC is based on physical completion of the real estate project. The cost of sales is determined on the basis of the total estimated costs applied with the POC of the project. The Group's real estate revenue and costs which is based on POC accounts for 54% of total consolidated revenue from real estate sales and 53% of the total consolidated cost of real estate sales, respectively, for the year ended December 31, 2017. The assessment of the physical stage of completion and the total estimated costs requires technical determination by management's project engineers. The assessment of the stage of completion and total estimated costs involves significant management judgment.

Refer to Note 3 to the consolidated financial statements for the disclosures about real estate revenue accounted for using POC method.

Audit Response

We obtained an understanding of the Group's processes for determining the POC, and for determining and updating of total estimated costs, and performed tests of the relevant controls over these processes. We obtained the certified POC reports prepared by the project engineers for mid-rise real estate developments and third party project engineers for high-rise real estate developments. We assessed the competence and objectivity of the engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of POC reports showing the completion of the major activities of the project construction. For selected projects, we also obtained the approved total estimated costs and any revisions thereto, including the supporting details.

Assessment of Goodwill

Under PFRS, the Group is required to test the amount of goodwill for impairment. As of December 31, 2017, the Group's goodwill attributable to Festival Supermall structure, Filinvest Asia Corporation, and Cyberzone Properties, Inc. which are considered significant to the consolidated financial statements amounted to ₱3,745.95 million, ₱494.74 million and ₱326.55 million, respectively. In addition, management's assessment process requires significant judgment and is based on assumptions, including revenue growth rates, gross margins, discount rates and terminal growth rates.

Refer to Notes 3 and 4 to the consolidated financial statements for the disclosures about goodwill.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth rates, gross margins, discount rates and terminal growth rates.

We compared the key assumptions used, such as revenue growth rate against the historical performance of the cash-generating units, and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dhonabee B. Señeres.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-1 (Group A),
June 30, 2015, valid until June 29, 2018
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 6621331, January 9, 2018, Makati City

February 28, 2018

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

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 18 and 29)	**₱7,576,090**	₱4,873,025
Contracts receivable (Notes 3, 7 and 29)	**4,535,296**	4,631,719
Other receivables (Notes 8 and 29)	**1,882,416**	1,426,369
Real estate inventories (Notes 3 and 9)	**33,455,903**	25,905,712
Other current assets (Notes 3 and 10)	**6,106,621**	5,234,008
Total Current Assets	**53,556,326**	42,070,833
Noncurrent Assets		
Contracts receivable - net of current portion (Notes 3, 7 and 29)	**12,690,696**	17,153,861
Land and land development (Notes 3 and 9)	**18,877,344**	17,594,754
Investment in associates (Notes 3 and 11)	**4,197,002**	4,046,789
Investment properties (Notes 3 and 12)	**44,321,475**	37,964,948
Property and equipment (Notes 3 and 13)	**3,408,312**	2,645,084
Deferred income tax assets (Notes 3 and 27)	**48,655**	23,714
Goodwill (Notes 3 and 4)	**4,567,242**	4,567,242
Other noncurrent assets (Notes 3 and 14)	**3,454,867**	3,358,007
Total Noncurrent Assets	**91,565,593**	87,354,399
TOTAL ASSETS	**₱145,121,919**	₱129,425,232
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 15 and 29)	**₱14,259,062**	₱9,297,660
Due to related parties (Notes 18 and 29)	**199,315**	243,736
Income tax payable	**49,219**	48,063
Current portion of loans payable (Notes 16, 25 and 29)	**3,661,118**	2,424,288
Total Current Liabilities	**18,168,714**	12,013,747
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 16, 25 and 29)	**19,647,418**	22,032,310
Bonds payable (Notes 17, 25 and 29)	**34,775,665**	28,796,051
Net retirement liabilities (Notes 3 and 23)	**517,929**	447,475
Deferred income tax liabilities - net (Note 27)	**5,298,440**	4,516,003
Other noncurrent liabilities (Notes 15 and 29)	**3,212,710**	2,207,009
Total Noncurrent Liabilities	**63,452,162**	57,998,848
	81,620,876	70,012,595

(Forward)

	December 31	
	2017	2016
Equity		
Common stock (Note 25)	**₱24,470,708**	₱24,470,708
Preferred stock (Note 25)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 25)	**(221,041)**	(221,041)
Retained earnings (Note 25)	**33,099,891**	29,015,356
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Remeasurement losses on retirement plan - net of tax (Note 23)	**(155,336)**	(158,973)
Share in other components of equity of an associate (Note 11)	**361,794**	361,794
Equity attributable to equity holders of the parent	**63,245,718**	59,157,546
Noncontrolling interests (Note 2)	**255,325**	255,091
Total Equity	**63,501,043**	59,412,637
TOTAL LIABILITIES AND EQUITY	**₱145,121,919**	₱129,425,232

See accompanying Notes to Consolidated Financial Statements

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2017	2016	2015
REVENUE			
Real estate sales (Note 3)	**₱13,748,423**	₱14,255,920	₱14,050,710
Rental and related services (Notes 12, 14 and 24)	**4,414,665**	3,384,182	2,952,759
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 11)	**350,213**	183,020	176,475
OTHER INCOME			
Interest income (Notes 6, 7, 18 and 21)	**935,302**	871,972	808,380
Others - net (Notes 18 and 22)	**821,048**	805,492	314,529
	20,269,651	19,500,586	18,302,853
COSTS			
Real estate sales (Notes 3 and 9)	**8,051,904**	8,322,274	8,132,153
Rental and related services (Notes 12, 13 and 14)	**999,057**	742,489	686,583
OPERATING EXPENSES			
General and administrative expenses (Note 19)	**1,879,135**	1,303,954	1,138,021
Selling and marketing expenses (Note 20)	**981,693**	1,204,804	1,088,705
INTEREST AND OTHER FINANCE CHARGES (Notes 16, 17 and 21)	**1,062,705**	1,072,664	883,756
	12,974,494	12,646,185	11,929,218
INCOME BEFORE INCOME TAX	**7,295,157**	6,854,401	6,373,635
PROVISION FOR INCOME TAX (Note 27)	**1,460,976**	1,503,615	1,275,071
NET INCOME	**₱5,834,181**	₱5,350,786	₱5,098,564
Net income attributable to:			
Equity holders of the parent	**₱5,685,394**	₱5,247,262	₱5,011,815
Noncontrolling interest	**148,787**	103,524	86,749
	₱5,834,181	₱5,350,786	₱5,098,564
Basic/Diluted Earnings Per Share (Note 26)	**₱0.23**	₱0.22	₱0.21

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2017	2016	2015
NET INCOME	**₱5,834,181**	₱5,350,786	₱5,098,564
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss			
Remeasurement gains (losses) on retirement plan, net of tax (Notes 23 and 27)	**3,637**	(36,625)	(7,106)
TOTAL COMPREHENSIVE INCOME	**₱5,837,818**	₱5,314,161	₱5,091,458
Total comprehensive income attributable to:			
Equity holders of the parent	**₱5,689,031**	₱5,210,637	₱5,004,709
Noncontrolling interest	**148,787**	103,524	86,749
	₱5,837,818	₱5,314,161	₱5,091,458

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent										
	Common Stock (Note 25)	Preferred Stock (Note 25)	Additional Paid-in Capital	Treasury Stock (Note 25)	Retained Earnings (Note 25)	Revaluation Reserve on Financial Assets at FVTOCI (Note 10)	Remeasurement Losses on Retirement Plan (Note 23)	Share in Other Components of Equity of an Associate (Note 11)	Total	Noncontrolling Interest	Total Equity
					For the Year Ended December 31, 2017						
Balances as of January 1, 2017	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱29,015,356**	**(₱2,619)**	**(₱158,973)**	**₱361,794**	**₱59,157,546**	**₱255,091**	**₱59,412,637**
Net income	–	–	–	–	**5,685,394**	–	–	–	**5,685,394**	**148,787**	**5,834,181**
Other comprehensive income	–	–	–	–	–	–	**3,637**	–	**3,637**	–	**3,637**
Total comprehensive income	–	–	–	–	**5,685,394**	–	**3,637**	–	**5,689,031**	**148,787**	**5,837,818**
Dividends declared (Note 25)	–	–	–	–	**(1,486,510)**	–	–	–	**(1,486,510)**	–	**(1,486,510)**
Dividend distribution to noncontrolling interest	–	–	–	–	–	–	–	–	–	**(146,000)**	**(146,000)**
Investment from noncontrolling interest	–	–	–	–	–	–	–	–	–	**21,951**	**21,951**
Acquisition of noncontrolling interest (Note 2)	–	–	–	–	**(114,349)**	–	–	–	**(114,349)**	**(24,504)**	**(138,853)**
Balances as of December 31, 2017	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱33,099,891**	**(₱2,619)**	**(₱155,336)**	**₱361,794**	**₱63,245,718**	**₱255,325**	**₱63,501,043**
					For the Year Ended December 31, 2016						
Balances as of January 1, 2016	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱25,247,329	(₱2,619)	(₱122,348)	₱361,794	₱55,426,144	₱271,117	₱55,697,261
Net income	–	–	–	–	5,247,262	–	–	–	5,247,262	103,524	5,350,786
Other comprehensive income	–	–	–	–	–	–	(36,625)	–	(36,625)	–	(36,625)
Total comprehensive income	–	–	–	–	5,247,262	–	(36,625)	–	5,210,637	103,524	5,314,161
Dividends declared (Note 25)	–	–	–	–	(1,479,235)	–	–	–	(1,479,235)	–	(1,479,235)
Dividend distribution to noncontrolling interest	–	–	–	–	–	–	–	–	–	(120,000)	(120,000)
Investment from noncontrolling interest	–	–	–	–	–	–	–	–	–	450	450
Balances as of December 31, 2016	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱29,015,356	(₱2,619)	(₱158,973)	₱361,794	₱59,157,546	₱255,091	₱59,412,637

(Forward)

	Attributable to Equity Holders of the Parent										
	Common Stock (Note 25)	Preferred Stock (Note 25)	Additional Paid-in Capital	Treasury Stock (Note 25)	Retained Earnings (Note 25)	Revaluation Reserve on Financial Assets at FVTOCI (Note 10)	Remeasurement Losses on Retirement Plan (Note 23)	Share in Other Components of Equity of an Associate (Note 11)	Total	Noncontrolling Interest	Total Equity
	For the Year Ended December 31, 2015										
Balances as of January 1, 2015	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱21,600,891	(₱2,619)	(₱115,242)	₱361,794	₱51,786,812	₱184,368	₱51,971,180
Net income	–	–	–	–	5,011,815	–	–	–	5,011,815	86,749	5,098,564
Other comprehensive income	–	–	–	–	–	–	(7,106)	–	(7,106)	–	(7,106)
Total comprehensive income	–	–	–	–	5,011,815	–	(7,106)	–	5,004,709	86,749	5,091,458
Dividends declared (Note 25)	–	–	–	–	(1,365,377)	–	–	–	(1,365,377)	–	(1,365,377)
Dividend distribution to noncontrolling interest	–	–	–	–	–	–	–	–	–	(100,000)	(100,000)
Investment from noncontrolling interest	–	–	–	–	–	–	–	–	–	100,000	100,000
Balances as of December 31, 2015	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱25,247,329	(₱2,619)	(₱122,348)	₱361,794	₱55,426,144	₱271,117	₱55,697,261

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱7,295,157**	₱6,854,401	₱6,373,635
Adjustments for:			
Interest income (Note 21)	**(935,302)**	(871,972)	(808,380)
Interest expense and amortization of transaction costs (Note 21)	**1,038,511**	1,034,036	858,751
Depreciation and amortization (Notes 5, 12, 13 and 14)	**769,461**	520,789	491,714
Equity in net earnings of associates (Note 11)	**(350,213)**	(183,020)	(176,475)
Dividend income	**–**	–	(4,048)
Net pension expense, net of contribution and benefits paid (Note 23)	**78,600**	56,008	34,981
Operating income before changes in operating assets and liabilities	**7,896,214**	7,410,242	6,770,178
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**4,559,588**	(2,330,309)	(2,482,924)
Other receivables	**(630,904)**	777,730	(244,915)
Real estate inventories	**(5,859,345)**	1,402,152	(998,156)
Other assets	**(669,372)**	(983,443)	(1,669,445)
Increase (decrease) in accounts payable and accrued expense	**5,665,098**	(2,400,741)	2,561,434
Cash generated from operations	**10,961,279**	3,875,631	3,936,172
Income taxes paid, including creditable withholding taxes	**(878,726)**	(562,696)	(591,945)
Interest received	**935,302**	871,972	810,368
Net cash provided by operating activities	**11,017,855**	4,184,907	4,154,595
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Land (Note 9)	**(1,859,946)**	(898,758)	(1,421,677)
Investment properties and property and equipment (Notes 12 and 13)	**(6,854,429)**	(6,353,151)	(4,058,991)
Investment in associate (Note 11)	**–**	(37,829)	–
Noncontrolling interest (Note 2)	**(138,853)**	–	–
Dividends received (Note 11)	**200,000**	155,225	10,727
Redemption of shares of stock (Note 14)	**–**	1	5,274
Net cash used in investing activities	**(8,653,228)**	(7,134,512)	(5,464,667)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Loans payable (Notes 16 and 29)	**3,225,000**	10,475,000	7,845,000
Bonds payable (Notes 17 and 29)	**6,000,000**	–	8,000,000
Payments of:			
Loans payable (Note 16)	**(4,370,198)**	(1,932,827)	(8,429,042)
Bonds payable (Note 17)	**–**	(3,000,000)	–
Cash dividend (Note 25)	**(1,486,510)**	(1,479,235)	(1,365,377)
Interest and transaction costs	**(2,861,384)**	(2,617,989)	(2,447,320)
Dividends paid to noncontrolling interest	**(146,000)**	(120,000)	(100,000)
Decrease in amounts due to related parties	**(44,421)**	(99,149)	(5,474)
Investment from noncontrolling interest	**21,951**	450	100,000
Net cash provided by financing activities	**338,438**	1,226,250	3,597,787
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,703,065**	(1,723,355)	2,287,715
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,873,025**	6,596,380	4,308,665
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱7,576,090**	₱4,873,025	₱6,596,380

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 with the expiration of its corporate life 50 years thereafter, and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, and Cavite, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On November 20, 2017, Filinvest Lifemalls Tagaytay, Inc. (FLTI), a wholly-owned subsidiary of the Parent Company was incorporated. Its primary purpose is to acquire by purchase, lease (except financial leasing), donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds in order to develop, conduct, operation, lease, and maintenance of retail and commercial space for rent, restaurants, function halls, amusement centers, movie or cinema theaters within the compound to premises of the shopping centers. FLTI has not started its commercial operations as of December 31, 2017.

On August 3, 2017, Realpros Philippines, Inc. (RPI), a wholly-owned subsidiary of the Parent Company was incorporated. Its primary purpose is to provide administrative support services and skills training primarily through the use of information technology, licensed software, and systems. RPI has started its commercial operations in November 2017.

On May 18, 2017, the Parent Company, and Cyberzone Properties, Inc. (CPI) and Filinvest Cyberparks, Inc. (FCI), subsidiaries of the Parent Company, subscribed to 53.0 million common shares of Pro-Excel Property Managers, Inc. (Pro-Excel). The resulting ownership interest of FLI, CPI and FCI in Pro-Excel after subscritption is 32.94%, 16.97% and 16.97%, respectively (see Note 2). Prior to the Group's subscription, Pro-Excel is 100% owned by Filinvest Alabang, Inc. (FAI), an associate of the Parent Company. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

On March 29, 2017, Proleads Philippines, Inc. (PPI), a wholly-owned subsidiary of the Parent Company was incorporated. Its primary purpose is to provide management, organizational, and other administrative services and training. PPI started its commercial operations in November 2017.

On February 7, 2017, Property Leaders International Limited (PLIL), a company limited by shares, was registered at the territory of the British Virgin Islands. PLIL has not started its commercial operations as of December 31, 2017.

On January 23, 2017, Filinvest Lifemalls Mimosa, Inc. (FLMI), a wholly-owned subsidiary of the Parent Company was incorporated. Its primary purpose is to acquire by purchase, lease except financial leasing, donation, or otherwise, and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds, nature and purpose and/or any interest or right therein. FLMI has not started its commercial operations as of December 31, 2017.

On January 23, 2017, Filinvest Cyberzone Mimosa, Inc. (FCMI), a wholly-owned subsidiary of the Parent Company was incorporated. Its primary purpose is to acquire by purchase, lease except financial leasing, donation or and hold for investment or otherwise deal in real estate of all kinds, nature, purpose and/or any interest or right therein. During the first quarter of 2017, FCMI started the construction of its first Business Process Outsourcing (BPO) Office, the Filinvest Cyberzone Mimosa Building 1.

On January 11, 2017, Dreambuilders Pro, Inc. (DPI), a wholly-owned subsidiary of the Parent Company was incorporated. Its primary purpose is to engage in and carry on a general construction business. DPI started its commercial operations in February 2017.

On February 11, 2016, FCGC Corporation (FCGCC) was incorporated to undertake the development of the Clark Green City Project under the Joint Venture Agreement with Bases Conversion and Development Authorities (BCDA). On March 16, 2016, Filinvest BCDA Clark, Inc. (FBCI), a joint venture company with BCDA, was incorporated to handle the development of the Clark Green City Project. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA. As of December 31, 2017, FCGCC and FBCI have not started commercial operations.

On March 31, 2016, Filinvest Mimosa, Inc. (FMI) was incorporated to enter into an agreement with Clark Development Corporation (CDC) for the lease of the Mimosa Leisure Estate. As of December 31, 2017, FMI is 47.5% owned by FLI, 47.5% owned by FDC and 5% by CDC. FMI started its commercial operations in June 2016.

On July 26, 2016, the SEC approved Whiluc Realty & Mgt., Inc.'s (Whiluc) application for increase in its authorized capital stock for which FLI subscribed in full and paid ₱124.69 million. On the same date, the SEC also approved the amendments of its corporate name and principal business address. Whiluc's new corporate name is Filinvest Lifemalls Corporation (FLC). Its primary purpose is to invest in, purchase, hold, and use, develop, lease, sell, assign, transfer mortgage, enjoy or otherwise dispose of, as may be permitted by law, all properties of every kind, nature and description and wherever situated, of any corporation.

On December 28, 2015, the Parent Company and FAI entered into a Deed of Assignment of Shares, wherein FAI agreed to sell its rights, title and interests in the 249,995 common shares of Festival Supermall, Inc. (FSI), with par value of ₱1.0 per share and equivalent to 100% ownership interest, to FLI for and in total consideration of ₱0.50 million. FSI is the property manager of Festival Supermall and other commercial centers of the Group. FSI also owns 60% equity interest in FSM Cinemas, Inc. which is engaged in theater operations. The transaction was accounted for using the pooling of interest method.

On April 15, 2015, FLI and Engie Services Philippines (ENGIE), entered into a joint venture agreement to establish Philippine DCS Development Corporation (PDDC). On July 31, 2015, PDDC was registered with the SEC to engage in the business of building and operating a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by ENGIE.

Approval of the Consolidated Financial Statements
The consolidated financial statements as of December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 were approved and authorized for issue by the Board of Directors (BOD) on February 28, 2018.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVTOCI) that are measured at fair value.

The Group's consolidated financial statements are presented in Philippine Peso (Peso), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand Pesos except as otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been presented in compliance with Philippine Financial Reporting Standards (PFRS). PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2017, 2016 and 2015 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**2017**	2016	2015
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	–
Filinvest BCDA Clark, Inc. (FBCI) [1]	Real estate developer	**55%**	55%	–
Cyberzone Properties, Inc. (CPI)	Leasing	**100%**	100%	100%
Filinvest Cyberparks, Inc.(FCI)	Leasing	**100%**	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Leasing	**100%**	–	–
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	–
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	–	–
Pro-Excel Property Managers, Inc. (Pro-Excel) [2]	Property management	**74%**	–	–
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	–	–
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas) [3]	Theater operator	**60%**	60%	60%

(Forward)

Subsidiaries	Nature of Business	**2017**	2016	2015
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%
Timberland Sports and Nature Club (TSNC) [4]	Recreational Sports and Natures Club	**97%**	92%	92%
Dreambuilders Pro, Inc. (DPI)	Construction	**100%**	–	–
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	–	–
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	–	–
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	–	–

1. *FBCI is owned indirectly through FCGCC.*
2. *The effective ownership interest of the Parent Company includes portion owned indirectly through CPI, FCI and FAI (see Note 1). The acquisition of Pro-Excel in 2017 was accounted for as a business combination under common control using the pooling of interest method. The retrospective adjustments resulting from this transaction are not material to the 2016 and 2015 financial position and results of operation of the Group.*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *TSNC was retroactively consolidated in compliance with PIC Q&A 2016-02 which took effect beginning January 1, 2016. In 2017, the Parent Company acquired noncontrolling interest in TSNC representing additional 5% ownership interest for a total consideration of ₱138.85 million.*

All of the Parent Company's subsidiaries were incorporated in the Philippines, except PLIL which was incorporated in British Virgin Islands. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

A subsidiary is an entity which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus of deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Noncontrolling Interest
Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

Business Combinations Involving Entities under Common Control
A business combination involving entities under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group. Common control business combinations are outside the scope of PFRS 3, *Business Combination*. The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions.

However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and Philippine Accounting Standards (PAS) which became effective beginning January 1, 2017. Unless otherwise stated, the new standards and amendments did not have any material impact to the Group.

- Amendment to PFRS 12, *Disclosure of Interests on Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The adoption of these amendments did not have any impact on the consolidated financial statements since the Group has no interest in other entities that is classified as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
  The amendments require an entity to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the required information in Note 29 to the consolidated financial statements. As allowed under the transition provisions of the amendments, the Group did not present comparative information for the year ended December 31, 2016.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  The Group applied the amendments retrospectively. However, the application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Future Changes in Accounting Policies
The Group will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of these standards to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendment is permitted.

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  As the Group has early adopted the first phase of PFRS 9 (2010 version) effective January 1, 2011, the adoption is not expected to have significant impact on the classification and measurement of the Group's financial assets and financial liabilities. The adoption will have an effect on the impairment methodology for the Group's financial assets and on the amount of its credit losses. The Group is currently assessing the impact of the new impairment methodology under this standard.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effectivity date.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation on International Financial Reporting Interpretations Committee (IFRIC) 22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019.

- PFRS 16, *Leases*
PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effectivity date.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*
  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Earlier application is permitted. The Group will perform an assessment in 2018 of the interpretation's impact on the Group's consolidated financial statements.

Interpretation with Deferred Effective Date

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*.

  Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Significant Accounting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in its statement of financial position based on a current and noncurrent classification. An asset is current when it is:

a. expected to be realized or intended to be sold or consumed in normal operating cycle;
b. held primarily for the purpose of trading;
c. expected to be realized within twelve (12) months after the reporting period; or

d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

a. it is expected to be settled in normal operating cycle;
b. it is held primarily for the purpose of trading;
c. it is due to be settled within twelve (12) months after the reporting period, or
d. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

Date of recognition

Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments

Financial assets and liabilities are recognized initially at fair value. The fair value of financial instruments that are actively traded in organized financial markets are determined by reference to quoted market bid prices at the close of the business at the reporting date.

Determination of fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions, reference to the current market value of another instrument which is substantially the same, and discounted cash flow analysis or other valuation models. In the absence of a reliable basis of determining fair value, investments in unquoted equity securities are carried at cost net of impairment, if any.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of income. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized.

For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification, Reclassification and Measurement of Financial Assets and Financial Liabilities

For purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a nonderivative and meets the definition of 'equity' for the issuer (under PAS 32), except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial instruments are 'debt instruments'.

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of income. The Group classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 28).

The Group may irrevocably elect, at initial recognition, to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost. As of December 31, 2017 and 2016, the Group has not made such designation.

Financial assets at FVTOCI
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Equity investments as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVTOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVTOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (see Notes 14 and 28).

Dividends earned on holding these equity instruments are recognized in the consolidated statement of income when the Group's right to receive the dividends is established in accordance with PAS 18, *Revenue*, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial assets at FVTPL
Debt instruments that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.
Equity investments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition.

The Group has no financial assets at FVTPL as of December 31, 2017 and 2016.

Reclassification of financial assets
The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities
Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Management may designate a financial liability at FVTPL upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

As of December 31, 2017 and 2016, the Group has no financial liability at FVTPL.

Financial liabilities at amortized cost
Financial liabilities are measured at amortized cost using the effective interest method, except for:

a. financial liabilities at fair value through profit or loss which are measured at fair value; and
b. financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Financial liabilities at amortized cost consist primarily of accounts payable and accrued expenses, loans payable, bonds payable and due to related parties (see Notes 15, 16, 17 and 18).

<u>Impairment of Financial Assets</u>
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses

that have not been incurred) discounted at the financial asset's original EIR (i.e. the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the Group financial assets with similar credit risk characteristics. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Real Estate Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development

Land and land development consists of properties for future development that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to subdivision lots and housing units for sale under "real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates

The Group's investment in associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the statement of income.

The Group's investments in associates as of December 31, 2017 and 2016 and its related percentage ownership follows:

Investee	% of ownership
FAI	20.0%
FMI	47.5%

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

The useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include goodwill, and build, transfer and operate (BTO) rights and development rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the consolidated statement of financial position, respectively.

Impairment of Nonfinancial Assets

The carrying values of investment in associates, property and equipment, investment properties and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

<u>Revenue and Income Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. In arrangements where the Group is acting as principal to its customers, revenue is recognized on a gross basis. However, if the Group is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Real Estate Sales
Revenue from sales of substantially completed projects where collectability of sales price is reasonably assured is accounted for using the full accrual method. The percentage-of-completion method is used to recognize revenue from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work. Real estate sales are recognized using the percentage of completion when: (a) the criteria of percentage of collection over the total selling price is met, (b) the project is beyond preliminary stage (i.e., engineering, design work, construction contract execution, site clearance and preparation, excavation and the building foundation are finished); and, (c) the project has license to sell.

Any excess of collections over the recognized receivables are included in the "Accounts payable and accrued expenses" account in the liabilities section of the consolidated statement of financial position.

Collections from accounts which are not yet qualified for revenue recognition are treated as customer deposits included in the "Accounts payable and accrued expenses" account in the consolidated statement of financial position.

Rental Income
Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Ticket and snack bar sales
Revenue from ticket sales, presented as part of 'Rental and related services' revenue, is recognized when theater services are completed and consumed and is presented net of amusement and cultural taxes. Revenue from snack bar sales is recognized when goods are actually sold to customers.

Advertising income and cinema rental
Advertising income as part of 'Rental and related services' revenue, is recognized upon showing of the commercials. Cinema rental is recognized when rental services are rendered.

Income from Forfeited Reservations and Collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income
Other income is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Cost of Real Estate Sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision lots and housing units and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

The cost of inventory recognized in profit or loss on sale is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable.

Commission Expense
Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expenses" account in the consolidated statement of income.

Retirement Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.
When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity
Common and Preferred Stock
The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares. The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock
Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Income Tax

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except;
(a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Operating Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Group as Lessee

Operating lease payments are recognized as an expense on a straight line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the

Group expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Any post year-end event up to the date of the auditor's report that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the consolidated financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements.

Real Estate Revenue Recognition
Selecting an appropriate revenue recognition method for a real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on sale which may be ascertained through the significance of the buyer's initial payments in relation to the total contract price; and,
- Stage of completion of the project development.

The Group has set a certain percentage of collection over the total selling price in determining buyer's commitment on the sale. It is when the buyer's investment is considered adequate to meet the probability criteria that economic benefits will flow to the Group. The Group also determines whether a project's percentage of completion is already considered beyond preliminary stage based the physical proportion of the contract of work.

Operating Lease Classification - The Group as Lessor
The Group has entered into various property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership on these properties hence classified as operating leases (see Note 24).

Operating Lease Commitments - The Group as Lessee
The Group has entered into land lease arrangements for its investment properties portfolio. The Group has determined that all significant risks and rewards of ownership are retained by the respective lessors and therefore account for these leases as operating lease (see Note 24).

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investments in associates, property and equipment, investment properties and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

If such indicators are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount.

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As at December 31, 2017 and 2016, the Group did not record impairment on any of its nonfinancial assets since there are no indications of impairment. The carrying values of the Group's nonfinancial assets (excluding goodwill) as of December 31 follow:

	2017	2016
	(In Thousands)	
Investments in associates (Note 11)	**₱4,197,002**	₱4,046,789
Investment properties (Note 12)	**44,321,475**	37,964,948
Property and equipment (Note 13)	**3,408,312**	2,645,084
Other current assets - net of short-term deposits (Note 10)	**5,960,156**	5,158,099
Other noncurrent assets - net of financial assets at FVTOCI (Note 14)	**3,439,197**	3,342,337

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 30).

Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Real Estate Revenue and Cost Recognition
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Revenue and cost recognized based on percentage of completion are as follows:

	2017	2016	2015
		(In Thousands)	
Real estate sales	**₱7,416,005**	₱7,039,930	₱9,039,666
Cost of real estate	**4,255,142**	4,250,291	5,161,094

Evaluation of Impairment of Financial Assets at Amortized Cost
The Group reviews financial assets at amortized cost, other than cash and cash equivalents, at each reporting date to assess whether an allowance for impairment should be recorded in the consolidated statements of income. If there is objective evidence that an impairment loss on financial assets at amortized cost, other than cash and cash equivalents, has been incurred, the carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income.

The Group maintains allowance for doubtful accounts based on the result of the individual and collective assessment. Under the individual assessment, impairment loss is determined as the difference between the receivables carrying balance and recoverable amount. Factors considered in individual assessment include payment history, account status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (customer type, payment history, account status and term) of the customers.

Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile adjusted on the basis of current observable data to reflect the effects of current conditions.

The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ, depending on the judgments and estimates made for the period.

The contracts receivables are collateralized by the corresponding real estate properties sold. In cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market prices.

The carrying values of financial assets at amortized cost, other than cash and cash equivalents amounted to ₱18.82 billion and ₱22.98 billion as of December 31, 2017 and 2016, respectively (see Note 29). The Group has an outstanding allowance for impairment loss on its other receivables amounting to ₱62.39 million and ₱57.44 million as of December 31, 2017 and 2016, respectively (see Notes 8 and 29).

Estimating NRV of Real Estate Inventories
The Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of December 31, 2017 and 2016, the carrying amount of real estate inventories amounted to ₱33.46 billion and ₱25.91 billion, respectively, and land and land development amounted to ₱18.88 billion and ₱17.59 billion, respectively (see Note 9).

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of CPI, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of 10 years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used in 2017 and 2016 was 10%. The growth rates used beyond the forecast period for different cash-generating units is 3%.

As of December 31, 2017 and 2016, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2017 and 2016 (see Note 4).

Estimating Retirement Liabilities
The determination of the Group's obligation and cost for retirement is dependent on selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions used are described in Note 23 and include, among others, discount rates and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the retirement obligations.

Retirement liabilities amounted to ₱517.93 million and ₱447.48 million as at December 31, 2017 and 2016, respectively. Retirement costs included under "General and administrative expenses" account amounted to ₱50.94 million, ₱56.33 million and ₱49.41 million in 2017, 2016 and 2015, respectively (see Notes 19 and 23).

Recognition of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱323.54 million and ₱174.82 million as of December 31, 2017 and 2016, respectively (see Note 27). The tax effect of the Group's carryforward benefits of NOLCO for which no deferred income tax assets were recognized amounted to ₱35.91 million and ₱10.47 million as of December 31, 2017 and 2016, respectively (see Note 27).

Fair Values of Financial Instruments
The preparation of consolidated financial statements in compliance with PFRS requires certain financial assets and financial liabilities to be measured at fair value and fair value disclosure of financial instruments, the determination of which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these financial assets and financial liabilities would affect directly the Group's consolidated statement of income and other comprehensive income (see Note 28).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2017 and 2016 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in CPI from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in CPI from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in CPI becoming wholly-owned subsidiary of the Parent Company.

The acquisition of the joint venture partner's interests was accounted for as business combination and resulted to recognition of goodwill amounting to ₱326.55 million.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall (the "Mall"), including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Cebu City, Cavite and Tagaytay City.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, which in certain respects, are measured similarly as net income in the consolidated financial statements.

The chief operating decision-maker has been identified as the Executive Committee. This committee reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report its results based on geographical segments because the Group currently operates only in the Philippines.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

The information about the financial position and results of operations of these business segments for the years ended December 31, 2017, 2016 and 2015 are summarized below (amounts in thousands).

	2017				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Revenue and other income except equity in net earnings of an associate:					
External	**₱16,569,120**	**₱4,352,123**	**₱20,921,243**	**(₱1,001,805)**	**₱19,919,438**
Inter-segment	**212,420**	**–**	**212,420**	**(212,420)**	**–**
	16,781,540	**4,352,123**	**21,133,663**	**(1,214,225)**	**19,919,438**
Equity in net earnings of associates	**350,213**	**–**	**350,213**	**–**	**350,213**
	₱17,131,753	**₱4,352,123**	**₱21,483,876**	**(₱1,214,225)**	**₱20,269,651**
Net income	**₱4,119,188**	**₱2,308,392**	**₱6,427,580**	**(₱593,399)**	**₱5,834,181**
Adjusted EBITDA	**₱5,755,479**	**₱3,590,868**	**₱9,346,347**	**(₱569,238)**	**₱8,777,109**
Segment assets	**₱108,687,267**	**₱37,599,443**	**₱146,286,710**	**(₱1,164,791)**	**₱145,121,919**
Less net deferred tax assets	**–**	**48,655**	**48,655**	**–**	**48,655**
Net segment assets	**₱108,687,267**	**₱37,550,788**	**₱146,238,055**	**(₱1,164,791)**	**₱145,073,264**
Segment liabilities	**₱57,488,139**	**₱24,000,102**	**₱81,488,241**	**₱132,635**	**₱81,620,876**
Less net deferred tax liabilities	**4,959,958**	**215,626**	**5,175,584**	**122,856**	**5,298,440**
Net segment liabilities	**₱52,528,181**	**₱23,784,476**	**₱76,312,657**	**₱9,779**	**₱76,322,436**
Cash flows provided by (used in):					
Operating activities	**₱8,554,746**	**₱4,319,873**	**₱12,874,619**	**(₱1,856,764)**	**₱11,017,855**
Investing activities	**(446,558)**	**(8,206,670)**	**(8,653,228)**	**–**	**(8,653,228)**
Financing activities	**(2,579,371)**	**2,916,071**	**336,700**	**1,738**	**338,438**

	2016				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	₱16,263,499	₱4,236,919	₱20,500,418	(₱1,182,852)	₱19,317,566
Inter-segment	177,441	–	177,441	(177,441)	–
	16,440,940	4,236,919	20,677,859	(1,360,293)	19,317,566
Equity in net earnings of associates	183,020	–	183,020	–	183,020
	₱16,623,960	₱4,236,919	₱20,860,879	(₱1,360,293)	₱19,500,586
Net income	₱4,124,988	₱2,180,681	₱6,305,669	(₱954,883)	₱5,350,786
Adjusted EBITDA	₱6,386,105	₱2,996,050	₱9,382,155	(₱1,117,321)	₱8,264,834
Segment assets	₱102,369,242	₱26,722,409	₱129,091,651	₱333,581	₱129,425,232
Less net deferred tax assets	908	22,806	23,714	–	23,714
Net segment assets	₱102,368,334	₱26,699,603	₱129,067,937	₱333,581	₱129,401,518
Segment liabilities	₱52,070,432	₱17,901,844	₱69,972,276	₱40,319	₱70,012,595
Less net deferred tax liabilities	4,386,981	–	4,386,981	129,022	4,516,003
Net segment liabilities	₱47,683,451	₱17,901,844	₱65,585,295	(₱88,703)	₱65,496,592
Cash flows provided by (used in):					
Operating activities	₱2,929,466	₱1,388,811	₱4,318,277	(₱133,370)	₱4,184,907
Investing activities	(1,223,628)	(5,910,884)	(7,134,512)	–	(7,134,512)
Financing activities	(663,731)	2,044,376	1,380,645	(154,395)	1,226,250

(Forward)

	2015				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of an associate:					
External	₱15,976,137	₱2,734,448	₱18,710,585	(₱584,207)	₱18,126,378
Inter-segment	140,836	–	140,836	(140,836)	–
	16,116,973	2,734,448	18,851,421	(725,043)	18,126,378
Equity in net earnings of associates	176,475	–	176,475	–	176,475
	₱16,293,448	₱2,734,448	₱19,027,896	(₱725,043)	₱18,302,853
Net income	₱3,810,611	₱1,681,264	₱5,491,875	(₱393,311)	₱5,098,564
Adjusted EBITDA	₱5,985,404	₱2,128,924	₱8,114,328	(₱541,698)	₱7,572,630
Segment assets	₱66,780,609	₱52,968,726	₱119,749,335	₱1,445,835	₱121,195,170
Less net deferred tax assets	–	12,677	12,677	–	12,677
Net segment assets	₱66,780,609	₱52,956,049	₱119,736,658	₱1,445,835	₱121,182,493
Segment liabilities	₱53,650,883	₱11,646,547	₱65,297,430	₱200,480	₱65,497,910
Less net deferred tax liabilities	3,265,723	–	3,265,723	137,117	3,402,840
Net segment liabilities	₱50,385,160	₱11,646,547	₱62,031,707	₱63,363	₱62,095,070
Cash flows provided by (used in):					
Operating activities	₱1,094,781	₱4,446,257	₱5,541,038	(₱1,386,443)	₱4,154,595
Investing activities	(1,355,563)	(4,109,104)	(5,464,667)	–	(5,464,667)
Financing activities	1,191,292	2,406,495	3,597,787	–	3,597,787

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statements of income:

	2017	2016	2015
		(In Thousands)	
Adjusted EBITDA	**₱8,777,109**	₱8,264,834	₱7,572,630
Depreciation and amortization (Notes 12, 13 and 14)	**(769,460)**	(520,789)	(491,714)
Operating profit	**8,007,649**	7,744,045	7,080,916
Interest and other finance charges (Note 21)	**(1,062,705)**	(1,072,664)	(883,756)
Equity in net earnings of an associate (Note 11)	**350,213**	183,020	176,475
Income before income tax	**₱7,295,157**	₱6,854,401	₱6,373,635

6. Cash and Cash Equivalents

This account consists of:

	2017	2016
	(In Thousands)	
Cash	**₱4,149,212**	₱3,615,924
Cash equivalents	**3,426,878**	1,257,101
	₱7,576,090	₱4,873,025

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱43.32 million, ₱25.08 million and ₱24.65 million in 2017, 2016 and 2015, respectively (see Note 21).

There is no cash restriction on the Group's cash and cash equivalents as at December 31, 2017 and 2016.

7. Contracts Receivable

This account consists of:

	2017	2016
	(In Thousands)	
Contracts receivable	**₱16,738,291**	₱21,246,602
Receivables from government and financial institutions	**487,701**	538,978
	17,225,992	21,785,580
Noncurrent portion of contracts receivable	**12,690,696**	17,153,861
	₱4,535,296	₱4,631,719

Contracts receivable are collectible over varying periods within two (2) to 10 years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱805.76 million, ₱754.57 million and ₱704.73 million in 2017, 2016 and 2015, respectively (see Note 21). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group has a mortgage insurance contract with Home Guaranty Corporation (HGC), a government insurance company for a retail guaranty line. As of December 31, 2017 and 2016, the contracts covered by the guaranty line amounted to ₱1.31 billion and ₱288.57 million, respectively, including receivables sold with buy back provisions. As of December 31, 2017 and 2016, the remaining unutilized guaranty line amounts to ₱2.57 billion and ₱3.88 billion, respectively.

On December 28, 2017, the Parent Company entered into an Agreement for Purchase of Receivables with a local bank. The bank agreed to buy the contracts receivable on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contracts receivables. In 2017, total proceeds from this transaction equivalent to the carrying value of the contracts receivable sold amounted to ₱1.07 billion.

8. Other Receivables

	2017	2016
	(In Thousands)	
Receivables from tenants	**₱730,590**	₱523,883
Advances to officers and employees	**437,279**	308,150
Receivables from buyers	**365,926**	116,515
Due from related parties (Notes 11 and 18)	**233,504**	413,909
Receivables from homeowners' associations	**82,941**	72,139
Others	**94,569**	49,210
	1,944,809	1,483,806
Less: Allowance for doubtful accounts	**62,393**	57,437
	₱1,882,416	₱1,426,369

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within a year. Allowance for doubtful accounts related to tenants' accounts specifically determined to be impaired amounted to ₱25.13 million and ₱20.18 million as of December 31, 2017 and 2016, respectively. Provision for doubtful accounts recorded in 2017 and 2016 amounted to ₱4.96 million and ₱0.20 million, respectively. Reversal of provision for doubtful accounts in 2015 amounted to ₱3.84 million.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from buyers" mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association. Allowance for doubtful accounts related to these receivables, determined using collective impairment assessment, amounted to ₱37.26 million as of December 31, 2017 and 2016, respectively. Reversal of provision for doubtful accounts in 2017 and 2016 amounted to nil and ₱58.75 million, respectively. Provision for doubtful accounts in 2015 amounted ₱10.00 million.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

Below is the movement of the allowance for doubtful accounts:

	2017	2016
	(In Thousands)	
Balance at beginning of year	**₱57,437**	₱115,988
Provisions (Note 19)	**4,956**	199
Reversal of provisions (Note 19)	**–**	(58,750)
Balance at end of year	**₱62,393**	₱57,437

9. Real Estate Inventories and Land and Land Development

A summary of the movement in subdivision lots and housing units for sale is set out below:

	2017	2016
	(In Thousands)	
Balance at beginning of year	**₱25,905,712**	₱25,239,416
Land costs transferred from land and land development	**983,252**	1,338,093
Construction/development costs incurred	**13,911,249**	6,920,122
Capitalized borrowing costs	**707,594**	730,355
Cost of real estate sales	**(8,051,904)**	(8,322,274)
	₱33,455,903	₱25,905,712

Capitalization rate for the capitalized borrowing costs is 2%, 3% and 1% in 2017, 2016 and 2015, respectively.

A summary of the movement in land and land development is set out below:

	2017	2016
	(In Thousands)	
Balance at beginning of year	**₱17,594,754**	₱17,743,353
Land acquisitions	**2,384,514**	1,139,660
Land costs transferred to real estate inventories	**(983,252)**	(1,338,093)
Transfers to investment property (Note 12)	**(134,392)**	(171,916)
Site development and incidental costs	**15,720**	221,750
	₱18,877,344	₱17,594,754

As of December 31, 2017 and 2016, additions to land and land development which remain outstanding amounted to ₱1.06 billion and ₱536.98 million, respectively, and are recognized as part of "Accounts payable and accrued expense" (see Note 15).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱19.37 million, ₱36.73 million and ₱57.09 million for the years ended December 31, 2017, 2016 and 2015, respectively. Capitalization rate is 2.5%, 0.1% and 0.3% in 2017, 2016 and 2015, respectively.

In February 2009, the Parent Company signed an agreement with the Cebu City Government to develop 50.6 hectares of the South Road Properties, a 300-hectare reclaimed land project located in Cebu City (see Note 30). The agreement involves:

(a) purchase by the Parent Company of 10.6 hectares of the property to be developed into a modern urban center consisting of residential, office, commercial, hotel and leisure buildings and a public promenade which is a one kilometer long waterfront lifestyle strip that will offer a range of seaside leisure activities. The property was fully paid in 2015. Payments made to the Cebu City Government in 2015 amounted to ₱141.80 million (see Note 12).

(b) development of the remaining 40 hectares of the property under a profit-sharing arrangement with the Cebu City Government. The profit sharing of the Parent Company and the Cebu City Government is 90% and 10%, respectively. The 40 hectares will be developed in four (4) phases over a 20-year period, with the Group contributing the development costs, as well as the marketing and management services.

In 2015, the Parent Company, CPI and FAI acquired additional 19.2 hectares of South Road Properties from Cebu City Government for a total consideration of ₱3.38 billion plus interest (including ₱1.69 billion attributable to lots assigned to FAI). Of this amount, ₱2.35 billion has been paid as of December 31, 2017. Lots assigned to the Parent Company are included as part of land and land development, while lots assigned to CPI are included as part of investment properties as of December 31, 2017 and 2016 (see Notes 12 and 30).

As of December 31, 2015, the Group is committed to pay land acquisition costs amounting to ₱249.64 million (nil as of December 31, 2017 and 2016).

10. Other Current Assets

This account consists of:

	2017	2016
	(In Thousands)	
Input taxes	**₱2,431,265**	₱2,437,391
Advances to contractors and suppliers	**1,860,497**	1,687,198
Prepaid expenses	**981,076**	521,452
Creditable withholding taxes	**613,790**	438,946
Short-term deposits (Note 29)	**146,465**	75,909
Construction materials and supplies	**73,528**	73,112
	₱6,106,621	₱5,234,008

"Input taxes" pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts.

"Prepaid expenses" include commissions paid to brokers relating to the sales of real estate inventories which do not qualify yet for revenue recognition. Such amount will be recognized as expense when the qualification for recognition has been met for the related revenue.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

11. Investment in Associates

This account consists of:

	2017	2016
	(In Thousands)	
At equity:		
Acquisition cost		
Balance at the beginning of year	**₱837,829**	₱800,000
Additions for the year	–	37,829
Balance at end of year	**837,829**	837,829
Accumulated equity in net earnings:		
Balance at the beginning of year	**970,744**	1,102,949
Equity in net earnings for the year	**350,213**	183,020
Dividend declaration	**(200,000)**	(315,225)
Balance at end of year	**1,120,957**	970,744
Share in revaluation increment on land at deemed cost	**1,876,422**	1,876,422
Share in other components of equity	**361,794**	361,794
	₱4,197,002	₱4,046,789

FAI

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums, and land. FAI is also involved in leasing of commercial real estate and marketing. In 2015, the management of the Mall and theater operations was transferred to FLI (see Note 1).

Dividends declared by FAI for the years ended December 31, 2017, 2016 and 2015, and the corresponding share of the Group are as follows:

Year	Total Dividends Declared	Share in Dividends	Dividend Receivable*
		(In Thousands)	
2017	**₱1,000,000**	**₱200,000**	**₱160,000**
2016	1,576,127	315,225	160,000
2015	33,394	6,679	–

**Presented as part of "Other receivables" in the consolidated statement of financial position (see Note 8).*

Summarized financial information and reconciliation of investment in FAI is as follows:

	2017	2016
	(In Thousands)	
Current assets	**₱19,005,807**	₱17,363,181
Noncurrent assets	**20,304,817**	20,473,690
Total assets	**39,310,624**	37,836,871
Current liabilities	**6,668,023**	6,388,542
Noncurrent liabilities	**8,865,436**	8,311,370
Total liabilities	**15,533,459**	14,699,912
Equity	**₱23,777,165**	₱23,136,959
Proportion of the Group's ownership	**20%**	20%

(Forward)

	2017	2016
	(In Thousands)	
Equity in net assets of associate	**₱4,755,433**	₱4,627,392
Less upstream sales	**580,216**	594,797
Carrying amount of the investment	**₱4,175,217**	₱4,032,595
Revenue and other income	**₱4,920,750**	₱3,249,259
Cost and other expenses	**(2,158,797)**	(1,589,010)
Depreciation	**(184,729)**	(184,729)
Interest expense	**(83,682)**	(71,639)
Interest income	**7,191**	8,451
Income before tax	**2,500,733**	1,412,332
Income tax expense	**751,586**	415,080
Net income for the year	**₱1,749,147**	₱997,252
Group's equity in net earnings of associate	**₱349,830**	₱199,450

FMI

In 2016, FMI was incorporated and operating in the Philippines and handles the lease of the Mimosa Leisure Estate. The Parent Company subscribed for 47.5% of FMI's capital stock amounting to ₱37.83 million (see Note 1). For the years ended December 31, 2017 and 2016, share in net earnings (losses) of FMI amounted to ₱0.38 million and (₱16.43 million), respectively.

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2017 and 2016.

12. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2017				
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Total
	(In Thousands)				
Cost					
Balances at beginning of year	₱12,656,000	₱23,219,234	₱81,976	₱5,765,253	₱41,722,463
Additions	347,415	1,051,896	13,778	5,371,260	6,784,349
Transfers (Note 9)	134,392	446,647	–	(446,647)	134,392
Balances at end of year	13,137,807	24,717,777	95,754	10,689,866	48,641,204
Accumulated Depreciation					
Balances at beginning of year	–	3,713,955	43,560	–	3,757,515
Depreciation (Note 19)	–	548,264	13,950	–	562,214
Balances at end of year	–	4,262,219	57,510	–	4,319,729
Net Book Value	₱13,137,807	₱20,455,558	₱38,244	₱10,689,866	₱44,321,475

	2016				
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Total
			(In Thousands)		
Cost					
Balances at beginning of year	₱12,371,425	₱21,202,991	₱67,677	₱1,673,827	₱35,315,920
Additions	112,659	2,016,243	14,299	4,091,426	6,234,627
Transfers (Note 9)	171,916	–	–	–	171,916
Balances at end of year	12,656,000	23,219,234	81,976	5,765,253	41,722,463
Accumulated Depreciation					
Balances at beginning of year	–	3,291,339	43,560	–	3,334,899
Depreciation (Note 19)	–	422,616	–	–	422,616
Balances at end of year	–	3,713,955	43,560	–	3,757,515
Net Book Value	₱12,656,000	₱19,505,279	₱38,416	₱5,765,253	₱37,964,948

As of December 31, 2017 and 2016, land includes South Road Properties acquired from Cebu City Government in 2015 (see Notes 9 and 30).

Borrowing costs capitalized as part of investment properties amounted to ₱1.13 billion, ₱827.80 million and ₱901.62 million in 2017, 2016 and 2015, respectively. Capitalization rate used ranges from 1.6% to 5.1% in 2017 and 2016, and 2.0% to 5.1% in 2015.

As of December 31, 2017 and 2016, additions to investment properties which remain outstanding amounted to ₱305.52 million and ₱281.59 million, respectively, and are recognized as part of "Accounts payable and accrued expense" (see Note 15).

The aggregate fair value of the Group's investment properties amounted to ₱63.59 billion and ₱57.73 billion as of December 31, 2017 and 2016, respectively, based on the income approach using discounted cash flow analysis for land and buildings (see Note 28). The values used by the Group are based on a third party appraisals performed in 2010 and 2015 and were updated using December 31, 2017 and 2016 year-end values and assumptions.

In the market data approach, the value of investment properties is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires establishing comparable property by reducing reasonable comparative sales and listing to a common denominator. This is done by adjusting the difference between the subject properties and those actual sales and listing regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject properties.

While in the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Rental income from investment properties amounted to ₱4.29 billion, ₱3.30 billion, and ₱2.94 billion in 2017, 2016 and 2015, respectively. Cost of rental services arising from investment properties is as follows:

	2017	2016	2015
		(In Thousands)	
Depreciation	**₱479,173**	367,658	₱317,430
Mall operations	**391,627**	278,904	278,588
Others	**78,657**	81,102	83,349
	₱949,457	₱727,664	₱679,367

Others pertain to cost of ticket sales and snack bar sales. The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants. In 2017, 2016 and 2015 depreciation expense recognized as part of "Rental and related services" revenue amounted to ₱83.04 million, ₱39.16 million and ₱70.19 million, respectively (see Note 22).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2017						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱1,981,230**	**₱495,992**	**₱143,716**	**₱117,152**	**₱80,116**	**₱468,627**	**₱3,286,833**
Additions	**818,449**	**72,639**	**16,890**	**6,623**	**4,536**	**1,906**	**921,043**
Disposals	**–**	**–**	**–**	**(14,087)**	**–**	**–**	**(14,087)**
Balances at end of year	**2,799,679**	**568,631**	**160,606**	**109,688**	**84,652**	**470,533**	**4,193,789**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**130,411**	**291,450**	**90,833**	**84,777**	**44,278**	**–**	**641,749**
Depreciation and amortization (Note 19)	**77,597**	**50,993**	**14,438**	**3,171**	**11,448**	**–**	**157,647**
Disposals	**–**	**–**	**–**	**(13,919)**	**–**	**–**	**(13,919)**
Balances at end of year	**208,008**	**342,443**	**105,271**	**74,029**	**55,726**	**–**	**785,477**
Net Book Value	**₱2,591,671**	**₱226,188**	**₱55,335**	**₱35,659**	**₱28,926**	**₱470,533**	**₱3,408,312**

	2016						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱1,759,794	₱442,915	₱110,303	₱127,891	₱48,441	₱67,781	₱2,557,125
Additions	221,436	53,077	33,413	8,083	31,675	400,846	748,530
Disposals/Transfer	–	–	–	(18,822)	–	–	(18,822)
Balances at end of year	1,981,230	495,992	143,716	117,152	80,116	468,627	3,286,833
Accumulated Depreciation and Amortization							
Balances at beginning of year	110,509	263,101	80,499	82,943	40,170	–	577,222
Depreciation and amortization (Note 19)	19,902	28,349	10,334	20,656	4,108	–	83,349
Disposals	–	–	–	(18,822)	–	–	(18,822)
Balances at end of year	130,411	291,450	90,833	84,777	44,278	–	641,749
Net Book Value	₱1,850,819	₱204,542	₱52,883	₱32,375	₱35,838	₱468,627	₱2,645,084

As of December 31, 2017 and 2016, cost of fully depreciated property and equipment still used in operations amounted to ₱16.55 million and ₱14.66 million, respectively.

14. **Other Noncurrent Assets**

This account consists of:

	2017	2016
	(In Thousands)	
BTO rights (Note 30)	**₱2,494,046**	₱1,846,748
Deposits	**465,963**	985,612
Advances to joint venture partners	**333,075**	331,517
Financial assets at FVTOCI (Notes 28 and 29)	**15,670**	15,670
Other assets (Note 30)	**217,753**	200,500
	3,526,507	3,380,047
Less accumulated amortization	**71,640**	22,040
	₱3,454,867	₱3,358,007

"BTO rights" pertain to the cost related to the Build, Transfer and Operate agreement with The Province of Cebu (Cebu Province) entered into on March 26, 2012. The BTO project relates to the development, construction and operation of Business Process Outsourcing (BPO) Complex by the Group at the land properties owned by Cebu Province located at Salinas, Lahug Cebu City (see Note 30). As of December 31, 2017 and 2016, cost of completed portion of the BTO project amounted to ₱1.21 billion and ₱1.20 billion, respectively. The rollforward analysis of BTO rights as of December 31 follows:

	2017	2016
	(In Thousands)	
Cost		
Balance at beginning of year	**₱1,868,788**	₱1,459,400
Additions	**625,258**	387,348
Balance at end of year	**2,494,046**	1,846,748
Accumulated Amortization		
Balance at beginning of year	**22,040**	7,215
Amortization	**49,600**	14,825
Balance at end of year	**71,640**	22,040
Net Book Value	**₱2,422,406**	₱1,824,708

Related amortization was recognized as part of "Cost of rental and related services". Rent income amounting to ₱117.13 million, ₱85.23 million and ₱17.11 million in 2017, 2016 and 2015, respectively, was recognized as part of "Revenue from rental and related services".

"Deposits" include advances to sellers for the purchase of raw land prior to issuance of Contract to Sell. These also include utility and security deposits.

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in consolidated statements of financial position.

"Financial assets at FVTOCI" consist of quoted and unquoted shares of stock amounting to ₱9.48 million and ₱6.20 million, respectively.

Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. These investments are carried at cost less accumulated impairment, if any.

In 2016 and 2015, the Group's unquoted shares of stock amounting to ₱0.001 million and ₱5.34 million, respectively were redeemed (none redeemed in 2017). Dividends received from unquoted shares amounted to ₱4.05 million in 2015 (nil in 2017 and 2016, see Note 22).

"Other assets" includes the fee paid by the Parent Company to a third party for the assignment of the developmental rights for another BTO project in Cebu (see Note 30).

15. Accounts Payable and Accrued Expenses

This account consists of:

	2017			2016		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
			(In Thousands)			
Accounts payable	**₱7,129,000**	**₱225,162**	**₱7,354,162**	₱3,358,258	₱100,877	₱3,459,135
Retention fees payable	**1,580,742**	**952,966**	**2,533,708**	1,277,895	761,596	2,039,491
Advances and deposits from customers	**2,657,083**	**–**	**2,657,083**	2,177,291	–	2,177,291
Deposits for registration	**160,571**	**1,149,661**	**1,310,232**	158,224	1,132,861	1,291,085
Deposits from tenants	**324,247**	**882,406**	**1,206,653**	747,077	211,675	958,752
Accrued expenses	**1,308,258**	**–**	**1,308,258**	613,193	–	613,193
Accrued interest on bonds and loans (Notes 16 and 17)	**293,868**	**–**	**293,868**	292,062	–	292,062
Other payables	**805,293**	**2,515**	**807,808**	673,660	–	673,660
	₱14,259,062	**₱3,212,710**	**₱17,471,772**	₱9,297,660	₱2,207,009	₱11,504,669

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 9 and 12). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Advances and deposits from customers" include collections from accounts which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized receivables on sale of real estate inventories.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others.

"Other payables" pertain mainly to withholding taxes, output VAT payables and deferred rental income.

16. Loans Payable

This account consists of:

	2017	2016
	(In Thousands)	
Developmental loans from local banks	**₱23,358,184**	₱24,503,382
Less unamortized transaction costs	**49,648**	46,784
	23,308,536	24,456,598
Less current portion of loans payable	**3,661,118**	2,424,288
Long-term portion of loans payable	**₱19,647,418**	₱22,032,310

Developmental Loans from Local Banks
Developmental loans from local banks will mature on various dates up to 2024. These Peso-denominated loans bear floating interest rates equal to 91-day PDST-F rate, plus a spread of 1% per annum, prevailing market rate, or fixed interest rates of 4.20% to 6.39% per annum. Additional loans availed by the Group in 2017, 2016 and 2015 amounted to ₱3.23 billion, ₱10.48 billion and ₱7.85 billion, respectively. Principal payments made in 2017, 2016 and 2015 amounted to ₱4.37 billion, ₱1.93 billion and ₱8.43 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱1.07 billion, ₱753.43 million, and ₱847.36 million for the years ended December 31, 2017, 2016, and 2015, respectively.

Amortization of transaction costs amounted to ₱17.74 million, ₱4.75 million and ₱11.17 million in 2017, 2016 and 2015, respectively and included under "Interest and other financing charges" (see Note 21).

The Group's loans payable are unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

As of December 31, 2017 and 2016, the Group has complied with these contractual agreements and has not been cited as in default on its outstanding loan obligations.

17. Bonds Payable

a. On June 8, 2012, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion and term of seven (7) years from the issue date. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 8, 2012.

   Unamortized debt issuance cost on bonds payable amounted to ₱20.50 million and ₱32.60 million as of December 31, 2017 and 2016, respectively. Accretion in 2017, 2016 and 2015 included as part of 'Interest and other finance charges' amounted to ₱13.18 million, ₱4.04 million and ₱12.09 million, respectively (see Note 21).

b. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014.

   Unamortized debt issuance cost on bonds payable amounted to ₱35.33 million and ₱45.91 million of December 31, 2017 and 2016, respectively. Accretion in 2017, 2016 and 2015 included as part of 'Interest and other finance charges' amounted to ₱10.58 million, ₱11.16 million and ₱11.70 million, respectively (see Note 21).

c. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱42.27 million and ₱53.21 million as of December 31, 2017 and 2016, respectively. Accretion in 2017, 2016 and 2015 included as part of "Interest and other finance charges" amounted to ₱10.94 million ₱11.58 million and ₱12.16 million, respectively (see Note 21).

d. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱62.40 million and ₱72.23 million as of December 31, 2017 and 2016, respectively. Accretion in 2017, 2016 and 2015 included as part of "Interest and other finance charges" amounted to ₱10.71 million, ₱11.03 million and ₱1.09 million, respectively (see Note 21).

e. On July 7, 2017, CPI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017.

   Unamortized debt issuance cost on bonds payable amounted to ₱63.83 million as of December 31, 2017. Accretion in 2017 included as part of "Interest and other finance charges" amounted to ₱6.34 million (see Note 21).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.76 billion, ₱1.82 billion and ₱1.49 billion for the years ended December 31, 2017, 2016 and 2015, respectively.

These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for CPI bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2017 and 2016, the Group is not in breach of any of these debt covenants.

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2017				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱4,820,471**	**₱4,820,471**	0.50% to 4.50%	No impairment	18 (a)
Interest income	**5,953**	–			
	₱4,826,424	**₱4,820,471**			
Ultimate Parent	**(₱1,288)**	**₱444**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	18 (b)
Associates					
Dividends (Note 11)	**200,000**	**160,000**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	18 (d)
Share in common expenses	**3,411**	–			
	203,411	**160,000**			
Affiliates					
Share in common expenses	**24,778**	**47,494**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	18 (e)
Other income	**25,566**	**25,566**			18 (a)
	50,344	**73,060**			
Due from related parties	**₱252,467**	**₱233,504**			
Parent					
Share in Group expenses	**₱13,162**	**(₱88,516)**	Noninterest-bearing, payable on demand	Unsecured	18 (c)
Management and marketing income	**2,773**	–	Noninterest-bearing, payable on demand	Unsecured	
	15,935	**(88,516)**			
Associate					
Rent	**136,872**	**(15,932)**	Noninterest-bearing, payable on demand	Unsecured	18 (d)
Management fee	**4,786**	–	Noninterest-bearing, payable on demand	Unsecured	
Marketing income	–	–	Noninterest-bearing, payable on demand	Unsecured	
Share in other expenses	**62,554**	**(46,622)**	Noninterest-bearing, payable on demand	Unsecured	
	204,212	**(62,554)**			
Affiliates	**20,075**	**(48,245)**	Noninterest-bearing, payable on demand	Unsecured	18 (e)
Due to related parties	**₱240,222**	**(₱199,315)**			

	2016				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱2,601,016	₱2,601,016	0.50% to 4.50%	No impairment	18 (a)
Interest income	12,170	–			
Other income	1,374	–			
	₱2,614,560	₱2,601,016			
Ultimate Parent	₱311	₱1,732	Noninterest-bearing, collectible on demand	Unsecured, no impairment	18 (b)
Associates					
Dividends (Note 11)	315,225	160,000	Noninterest-bearing, collectible on demand	Unsecured, no impairment	18 (d)
Share in common expenses	551	551			
	315,776	160,551			
Affiliates					
Finishing contract fees	45,473	210,632	Noninterest-bearing, collectible on demand	Unsecured, no impairment	18 (e)
Share in common expenses	14,070	40,994			
	59,543	251,626			
Due from related parties	₱375,630	₱413,909			
Parent					
Share in Group expenses	₱55,376	(₱78,502)	Noninterest-bearing, payable on demand	Unsecured	18 (c)
Management and marketing income	37,407	–	Noninterest-bearing, payable on demand	Unsecured	
	92,783	(78,502)			
Associates					
Rent	117,351	(15,818)	Noninterest-bearing, payable on demand	Unsecured	18 (d)
Management fee	269	–	Noninterest bearing, payable on demand	Unsecured	
Marketing income	1,443	–	Noninterest-bearing, payable on demand	Unsecured	
Share in other expenses	104,676	(86,560)	Noninterest-bearing, payable on demand	Unsecured	
	223,739	(102,378)			
Affiliates	1,459,648	(62,856)	Noninterest-bearing, payable on demand	Unsecured	18 (e)
Due to related parties	₱1,776,170	(₱243,736)			

a. *Transactions with bank under common control of the ultimate parent (EW)*
   On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

   Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

   For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱52.30 million and ₱49.32 million as of December 31, 2017 and 2016, respectively, are maintained with EW (see Note 23). The Group also maintains cash and cash equivalents with EW.

b. *Transactions with Ultimate Parent (ALG)*
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. *Transactions with Parent Company (FDC)*
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 22).

d. *Transactions with an Associate (FAI)*
In 2013, the Parent Company purchased from FAI a parcel of land located at Alabang, Muntinlupa City for a total purchase price of ₱603.40 million. As of December 31, 2017 and 2016, outstanding liability amounted to ₱300.85 million on and ₱325.83 million, respectively. In 2015, the Parent Company has completed the development project of the first tower on this property.

Due from associate include receivable for the transfer of equipment, furniture and fixtures and inventories to an affiliate for the start-up of operations. Other transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, share of expenses and commission charges. The account also includes dividend receivable amounting to ₱160.00 million from the dividend declared by FAI both in 2017 and 2016. (see Note 11).

e. *Transactions with Affiliates*
In 2007, the Parent Company entered into a development agreement with GCK Realty Corporation (GCK), an affiliate. The agreement provides that the Parent Company shall undertake the construction of a condominium building on the land owned by GCK located in Kamputhaw, Cebu City. The agreement further provides that the Parent Company shall shoulder all costs and expenses necessary and incidental to the construction of the building. The saleable condominium units forming part of the building as developed shall be allocated between the Parent Company and GCK on a 92% and 8% sharing, respectively.

GCK shall pay the Parent Company management fee and the reimbursable commissions paid by the Parent Company to the brokers based on certain percentage of the gross selling price of the units owned by GCK. The Parent Company shall likewise set aside an amount equivalent to a certain percentage of all collections received from the sale of units of GCK for expenses related to maintenance and upkeep of the building. In 2010, the Parent Company started to remit sales on the sold units belonging to GCK.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱31.00 million, ₱30.77 million and ₱28.74 million in 2017, 2016 and 2015, respectively. Post-employment benefits of key management personnel amounted to ₱0.68 million and ₱9.44 million in 2017 and 2015, respectively (nil in 2016).

19. General and Administrative Expenses

The account consists of:

	2017	2016	2015
		(In Thousands)	
Salaries, wages and employee benefits	**₱609,098**	₱389,756	₱295,395
Taxes and licenses	**261,832**	154,045	142,213
Outside services	**142,772**	102,803	86,697
Repairs and maintenance	**119,548**	169,857	98,653
Depreciation and amortization (Notes 12 and 13)	**198,677**	113,971	104,094
Transportation and travel	**86,485**	75,124	71,367
Entertainment, amusement and recreation	**70,497**	66,581	61,538
Rent (Note 18)	**63,364**	58,850	41,177
Electronic data processing charges	**58,914**	40,378	44,201
Insurance	**55,804**	24,352	28,684
Retirement costs (Note 23)	**50,940**	56,327	49,408
Communications, light and water	**46,067**	38,230	26,198
Dues and subscriptions	**21,856**	13,229	12,292
Office supplies	**17,017**	14,624	10,209
Parking operations	**15,718**	7,799	6,836
Provision for (reversal of) doubtful accounts expense - net (Note 8)	**4,956**	(58,551)	6,163
Others	**55,590**	36,579	52,896
	₱1,879,135	₱1,303,954	₱1,138,021

20. Selling and Marketing Expenses

The account consists of:

	2017	2016	2015
		(In Thousands)	
Selling, advertising and promotions	**₱367,211**	₱382,807	₱368,497
Brokers' commissions	**338,358**	642,795	519,018
Service fees	**190,382**	79,087	95,103
Sales office direct costs	**72,683**	89,443	97,086
Salaries and wages	**6,322**	4,023	3,107
Corporate advertisements	**872**	1,183	652
Others	**5,865**	5,466	5,242
	₱981,693	₱1,204,804	₱1,088,705

21. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2017	2016	2015
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 7)	**₱805,760**	₱754,574	₱704,725
Cash and cash equivalents (Note 6)	**43,317**	25,083	24,652
Others	**86,225**	92,315	79,003
	₱935,302	₱871,972	₱808,380
Interest and other finance charges:			
Interest expense on loans and bonds payable, net of interest capitalized (Notes 16 and 17)	**₱969,022**	₱983,147	₱797,655
Amortization of transaction costs of loans and bonds (Notes 16 and 17)	**69,489**	50,889	61,096
Other finance charges (Note 23)	**24,194**	38,628	25,005
	₱1,062,705	₱1,072,664	₱883,756

22. Other Income

The account consists of:

	2017	2016	2015
		(In Thousands)	
Forfeited reservations and collections	**₱442,978**	₱233,694	₱211,958
Service fees (Note 18)	**179,945**	35,540	56,215
Management, leasing and other fees (Notes 14 and 18)	**84,428**	13,782	7,796
Processing fees	**12,704**	43,250	19,085
Foreign currency exchange gain (loss) - net	**(4,781)**	4,088	(9,191)
Income from liquidated damages	**–**	450,000	–
Others (Note 18)	**105,774**	25,138	28,666
	₱821,048	₱805,492	₱314,529

Income from liquidated damages represents the amount of Group's recovery of lost income from prospective tenants recovered from a contractor.

23. Retirement Costs

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2017		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at January 1, 2016	**₱496,794**	**₱49,319**	**₱447,475**
Effect of consolidation of investment in Pro-Excel (Notes 1 and 2)	**6,624**	–	**6,624**
Net benefit costs in profit or loss			
Current service cost (Note 19)	**50,940**	–	**50,940**
Net interest (Note 21)	**23,533**	**2,497**	**21,036**
	81,097	**2,497**	**78,600**
Benefits paid	**(2,950)**	**(2,950)**	–
Contribution	–	**2,950**	**(2,950)**
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	**(4,712)**	–	**(4,712)**
Return on plan assets, excluding amounts included in interest income	–	**484**	**(484)**
	(4,712)	**484**	**(5,196)**
	₱570,229	**₱52,300**	**₱517,929**

	2016		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at January 1, 2016	₱448,293	₱124,068	₱324,225
Net benefit costs in profit or loss			
Current service cost (Note 19)	56,327	–	56,327
Net interest (Note 21)	19,487	2,280	17,207
	75,814	2,280	73,534
Benefits paid	(2,605)	(2,605)	–
Contribution	–	2,605	(2,605)

(Forward)

	2016		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Changes in financial assumptions	(₱22,028)	₱–	(₱22,028)
Experience adjustments	(2,680)	–	(2,680)
Return on plan assets, excluding amounts included in interest income	–	(77,029)	77,029
	(24,708)	(77,029)	52,321
	₱496,794	₱49,319	₱447,475

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2017 and 2016, these placements are with EW (see Note 18). As of December 31, 2017 and 2016, the carrying amount of the plan assets approximates its fair value.

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2017	2016	2015
Discount rate	**5.40%**	5.40%	4.60%-4.70%
Future salary increases	**8.00%**	8.00%	8.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation. If the discount rate would be 100 basis points lower, the defined benefit obligation would increase by ₱66.88 million and ₱56.93 million in 2017 and 2016, respectively.

The Group does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

24. **Operating Leases**

As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2017 and 2016 are as follows:

	2017	2016
	(In Thousands)	
Within one year	**₱3,342,988**	₱2,372,912
After one year but not more than five years	**6,772,147**	4,368,843
After five years	**272,429**	2,444,960
	₱10,387,564	₱9,186,715

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental and related services" account in the consolidated statements of income amounted to ₱232.02 million, ₱220.83 million and ₱212.11 million in 2017, 2016 and 2015, respectively.

The Group has entered into land lease arrangements with lease terms of between 25 and 50 years. The Group has the option, under some of its leases, to lease the assets for additional 25 years. As lessee, future minimum rental payables under operating leases as of December 31, 2017 and 2016 are as follows:

	2017	2016
	(In Thousands)	
Within one year	**₱510,095**	₱255,824
After one year but not more than five years	**244,754**	513,150
After five years	**920,969**	725,350
	₱1,675,818	₱1,494,324

25. **Equity**

The details of the Parent Company's common and preferred shares as of December 31, 2017 and 2016 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	33,000,000	8,000,000
Par value per share	₱1	₱0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	–

In 2017, 2016 and 2015, there was no issuance of additional common shares.

Preferred Shares

The preferred shares may be issued from time to time in one or more series as the BOD may determine, and authority is hereby expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares and no dividend shall be declared or paid on the common shares unless the full accumulated dividends on all preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Group. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

Preferred shares of each and any sub-series may be convertible to common shares as may be determined by the BOD and set forth in the Enabling Resolutions, in such manner and within such period as may be fixed in the Enabling Resolutions. As of December 31, 2017 and 2016, there is no Enabling Resolution by the BOD making the preferred shares convertible to common shares.

As the dividend rate is yet to be determined by the BOD, there were no dividends in arrears on preferred shares as of December 31, 2017 and 2016.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2017, 2016 and 2015. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations

On April 21,2017 the BOD approved the declaration and payment of cash dividend of ₱0.0613 per share or total of ₱1.49 billion for all shareholders of record as of May 21, 2017.

On April 22, 2016 the BOD approved the declaration and payment of cash dividend of ₱0.061per share or a total of ₱1.48 billion for all shareholders of record as of May 22, 2016.

On May 8, 2015 the BOD approved the declaration and payment of cash dividend of ₱0.0560 per share or a total of ₱1.37 billion for all shareholders of record as of June 5, 2015.

Retained Earnings

Retained earnings include undistributed earnings amounting to ₱7.47 billion and ₱6.54 billion as of December 31, 2017 and 2016, respectively, representing accumulated equity in net earnings of subsidiaries and associates, which are not available for dividend declaration until declared as dividends by the subsidiaries and associates. Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2017 and 2016.

The Parent Company's retained earnings available for dividend declaration as of December 31, 2017 and 2016 amounted to ₱25.73 billion and ₱22.09 billion, respectively.

Capital Management
The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2017 and 2016.

The Group monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its debt-to-equity ratio:

	2017	2016
	(In Thousands)	
Loans payable (Note 16)	**₱23,308,536**	₱24,456,598
Bonds payable (Note 17)	**34,775,665**	28,796,051
Total long-term debt	**58,084,201**	53,252,649
Total equity	**63,501,043**	59,412,637
Debt-to-equity ratio	**0.91:1.00**	0.90:1.00

On August 12, 1993, SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of common shares and holders of security as of December 31, 2017:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End*
January 1, 2016	24,249,759	5,776
Add/(Deduct) Movement	–	(41)
December 31, 2016	24,249,759	5,735
Add/(Deduct) Movement	–	(36)
December 31, 2017	**24,249,759**	**5,699**

*Exclusive of 220,949 treasury shares.

26. Earnings Per Share

	2017	2016	2015
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent	**₱5,685,394**	₱5,247,262	₱5,011,815
b. Weighted average number of outstanding common shares (after considering treasury shares)	**24,249,759**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.23**	₱0.22	₱0.21

There were no potential dilutive shares in 2017, 2016 and 2015.

27. Income Tax

Provision for income tax consists of:

	2017	2016	2015
	(In Thousands)		
Current	**₱705,038**	₱385,793	₱407,148
Deferred	**755,938**	1,117,822	867,923
	₱1,460,976	₱1,503,615	₱1,275,071

The components of the Group's deferred income tax assets follow:

	2017	2016
	(In Thousands)	
Advance rentals	**₱33,046**	₱9,388
Accrued retirement benefits	**269**	908
NOLCO	**15,340**	13,418
	₱48,655	₱23,714

The components of the Group's net deferred income tax liabilities follow:

	2017	2016
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱3,822,215**	₱3,256,934
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,628,254**	1,331,125
Excess of fair value over cost of net assets acquired in business combination	**122,856**	129,023
	5,573,325	4,717,082

(Forward)

	2017	2016
	(In Thousands)	
Deferred income tax assets on:		
Advance rentals	**(₱102,963)**	(₱49,975)
Accrued retirement benefits - charged to profit or loss	**(91,058)**	(70,600)
Remeasurement losses on retirement plan	**(66,572)**	(68,131)
Provision for doubtful accounts	**(11,265)**	(11,179)
Others	**(3,027)**	(1,194)
	(274,885)	(201,079)
	₱5,298,440	₱4,516,003

Provision for deferred income tax charged directly to other comprehensive income in 2017, 2016 and 2015 amounted to ₱1.56 million, ₱15.70 million, and ₱3.05 million, respectively.

The Group did not recognize deferred income tax assets on NOLCO of the subsidiaries amounting to ₱119.69 million and ₱34.90 million as of December 31, 2017 and 2016, respectively, since management believes that their carryforward benefits may not be realized before they expire.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (in thousands):

Year Incurred	Amount	Expiry Date
2017	₱97,856	December 31, 2020
2016	56,103	December 31, 2019
2015	16,842	December 31, 2018
	₱170,801	

The following are the movements in NOLCO:

	2017	2016
	(In Thousands)	
At January 1	**₱79,623**	₱23,564
Addition	**97,856**	56,103
Applied/expired	**(6,678)**	(44)
At December 31	**₱170,801**	₱79,623

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2017	2016	2015
		(In Thousands)	
Income tax at statutory tax rate	**₱2,188,547**	₱2,056,320	₱1,912,901
Adjustments for:			
Income tax holiday incentive on sales of BOI-registered projects (Note 32)	**(376,343)**	(162,422)	(360,427)
Income covered by PEZA (Note 31)	**(234,918)**	(322,789)	(193,208)

(Forward)

	2017	2016	2015
		(In Thousands)	
Equity in net earnings of associates	**(₱105,064)**	(₱54,906)	(₱52,943)
Deductible expense - Optional Standard Deduction	**(45,507)**	(27,611)	(27,082)
Tax-exempt net income on socialized housing units	**(7,090)**	(13,727)	(20,787)
Income subjected to final tax	**(11,541)**	(3,680)	(3,634)
Interest on HGC-enrolled contracts receivables	**(1,466)**	(361)	(7,643)
Change in unrecognized deferred tax	**8,154**	1,175	2,416
Nondeductible interest expense	**2,354**	3,224	1,905
Other nondeductible expenses	**43,850**	28,392	23,573
	₱1,460,976	₱1,503,615	₱1,275,071

Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

28. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2017				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVTOCI					
Quoted	₱9,473	₱9,473	₱9,473	₱–	₱–
Unquoted	6,197	6,197	–	–	6,197
	15,670	15,670	9,473	–	6,197
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Contracts receivable	16,738,291	17,557,809	–	–	17,557,809
Non-financial assets					
Investment properties	44,321,475	63,590,147	–	–	63,590,147
Total assets	₱61,075,436	₱81,163,626	₱9,473	₱–	₱81,154,153

(Forward)

	2017				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses					
Accounts payable	**₱7,354,162**	**₱7,039,723**	**₱–**	**₱–**	**₱7,039,723**
Retention fee payable	**2,533,708**	**2,425,377**	–	–	**2,425,377**
Deposits for registration	**1,310,232**	**1,254,212**	–	–	**1,254,212**
	11,198,102	**10,719,312**	–	–	**10,719,312**
Loans payable	**23,308,536**	**22,390,172**	–	–	**22,390,172**
Bonds payable	**34,775,665**	**31,936,651**	–	–	**31,936,651**
	₱69,282,303	**₱65,046,135**	**₱–**	**₱–**	**₱65,046,135**

	2016				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVTOCI					
Quoted	₱9,473	₱9,473	₱9,473	₱–	₱–
Unquoted	6,197	6,197	–	–	6,197
	15,670	15,670	9,473	–	6,197
Assets for which fair values are disclosed					
Financial assets at amortized cost					
Contracts receivable	37,964,948	21,643,217	–	–	21,643,217
Non-financial assets					
Investment properties	39,208,736	57,732,973	–	–	57,732,973
Total assets	₱77,189,354	₱79,391,860	₱9,473	₱–	₱79,382,387
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses					
Accounts payable	₱3,459,135	₱3,311,234	₱–	₱–	₱3,311,234
Deposits for registration	1,291,085	1,235,883	–	–	1,235,883
Retention fee payable	2,039,491	1,952,290	–	–	1,952,290
	6,789,711	6,499,407	–	–	6,499,407
Loans payable	24,456,598	23,518,146	–	–	23,518,146
Bonds payable	28,796,051	26,267,396	–	–	26,267,396
	₱60,042,360	₱56,284,949	₱–	₱–	₱56,284,949

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contracts receivable*: Estimated fair value of contracts receivable is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used was 19% in 2017 and 2016. Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVTOCI*: Fair values were determined using quoted market prices at reporting date. Financial assets at FVTOCI not quoted in an active market are recorded at cost.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used is 4.28% in 2017 and 2016.

- *Long-term debt (loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

  Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 4.70% to 5.40% as of December 31, 2017 and 2016.

During the years ended December 31, 2017, 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVTOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group also monitors the foreign currency risk arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Group uses a combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2017 and 2016, the Group has ₱7.25 billion and ₱7.00 billion, respectively, in undrawn short-term credit lines, and, ₱34.50 billion and ₱21.00 billion, respectively, in undrawn long-term credit facilities.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2017 and 2016 based on contractual undiscounted payments.

	2017						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	**₱5,478,988**	**₱1,066,421**	**₱583,591**	**₱225,162**	**₱–**	**₱–**	**₱7,354,162**
Retention fees payable	**713,847**	**713,439**	**153,456**	**12,433**	**599,448**	**341,085**	**2,533,708**
Deposits for registration	**–**	**388**	**160,183**	**586,513**	**224,016**	**339,132**	**1,310,232**
Accrued expenses	**1,308,258**	**–**	**–**	**–**	**–**	**–**	**1,308,258**
Accrued interest on bonds and loans	**293,868**	**–**	**–**	**–**	**–**	**–**	**293,868**
	7,794,961	**1,780,248**	**897,230**	**824,108**	**823,464**	**680,217**	**12,800,228**
Due to Related Parties	**199,315**	**–**	**–**	**–**	**–**	**–**	**199,315**
Loans Payable	**–**	**–**	**2,415,583**	**7,405,101**	**9,537,500**	**4,000,000**	**23,358,184**
Bonds Payable	**–**	**–**	**–**	**11,300,000**	**12,300,000**	**11,400,000**	**35,000,000**
Interest on loans and bonds payable	**–**	**737,288**	**2,211,863**	**5,579,106**	**3,536,194**	**715,694**	**12,780,145**
	₱7,994,276	**₱2,517,536**	**₱5,524,676**	**₱25,108,315**	**₱26,197,158**	**₱16,795,911**	**₱84,137,872**

	2016						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱2,619,021	₱477,777	₱261,460	₱100,877	₱–	₱–	₱3,459,135
Retention fees payable	580,094	574,277	123,524	10,007	482,522	269,067	2,039,491
Deposits for registration	–	382	157,842	577,942	220,742	334,177	1,291,085
Accrued expenses	613,193	–	–	–	–	–	613,193
Accrued interest on bonds and loans	292,062	–	–	–	–	–	292,062
	4,104,370	1,052,436	542,826	688,826	703,264	603,244	7,694,966
Due to Related Parties	243,736	–	–	–	–	–	243,736
Loans Payable	–	–	2,428,342	6,143,320	12,410,812	3,520,908	24,503,382
Bonds Payable	–	–	–	7,000,000	9,600,000	12,400,000	29,000,000
Interest on loans and bonds payable	–	666,158	1,998,475	5,193,707	3,766,992	917,181	12,542,513
	₱4,348,106	₱1,718,594	₱4,969,643	₱19,025,853	₱26,481,068	₱17,441,333	₱73,984,597

The tables below summarize the maturity profile of the Group's financial assets held to manage liquidity as of December 31, 2017 and 2016:

	2017						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱4,149,212**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,149,212**
Short-term deposits	**–**	**3,426,878**	**–**	**–**	**–**	**–**	**3,426,878**

(Forward)

				2017			
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Contracts receivable							
Contracts receivable	**₱960,404**	**₱1,364,830**	**₱1,722,361**	**₱3,197,734**	**₱1,282,587**	**₱8,210,375**	**₱16,738,291**
Receivables from government and financial institutions	–	–	**487,701**	–	–	–	**487,701**
Other receivables							
Receivable from tenants-net	**705,461**						**705,461**
Due from related parties	**233,504**	–	–	–	–	–	**233,504**
Receivable from homeowners' associations-net	**45,677**	–	–	–	–	–	**45,677**
Receivable from buyers	**365,926**	–	–	–	–	–	**365,926**
Others	**94,569**	–	–	–	–	–	**94,569**
Short-term deposits	**146,465**	–	–	–	–	–	**146,465**
	6,701,218	**4,791,708**	**2,210,062**	**3,197,734**	**1,282,587**	**8,210,375**	**26,393,684**
Financial Assets at FVTOCI							
Investments in shares of stocks:							
Quoted	–	**9,473**	–	–	–	–	**9,473**
Unquoted	–	**6,197**	–	–	–	–	**6,197**
	–	**15,670**	–	–	–	–	**15,670**
	₱6,701,218	**₱4,807,378**	**₱2,210,062**	**₱3,197,734**	**₱1,282,587**	**₱8,210,375**	**₱26,409,354**

				2016			
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱3,615,924	₱–	₱–	₱–	₱–	₱–	₱3,615,924
Short-term deposits	–	1,257,101	–	–	–	–	1,257,101
Contracts receivable							
Contracts receivable	519,149	1,065,315	2,508,276	4,424,425	1,775,396	10,954,041	21,246,602
Receivables from government and financial institutions	–	–	538,978	–	–	–	538,978
Other receivables							
Receivable from tenants-net	503,710	–	–	–	–	–	503,710
Due from related parties	413,909	–	–	–	–	–	413,909
Receivable from homeowners' associations-net	34,875	–	–	–	–	–	34,875
Receivable from buyers	116,515	–	–	–	–	–	116,515
Others	49,210	–	–	–	–	–	49,210
Short-term deposits	75,909	–	–	–	–	–	75,909
	5,329,201	2,322,416	3,047,254	4,424,425	1,775,396	10,954,041	27,852,733
Financial Assets at FVTOCI							
Investments in shares of stocks:							
Quoted	–	9,473	–	–	–	–	9,473
Unquoted	–	6,197	–	–	–	–	6,197
	–	15,670	–	–	–	–	15,670
	₱5,329,201	₱2,338,086	₱3,047,254	₱4,424,425	₱1,775,396	₱10,954,041	₱27,868,403

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

Credit risk is managed since the titles of the properties sold are retained by the Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 7, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVTOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group has outstanding purchase agreements with financial institutions whereby the Group sold its contracts receivable with a provision that the Group should buy back these receivables in case these become overdue for two to three consecutive months or when the contract to sell has been cancelled.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2017 and 2016. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

	December 31, 2017				
	Neither past due nor impaired				
	High grade	Standard grade	Past due but not impaired	Impaired	Total
			(In Thousands)		
Cash and cash equivalents	₱7,576,090	₱–	₱–	₱–	₱7,576,090
Contracts receivable					
Contracts receivable	–	15,777,887	960,404	–	16,738,291
Receivables from government and financial institutions	487,701	–	–	–	487,701
Other receivables					
Receivables from tenants	–	705,461	–	25,129	730,590
Due from related parties	233,504	–	–	–	233,504
Receivables from homeowners' association	–	45,677	–	37,264	82,941
Receivable from buyers	–	365,926	–	–	365,926
Others	–	94,569	–	–	94,569
Other assets					
Short-term deposits	146,465	–	–	–	146,465
	₱8,443,760	₱16,989,520	₱960,404	₱62,393	₱26,456,077

	December 31, 2016				
	Neither past due nor impaired				
	High grade	Standard grade	Past due but not impaired	Impaired	Total
			(In Thousands)		
Cash and cash equivalents	₱4,873,025	₱–	₱–	₱–	₱4,873,025
Contracts receivable					
Contracts receivable	–	20,727,453	519,149	–	21,246,602
Receivables from government and financial institutions	538,979	–	–	–	538,979
Other receivables					
Receivables from tenants	–	503,710	–	20,173	523,883
Due from related parties	413,909	–	–	–	413,909
Receivables from homeowners' association	–	34,875	–	37,264	72,139
Receivable from buyers	–	116,515	–	–	116,515
Others	–	49,210	–	–	49,210
Other assets					
Short-term deposits	75,909	–	–	–	75,909
	₱5,901,822	₱21,431,763	₱519,149	₱57,437	₱27,910,171

As at December 31, 2017 and 2016, the analysis of contracts receivable that were past due but not impaired is as follows:

	Past due but not impaired					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2017	**₱–**	**₱521,816**	**₱254,400**	**₱184,188**	**₱–**	**₱960,404**
2016	₱–	₱174,583	₱237,257	₱107,309	₱–	₱519,149

There is no concentration risk on the Group's financial assets as of December 31, 2017 and 2016.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's financial instruments affected by market risk include loans payable and cash and cash equivalents.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2017	**+200**	**₱23,306**
	-200	**(23,306)**
2016	+200	₱30,283
	-200	(30,283)

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a two hundred basis point upward or downward fluctuation. The Group, used as basis of these assumptions, the annual percentage change of three-month PDST-F rate for the past five years as obtained from Philippine Dealing and Exchange Corp. (PDEx). Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2017 and 2016.

The following tables set out the carrying amount, by maturity, of the Group's loans payable that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**> 2 Years but < 3 Years**	**3 Years to 4 Years**	**Over 4 Years**	**Total**
As of December 31, 2017	**₱740,129**	**₱57,895**	**₱317,635**	**₱–**	**₱–**	**₱1,115,659**
As of December 31, 2016	890,087	150,042	185,000	20,000	222,217	1,467,346

Changes in liabilities arising from financing activities for the year ended December 31, 2017 follows:

	January 1, 2017	Cash flows	Noncash movement	December 31, 2017
			(In Thousands)	
Loans payable	₱24,456,598	(₱1,145,198)	(₱2,864)	₱23,308,536
Bonds payable	28,796,051	6,000,000	(20,386)	34,775,665
Accrued interest	292,062	(2,861,384)	2,863,190	293,868
Due to related parties	243,736	(44,421)	–	199,315
	₱53,788,447	₱1,948,997	₱2,839,940	₱58,577,384

'Noncash movement' column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable.

30. Contingencies and Commitments

Contingencies
The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Development of South Road Properties in Cebu
In connection with the joint venture agreement entered into by the Parent Company with Cebu City Government, the Parent Company is committed to (a) purchase 10.60 hectares of the property payable in six (6) years, to be developed into a modern urban center and (b) develop 40 hectares of the property in four (4) phases, mainly mid-rise residential buildings, over a 20-year period (see Note 9).

Build, Transfer and Operate (BTO) Agreement with Cebu Province
In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 14).

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. As of December 31, 2015, project construction has not started and this upfront fee is recorded as part of 'Other assets' in the consolidated statement of financial position (see Note 14).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA (see Note 1).

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the Clark Green City Project (see Note 1).

Deed of Sale on Installment of the 19.2-hectare South Road Properties (SRP)
In July 2015, FLI, CPI and FAI (collectively referred to as Filinvest Consortium) won the bidding for a 19.20-hectare lot in Cebu's SRP (see Notes 9 and 12). Thereafter, in August 7, 2015, Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer's discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter) , Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

As of February 28, 2018, such payment has not been received and no formal and definitive legal proceeding has been undertaken by the parties on this matter. Consequently, as of said date, the DSI remains valid and Filinvest Consortium has the sole and rightful claim over the property.

The 19.2-hectare property mentioned above is a separate property from the other two properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

31. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and CPI were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone) to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone as opposed to the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower and as such it will not be entitled to any incentives, however, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, CPI was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

32. Registration with the Board of Investments (BOI)

The Group has registered the following New Developer of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) as of December 31, 2017:

Name	Reg. No.	Date Registered
Valle Dulce Phase 1	2014-140	8/29/2014
One Spatial (Fairmont and Greenwich)	2014-141	8/29/2014
Sorrento Oasis - Bldg. K,L,N	2014-142	8/29/2014
Maui Oasis – Bldg. 4	2014-143	8/29/2014
Sorrento Oasis - Bldg. M1 & M2	2014-204	11/12/2014
Vinia Residences, Main Building	2014-205	11/12/2014
One Oasis CDO - Bldg. 1	2014-212	12/4/2014
Studio City Tower 2	2015-058	3/5/2015
One Spatial (Hampstead and Kensington)	2015-228	10/27/2015
Sorrento Oasis J	2015-229	10/27/2015
Villa Montserrat 1D	2015-261	11/25/2015
Villa Montserrat 3B	2015-262	11/25/2015
Villa Montserrat 3C	2015-263	11/25/2015
One Oasis Davao 6	2015-264	12/2/2015
Studio A	2016-008	1/8/2016
Meridian Place	2016-030	2/5/2016
Bali Oasis (Banjar)	2016-031	2/5/2016
Anila Park Townhomes	2016-052	3/7/2016
Futura Homes, San Pedro	2016-053	3/7/2016
One Spatial (Richmond)	2016-244	12/1/2016
One Spatial Iloilo	2016-243	12/1/2016
Futura Homes Mactan Subdivision	2016-270	12/27/2016
One Spatial Victoria	2017-030	1/27/2017
Studio 7	2017-031	1/27/2017
8 Spatial Davao 1&2	2017-047	2/28/2017
8 Spatial Davao Bldg 3	2017-130	5/23/2017
8 Spatial Davao Bldg 4	2017-131	5/23/2017
Marina Spatial Marina Town Bldg. A	2017-129	5/23/2017
One Oasis CDO 2	2017-184	6/20/2017
Ventura Real	2017-298	11/08/2017

(Forward)

Name	Reg. No.	Date Registered
Meridian Place Phase 2	2017-354	12/22/2017
Savannah Fields 1	2017-355	12/22/2017
Savannah Fields 4A	2017-357	12/27/2017
Valle Dulce 2	2017-356	12/27/2017

As a registered enterprise, the Group is entitled to certain tax and nontax incentives, subject to certain conditions.

33. Events After Reporting Period

Share Sale and Purchase Agreement with Gintong Parisukat Realty and Development Inc. (GPRDI)

On January 18, 2018, FLI entered into a Share Sale and Purchase Agreement to purchase 100% of the total outstanding shares of GPRDI. GPRDI was incorporated on August 18, 2006. The primary purpose of the Corporation is to hold, purchase, lease, contract of otherwise acquire any and all real and personal properties of every kind and description whatsoever which the Company may deem necessary or appropriate and to own, hold, operate, improve, develop, manage, grant, lease, sell, exchange or otherwise dispose of the whole or any part thereof.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. and its subsidiaries (the Group) as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 included in this SEC Form 17-A and have issued our report thereon dated February 28, 2018. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of Filinvest Land, Inc.'s management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, as Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
SEC Accreditation No. 1196-AR-1 (Group A),
June 30, 2015, valid until June 29, 2018
Tax Identification No. 201-959-816
BIR Accreditation No. 08-001998-98-2018,
February 2, 2018, valid until February 1, 2021
PTR No. 6621331, January 9, 2018, Makati City

February 28, 2018

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

FILINVEST LAND, INC. AND SUBSIDIARIES
GROUP SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED
DECEMBER 31, 2017

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribes the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2017:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVTOCI				
Quoted:				
The Palms Country Club, Inc.	1,000	₱3,060	₱3,060	₱–
Philippine Long Distance Telephone Company	26,100	348	348	–
Cebu Country Club	1	6,065	6,065	–
		9,473	9,473	–
Unquoted:				
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	–
		6,197	6,197	–
		₱15,670	₱15,670	₱–

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to employees of the Group with balances above ₱100,000 as of December 31, 2017:

Name	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
		(In Thousands)		
Gina C. Cruz	₱149	–	(84)	₱65

Related Party Transactions

Due from related parties

Below is the list of outstanding receivables from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2017 (amounts in thousands):

	Relationship	Nature	Balance as of December 31, 2017
Filinvest Alabang, Inc.	Associate	C, D	₱160,000
East West Banking Corporation	Affiliate	A	25,566
Countrywide Water Services, Inc.	Affiliate	A	19,466
Quest Restaurant, Inc.	Affiliate	A	15,468
Davao Sugar Central Corp.	Affiliate	A	5,835
Mactan Seascapes Services, Inc.	Affiliate	A	5,763
A.L. Gotianun, Inc.	Ultimate Parent	A	444
GCK Realty Corp.	Affiliate	B, C	231
FDC (Beaufort)	Parent Company	A	210
Entrata Hotel Services, Inc.	Affiliate	A	193
The Palms Country Club, Inc.	Affiliate	A	135
Filinvest Hospitality Corporation	Affiliate	A	66
Mimosa Cityscapes, Inc.	Affiliate	A	50
FDC Utilities, Inc.	Affiliate	A	43
Boracay Seascapes, Inc.	Affiliate	A	15
FDC Forex Corp.	Affiliate	A	8
Filinvest Corporate City	Affiliate	A	8
FDC Misamis Power Corp.	Affiliate	A	2
Chroma Hospitality, Inc.	Affiliate	A	1
			₱233,504

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

a. Expenses - these pertain to the share of the related parties in various common selling and marketing and general and administrative expenses.
b. Management and marketing fee
c. Reimbursable commission expense
d. Dividends

Schedule C. Amounts Receivables (Payables) from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2017. All are noninterest-bearing and to be settled within the year (amounts in thousands):

		Volume of Transactions	Receivable (Payable)
Filinvest Cyberzone Mimosa, Inc.	Share in expenses	₱770,791	₱770,791
Homepro Realty Marketing, Inc.	Share in expenses	588,727	731,708
Property Maximizer Professional Corp.	Marketing fee expense	41,832	290,746
	Share in expenses	(17,234)	–
Filinvest AII Philippines, Inc.	Share in expenses	8,409	51,860
Cyberzone Properties, Inc.	Share in expenses	17,358	17,446
	Rental Income	188,106	–
Dreambuilders Pro, Inc.	Share in expenses	15,844	15,844
Property Specialist Resources, Inc.	Share in expenses	28	11,338
FCGC Corporation	Share in expenses	10,423	10,426
Filinvest Cyberparks, Inc.	Share in expenses	8,986	7,227
Leisurepro, Inc.	Share in expenses	163	6,325
Timberland Sports and Nature Club, Inc.	Share in expenses	–	5,600
Proleads Philippines, Inc.	Share in expenses	3,224	3,224
Realpros Philippines, Inc.	Share in expenses	1,670	1,670
Filinvest Lifemalls Tagaytay, Inc.	Share in expenses	1,011	1,011
Philippine DCS Development Corporation	Share in expenses	4,905	725
Filinvest Lifemalls Mimosa, Inc.	Share in expenses	210	210
Property Leaders International, Limited	Share in expenses	111	111
Filinvest Lifemalls Corporation	Share in expenses	(4,029)	46
Filinvest BCDA Clark, Inc.	Share in expenses	(904)	28
FSM Cinemas, Inc.	Share in expenses	7	7
Filinvest Asia Corporation	Share in expenses	(19)	(19)
Pro-Excel Property Managers, Inc.	Share in expenses	(207,031)	(1,382)
	Management Fee	4,324	–
		₱1,436,912	₱1,924,942

The table below shows the movement of the receivables (payables) from related parties:

Name	Balance at beginning of year	Additions	Collections	Balance as of December 31, 2017
Filinvest Cyberzone Mimosa, Inc.	₱–	₱770,791	₱–	₱770,791
Homepro Realty Marketing, Inc.	142,981	588,727	–	731,708
Property Maximizer Professional Corp.	59,066	273,512	(41,832)	290,746
Filinvest AII Philippines, Inc.	43,451	8,409	–	51,860
Cyberzone Properties, Inc.	88	821,702	(804,344)	17,446
Dreambuilders Pro, Inc.	–	16,375	(531)	15,844
Property Specialist Resources, Inc.	11,310	431	(403)	11,338
FCGC Corporation	3	10,423	–	10,426
Filinvest Cyberparks, Inc.	(1,759)	12,362	(3,376)	7,227
Leisurepro, Inc.	6,162	163	–	6,325
Timberland Sports and Nature Club, Inc.	5,600	–	–	5,600
Proleads Philippines, Inc.	–	3,224	–	3,224
Realpros Philippines, Inc.	–	1,670	–	1,670
Filinvest Lifemalls Tagaytay, Inc.	–	1,011	–	1,011
Philippine DCS Development Corporation	(4,180)	4,905	–	725
Filinvest Lifemalls Mimosa, Inc.	–	210	–	210
Property Leaders International Limited	–	111	–	111

(Forward)

Name	Balance at beginning of year	Additions	Collections	Balance as of December 31, 2017
Filinvest Lifemalls Corporation	₱4,075	₱44	₱(4,073)	₱46
Filinvest BCDA Clark, Inc.	932	(904)	–	28
FSM Cinemas, Inc.	–	7	–	7
Filinvest Asia Corporation	–	19	(38)	(19)
Pro-Excel Property Managers, Inc.	205,649	3,720	(210,751)	(1,382)
	₱473,378	₱2,516,912	₱(1,065,348)	₱1,924,942

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

Schedule D. Intangible Asset

As of December 31, 2017, the Company's intangible assets consist of Goodwill. Goodwill in the Company's consolidated statements of financial position arose from the acquisition of two major assets consisting of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	₱4,567,242

Schedule E. Long term debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Developmental loans			
Unsecured loan obtained in July 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 5.07%, payable quarterly in arrears. The principal is payable at maturity in July 2018.	₱1,499,331	₱1,499,331	₱–
Unsecured loan obtained in October 2016 with interest rate equal to PDS Treasury Reference Rate 2 (PDST-R2) of 4.21% per annum plus GRT (fixed for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortization to commence in January 2019 and 50% is payable at maturity in October 2023.	1,296,495	–	1,296,495
Unsecured loan obtained in February 2015 with interest rate equal to 4.47% per annum, payable quarterly in arrears. The principal is payable at maturity in February 2020.	997,773	–	997,773
Unsecured loan obtained in May 2016 with interest rate equal to BSP overnight reverse repurchased agreement plus 1% per annum plus GRT (fixed rate of 4.52% per annum), payable quarterly in arrears. The principal is payable at maturity in May 2021.	996,516	–	996,516
Unsecured loan obtained in June 2016 with interest rate equal to PDS Treasury Fixing (PDST-F) of 4.11% per annum (fixed for 5 years), payable quarterly in arrears. The principal is payable at maturity in June 2021.	996,432	–	996,432
Unsecured loan obtained in October 2016 with interest rate equal to 4.25% per annum inclusive of GRT (fixed for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2021.	996,129	–	996,129
Unsecured loan obtained in June 2017 with interest rate equal to 5.07% per annum (fixed rate for 5 years), payable quarterly in arrears. The 3% principal is payable in three (3) annual amortizations to commence in June 2019 and 97% is payable at maturity on June 2022.	995,492	–	995,492
Unsecured loan obtained in February 2015 with interest rate equal to PDS Treasury Fixing (PDST-F) of 4.95% per annum (fixed for 5 years), payable quarterly in arrears. The 20% of principal is payable in 4 equal quarterly amortization to commence in February 2016, and 80% is payable at maturity in February 2020.	897,946	50,000	847,946
Unsecured loan obtained in September 2016 with interest rate equal to PDS Treasury Reference Rate (PDST-R2) of 4.07% per annum (fixed for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortization to commence in December 2018 and 50% is payable at maturity in September 2021.	797,134	33,333	763,801
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum GRT five years (fixed rate) 4.46%, payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly installments starting November 2015 up to May 2020 and the remaining 50% balance is payable in August 2020.	773,444	100,000	673,444
Unsecured loan obtained in October 2016 with interest rate equal to 4.25% per annum inclusive of GRT (fixed for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortization to commence in January 2019 and 50% is payable at maturity in October 2023.	698,163	–	698,163

(Forward)

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in July 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 4.30% per annum, payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortization to commence in October 2016 and 50% is payable at maturity in July 2021.	₱612,500	₱70,000	₱542,500
Unsecured loan obtained in September 2015 with interest rate equal to PDS Treasury Fixing (PDST-F) 1 plus GRT (fixed rate) 4.91%, payable quarterly in arrears. The principal is payable at maturity in September 2020.	600,000	–	600,000
Unsecured loan obtained in December 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate of 4.62% per annum), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortization to commence in March 2016 and 50% is payable at maturity in December 2020.	542,500	70,000	472,500
Unsecured loan obtained in July 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 4.92% per annum, payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortization to commence in October 2016 and 50% is payable at maturity in July 2021.	525,000	60,000	465,000
Unsecured loan obtained in June 2016 with interest rate equal to PDS Treasury R2 (PDST-R2) of 4.11% per annum (fixed for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting September 2018 and the remaining 50% balance is payable in June 2021.	500,000	41,667	458,333
Unsecured loan obtained in June 2016 with interest at 3% per annum, payable monthly in arrears. The principal is payable upon maturity in August 2017.	499,745	499,745	–
Unsecured loan obtained in November 2016 with interest rate equal to 5.25% per annum for the first 2 years and 5.47% per annum for the remaining years until maturity, payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortization to commence in February 2020 and 50% is payable at maturity in November 2023.	498,710	–	498,710
Unsecured loan obtained in December 2016 with interest rate equal to 5.20% per annum (fixed for 7 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	497,958	–	497,958
Unsecured loan obtained in June 2017 with interest rate equal to 5.76% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 15 equal quarterly amortizations to commence in September 2020 and 50% is payable at maturity on June 2024.	497,696	–	497,696
Unsecured 500 million loan obtained in March 2017 with interest rate equal to 4.99% per annum (fixed rate for 5 years). The 50% principal is payable in 12 equal amortization to commence on June 2019 and 50% is payable at maturity on March 2022.	493,115	–	493,115
Unsecured loan obtained in September 2015 with interest rate equal to 4.74% per annum, payable over a 5-year period inclusive of 2-year grace period. The 50% of principal balance is payable in 12 equal quarterly amortization to commence in September 2017 and 50% is payable at maturity in September 2020.	479,167	83,333	395,834
Unsecured loan obtained in May 2015 with interest rate equal to 4.76% per annum, payable quarterly in arrears. The principal is payable over a 5-year period, inclusive of 2-year grace period. The 50% of principal payable in 12 equal quarterly amortization to commence in May 2017and 50% is payable at maturity in May 2020.	458,333	83,333	375,000

(Forward)

Type of Obligation	Amount	Current	Noncurrent
	(In Thousands)		
Unsecured loan obtained in October 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate of 4.21% per annum), payable quarterly in arrears. The 50% of principal is payable in 19 equal quarterly amortization to commence in January 2016 and 50% is payable at maturity in October 2020.	₱433,425	₱57,895	₱375,530
Unsecured loan obtained in April 2015 with interest rate equal to 4.76% per annum, payable quarterly in arrears. The principal is payable over a 5-year period inclusive of 2-year grace period; 50% of principal is payable in 12 equal quarterly amortization to commence in April 2017 and 50% payable at maturity in April 2020.	436,504	83,333	353,171
Unsecured loan obtained in November 2016 with interest rate equal to 4.75% per annum plus GRT (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortization to commence in February 2020 and 50% is payable at maturity in November 2023.	400,000	–	400,000
Unsecured loan obtained in May 2016 with interest rate equal to 4.58% per annum plus GRT (fixed rate for 5 years). The 50% of principal is payable in 12 equal amortization to commence in August 2018 and 50% is payable at maturity in May 2021.	400,000	33,333	366,667
Unsecured loan obtained in December 2017 with interest rate equal to 5.45% per annum (fixed rate for 5 years). The 50% principal balance is payable in 12 equal quarterly amortizations to commence in March 2020 and 50% is payable at maturity on December 2022.	400,000	–	400,000
Unsecured loan obtained in April 2015 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum GRT five years (fixed rate) 4.46%, payable quarterly in arrears. The 50% of principal is payable in 11 equal quarterly installments starting June 2017 and the remaining 50% balance is payable in January 2020..	393,940	157,576	236,364
Unsecured loan obtained in August 2013 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT 5 years (fixed rate) 4.28% per annum, payable quarterly in arrears. The 50% balance of principal is payable in 20 equal quarterly installments starting November 2015 up to May 2020 and the remaining 50% balance is payable in August 2020.	387,500	50,000	337,500
Unsecured loan obtained in July 2016 with interest rate equal to 4.01% per annum, payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortization to commence in October 2018 and 50% is payable at maturity in July 2021.	350,000	14,584	335,416
Unsecured loan obtained in March 2014 with interest rate equal to PDS Treasury Fixing (PDST-F) plus 1% per annum plus GRT (fixed rate) 4.27% per annum, payable quarterly in arrears. The 50% of principal payable in 20 equal quarterly amortization to commence in June 2016 and 50% is payable at maturity in August 2020.	340,909	90,909	250,000
Unsecured loan obtained in May 2015 with interest rate equal to 4.71% per annum plus GRT (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortization to commence in August 2017 and 50% is payable at maturity in May 2020.	275,000	50,000	225,000
Unsecured loan obtained in January 2015 with interest rate equal to 4.25% per annum plus GRT (fixed rate for 3 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortization to commence in January 2017 and 50% is payable at maturity in January 2020.	250,000	50,000	200,000

(Forward)

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in March 2017 with interest rate equal to 4.86% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence on June 2019 and 50% is payable at maturity in March 2022.	₱248,938	₱–	₱248,938
Unsecured loan obtained in February 2016 with interest rate equal to 5.37% per annum plus GRT (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in May 2018 and 50% is payable at maturity in February 2021.	200,000	25,000	175,000
Unsecured loan obtained in December 2016 with interest rate equal to 5.50% per annum plus GRT (fixed rate for 7 years), payable quarterly in arrears. The 50% of the principal is payable in 16 equal quarterly amortization to commence in March 2020 and 50% is payable at maturity in December 2023.	200,000	–	200,000
Unsecured loan obtained in March 2016 with interest rate equal to 5.80% per annum plus GRT (fixed rate for 7 years). The 50% of principal balance is payable in 20 equal quarterly amortization to commence in June 2018 and 50% is payable at maturity in March 2023.	199,250	15,000	184,250
Unsecured loan obtained in December 2016 with interest rate equal to 5.90% per annum, payable quarterly in arrears. The 50% of the principal is payable in 20 equal quarterly amortization to commence in March 2019. The remaining 50% is to be settled upon maturity in December 2023.	199,143	–	199,143
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98% per annum inclusive of GRT, payable quarterly in arrears. The principal is payable in 12 equal quarterly installments starting September 2015 up to June 2018.	191,312	191,312	–
Unsecured loan obtained in July 2017 with interest rate equal to 4.78% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence on October 2019 and 50% is payable at maturity in July 2022.	174,169	–	174,169
Unsecured loan obtained in December 2016 with interest rate equal to 4.94% per annum inclusive of GRT (fixed for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	149,391	–	149,391
Unsecured loan granted in November 10, 2011 with a term of 7 years with 2 years grace period on principal repayment. Interest is based on prevailing market rate, subject to quarterly repricing and payable quarterly in arrears. 50% of principal is payable in 12 quarterly amortization commencing on February 10, 2014 and 50% is payable on maturity.	120,000	120,000	–
Unsecured loan obtained in February 2017 with interest rate equal to 4.65% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal amortization to commence on May 2019 and 50% payable at maturity on February 2022.	99,575	–	99,575
Unsecured loan obtained in May 2015 with interest rate equal to 4.50% per annum plus GRT (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal payable in 12 equal quarterly amortization to commence in May 2017 and 50% is payable at maturity in May 2020.	83,125	15,834	67,291
Unsecured loan obtained in September 2016 with interest rate equal to 4.00% per annum plus GRT (fixed rate for 5 years). The 50% of principal balance is payable in 20 equal quarterly amortization to commence in December 2018 and 50% is payable at maturity in September 2021.	74,719	3,125	71,594

(Forward)

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in February 2013 with interest at prevailing market rate plus GRT, payable quarterly in arrears. The principal is payable in 12 equal quarterly installments starting May 2015 to February 2018.	₱62,489	₱62,489	₱–
Unsecured loan obtained in August 2015 with interest rate equal to 5.38% per annum plus GRT (fixed rate for 5 years). The 50% of principal is payable in 12 equal quarterly amortization to commence in November 2017 and 50% is payable at maturity in August 2020.	47,916	8,334	39,582
Unsecured loan obtained in June 2013 with a fixed interest rate of 4.98% per annum, inclusive of GRT, payable quarterly in arrears. The principal is payable in 12 equal quarterly installments starting September 2015 up to June 2018.	41,652	41,652	–
	₱23,308,536	₱3,661,118	₱19,647,418
Bonds			
Fixed rate bonds with aggregate principal amount of ₱8.0 billion issued by the Group on August 20, 2015. This is comprised of ₱7.0 billion, 7-year fixed rate bonds due in 2022 with a fixed interest rate of 5.36% per annum, and ₱1.0 billion, 10-year fixed rate bonds due in 2025 with a fixed interest rate of 5.71% per annum.	₱7,937,597	₱–	₱7,937,597
Fixed rate bonds with principal amount of ₱7.0 billion and term of 7 years from the issue date was issued by the Group on June 8, 2012. The fixed interest rate is 6.27% per annum, payable quarterly in arrears starting on September 8, 2012.	6,979,498	–	6,979,498
Fixed rate bonds with aggregate principal amount of ₱7.0 billion issued by the Group on November 8, 2013. This is comprised of ₱4.30 billion 7-year fixed rate bonds due in 2020 with a fixed interest rate of 4.86% per annum, and ₱2.70 billion 10-year fixed rate bonds due in 2023 with a fixed interest rate of 5.43% per annum.	6,964,671	–	6,964,671
Fixed rate bonds with aggregate principal amount of ₱7.0 billion issued by the Group on December 4, 2014. This is comprised of ₱5.30 billion, 7-year fixed rate bonds due in 2021 with a fixed interest rate of 5.40% per annum, and ₱1.70 billion, 10-year fixed rate bonds due in 2024 with a fixed interest rate of 5.64% per annum.	6,957,727	–	6,957,727
Fixed rate bonds with principal amount of P6.00 billion and term of 5.5 years from the issue date was issued by the Company on July 7, 2017 to mature on January 2023 with fixed interest rate is 5.05% per annum.	5,936,172	–	5,936,172
	34,775,665	–	34,775,665
	₱58,084,201	₱3,661,118	₱54,423,083

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x. The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2017.

Schedule F. Indebtedness to Related Parties

Below is the list of outstanding payables to related parties of the Group presented in the consolidated statements of financial position as of December 31, 2017:

	Relationship	Nature	Balance at beginning of period	Balance at end of period
			(In Thousands)	
Filinvest Development Corporation	Parent Company	A, B, C	₱75,871	₱88,516
Filinvest Alabang, Inc.	Associate	A, B, C	104,811	59,609
Pacific Sugar Holdings, Corp.	Affiliate	A	26,972	27,007
Corporate Technologies, Inc.	Affiliate	A	17,546	20,429
Filinvest Mimosa, Inc.	Associate	A, B	–	2,945
The Palms Country Club, Inc.	Affiliate	A	–	495
East West Banking Corporation	Affiliate	A	18,536	128
Chroma Hospitality, Inc.	Affiliate	A	–	66
Mactan Seascapes Services, Inc.	Affiliate	A	–	73
Entrata Hotel Services, Inc.	Affiliate	A	–	47
			₱243,736	₱199,315

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

a. Expenses - these pertain to the share of the Group in various common selling and marketing and general and administrative expenses.
b. Management and marketing fee
c. Dividends

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2017.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
			(In Thousands)			
Common Shares	33,000,000	24,470,708	–	14,409,927	30,096	None
Preferred Shares	8,000,000	8,000,000	–	8,000,000	–	None

Standards adopted by the Group

Below is the list of all effective Philippines Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2017:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing costs	✓		
	Amendments to PFRS 1: Meaning of 'Effective PFRSs'			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Condition			✓
	Amendments to PFRS 2: Share-based Payment, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Disclosures - Servicing Contracts			✓
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments: Classification and Measurement (2009 version)	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, Investment Entities: Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Short-term receivable and payables	✓		
	Amendments to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures			✔
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✔		
	Presentation of Financial Statements - Disclosure Initiative	✔		
PAS 2	Inventories	✔		
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts	✔		
PAS 12	Income Taxes	✔		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets	✔		
	Amendments to PAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses	✔		
PAS 16	Property, Plant and Equipment	✔		
	Amendment to PAS 16: Classification of servicing equipment			✔
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization			✔
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			✔
	Amendment to PAS 16: Agriculture: Bearer Plants			✔
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19 (Amended)	Employee Benefits	✔		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✔		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✔		
	Amendments to PAS 19: Discount Rate: Regional Market Issue			✔
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
	Amendment: Net Investment in a Foreign Operation			✔
PAS 23 (Revised)	Borrowing Costs			✔
PAS 24 (Revised)	Related Party Disclosures	✔		
	Amendments to PAS 24: Key Management Personnel	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✔		
PAS 27 (Amended)	Amendments to PAS 27: Separate Financial Statements	✔		
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✔
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✔		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✔
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)			✔
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures	✔		
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Tax effect of Distribution to Holders of Equity Instruments			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✔		
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting	✔		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✔		
	Amendments to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'	✔		
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets	✔		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Interrelationship between PFRS 3 and PAS 40			✓
	Amendments to PAS 40: Investment Property, Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2 Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC – 12	Consolidation – Special Purpose Entities			✓
	Amendment to SIC – 12: Scope of SIC 12			✓
SIC - 13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Schedule of Bond Issuances – Securities Offered to the Public

	2009 ₱5 Billion Bond	2011 ₱3 Billion Bond	2012 ₱7 Billion Bond	2013 ₱7 Billion Bond	2014 ₱7 Billion Bond	2015 ₱8 Billion Bond	2017 ₱6 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus							
Gross Proceeds	₱5,000,000,000	₱3,000,000,000	₱7,000,000,000	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000
Less: Expenses	63,850,625	34,290,625	97,225,625	67,594,379	82,327,087	85,330,750	68,308,996
Net Proceeds	₱4,936,149,375	₱2,965,709,375	₱6,902,774,375	₱6,932,405,621	₱6,917,672,913	₱7,914,669,250	₱5,931,691,004
Actual gross and net proceeds							
Gross Proceeds	₱5,000,000,000	₱3,000,000,000	₱7,000,000,000	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000
Less: Expenses	65,936,000	21,165,000	84,023,040	82,906,997	77,906,937	86,811,468	96,582,653
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347
Expenditure items where the proceeds were used							
Land Acquisition	₱2,960,438,400	₱417,036,900	₱249,938,096	₱2,965,648,318	₱–	₱88,961,000	₱–
Project Development	1,973,625,600	2,561,798,100	6,666,038,864	1,185,554,209	2,422,093,063	2,888,760,022	–
Investment Property	–	–	–	2,765,890,476	–	4,935,467,510	5,903,417,347
Debt refinancing	–	–	–	–	4,500,000,000	–	–
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347
Balance of the proceeds as of December 31, 2017							
Net Proceeds	₱4,934,064,000	₱2,978,835,000	₱6,915,976,960	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347
Capital Expenses	4,934,064,000	2,978,835,000	6,915,976,960	6,917,093,003	2,422,093,063	7,913,188,532	5,903,417,347
Debt refinancing	–	–	–	–	4,500,000,000	–	–
Net Proceeds	₱–	₱–	₱–	₱–	₱–	₱–	₱–

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2017 and 2016:

Financial ratios		December 2017	December 2016
Current ratio [1]	Current assets / Current liabilities	**2.95**	3.50
Long-term debt-to-equity ratio	Long-term debt / Equity	**0.86**	0.90
Debt ratio	Total liabilities / Total assets	**0.56**	0.54
EBITDA to total interest paid	EBITDA / Total interest paid	**3.07**	3.16
Price Earnings Ratio	Closing price [2] / Earnings per share	**8.17**	6.95
Quick asset ratio	Current assets - Inventories / Current Liabilities	**1.11**	1.09
Solvency ratio	Net income + Depreciation / Total Liabilities	**0.08**	0.08
Interest coverage ratio	EBIT / Interest Expense	**7.86**	7.39
Net profit margin	Net Income / Revenue	**0.30**	0.29
Return on equity	Net Income / Shareholder's Equity	**0.09**	0.09

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at December 31, 2017 and December 31, 2016 is 1.88 and 1.53, respectively.

FILINVEST LAND, INC. AND SUBSIDIARIES

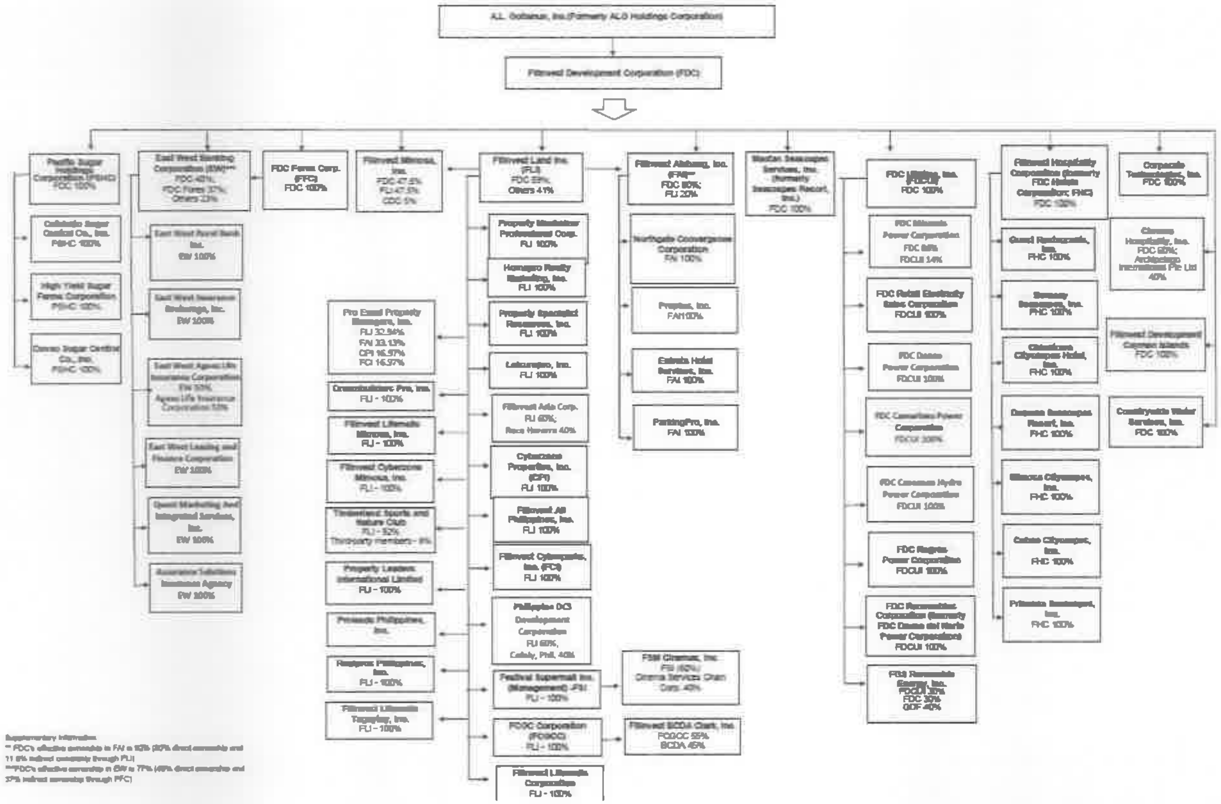
CONSOLIDATED UNAPPROPRIATED RETAINED EARNINGS EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

(Amounts in Thousands of Pesos)

Retained Earnings, January 1, 2017		₱29,015,356
Adjustments:		
Equity in net earnings of subsidiaries and an associate		(7,118,490)
Prior-year adjustments		192,793
Unappropriated Retained Earnings, as adjusted, January 1, 2017		22,089,659
Net income based on the face of audited consolidated financial statements	5,685,394	
Less: Non-actual/unrealized income net of tax		
Equity in net income of subsidiaries and an associate	(909,071)	
Unrealized foreign exchange gain - net		
Unrealized actuarial gain		
Fair value adjustment (marked-to-market gains)		
Fair value adjustment of Investment Property resulting to gain		
Adjustment due to deviation from PFRS/GAAP gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS		
Add: Non-actual/unrealized losses net of tax		
Depreciation on revaluation increment		
Adjustment due to deviation from PFRS/GAAP loss		
Loss on fair value adjustment of Investment Property		
Movement in deferred tax assets	349,056	
Net income actual/realized		5,125,379
Less: Dividend declarations during the year		(1,486,510)
Unappropriated Retained Earnings, as adjusted, December 31, 2017		₱25,728,528

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate Group, subsidiaries, and associates as of December 31, 2017:



ANNEX "D"

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Plan of Operations for 2018

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

FLI expects to remain focused on core residential real estate development business which includes medium-rise buildings (MRB) and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market. The Parent Company is also expanding its retail and BPO office-building portfolio to generate recurring revenues.

In 2018, FLI intends to retain its dominant position as the leader in MRB projects by launching 5 new projects nationwide and 5 additional buildings of existing projects, with an estimated sales value of Php7.0 billion. This will bring FLI's total MRB projects to 32. These new MRB projects are part of the total Php16.0 billion estimated sales value of new projects slated for launch by FLI in 2018.

Aside from the MRBs, FLI has pipelined 17 horizontal residential projects with an estimated revenue of about Php6.2 billion and one high-rise building (HRB) (mixed-use) with an estimated sales value of Php2.8 billion.

In line with FLI's strategic goal of tripling the GLA of its BPO office buildings by 2019, FLI is targeting to complete five more office buildings: Axis 1 (formerly Megablock) with a GLA of 38,899 sq. m. and
Axis 2 with a GLA of 38,899 sq. m. in Northgate Cyberzone, Pasay Cyberzone A and D with a combined GLA of 34,702 sq. m. in the Bay Area and Clark Mimosa Building 2 with a GLA of 13,036 sq. m.

For its retail portfolio, FLI has the Festival Supermall at Filinvest City expanding by another 46,705 square meters to its GLA, maintaining its position as the biggest mall in South Metro Manila. Il Corso lifestyle strip, a retail project in South Road Properties in Cebu, will contribute a GLA of around 35,000 sq. m. when fully completed.

Results of Operations for 2017

Year ended December 31, 2017 compared to year ended December 31, 2016
For the year ended December 31, 2017, FLI's operating regular net income registered a year on year growth of 9.03% or ₱483.39 million from ₱5,350.79 million in 2016 to ₱5,834.18 million in 2017.

Revenues and other income
Total consolidated revenues went up by ₱769.06 million or 3.94% from ₱19,500.59 million in 2016 to ₱20,269.65 million in 2017. Increase in revenue is attributable to 30.45% or ₱1,030.49 million increase in rental and other related services revenue from P3,384.18 million in 2016 to P4,414.67 million in 2017. Vector Three, located in Northgate Cyberzone Alabang has been completed and turned over, adding 36,000 square meters of GLA to the office portfolio. FLI now operates 22 buildings totaling 348,000 square meters of GLA. For retail, Fora Mall in Tagaytay and Main Square Mall in Bacoor were completed adding 50,000 square meters GLA to the retail portfolio.

Real estate sales slightly decreased by ₱507.50 million or by 3.56% from ₱14,255.92 million in 2016 to ₱13,748.42 million in 2017. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 69% (inclusive of MRB and HRB); Affordable 20%; High-End 9%; Farm Estate 1%; Socialized and others 1%.

Interest income increased by ₱63.33 million or by 7.26% from ₱871.97 million in 2016 to ₱935.30 million in 2017. The increase was due to higher interest income derived from cash and cash equivalents and contracts receivable.

Costs and Expenses
Cost of real estate sales decreased by ₱270.37 million or by 3.25% from ₱8,322.27 million in 2016 to ₱8,051.90 million in 2017. The decrease was mainly due to decline in the amount of real estate sales booked during the current period. Cost of rental services on the other hand, increased by ₱256.57 million or 34.56% from ₱742.49 million in 2016 to ₱999.06 million in 2017 basically due to depreciation of newly completed investment properties.

Total operating expenses increased to ₱2,860.83 million in 2017 from ₱2,508.76 million in 2016.

General and administrative expenses increased by ₱575.19 million or by 44.11% to ₱1,879.14 million in 2017 from ₱1,303.95 million in 2016. The increase was due to operating expenses related to opening of new malls and BPO buildings for lease. Likewise, business permits and real property taxes increased as a result of higher revenues and completion of more buildings during the year. Selling and marketing expenses decreased by ₱223.11 million or by 18.52% from ₱1,204.80 million in 2016 to ₱981.69 million in 2017 mainly due to lower broker's commission released during the year.

Provision for Income Tax
Total provision for income tax decreased by 2.84% from P1,503.62 million in 2016 to P1,460.98 million in 2017. Provision for current income tax increased to P705.04 million in 2017 from P385.79 million in 2016 or an increase of ₱319.25 million or by 82.75% due to higher Taxable income generated from increased revenues

Provision for deferred income tax decreased by ₱361.88 million or by 32.37% from ₱1,117.82 million in 2016 to ₱755.94 million in 2017 due to temporary differences between financial and taxable income.

Financial Condition

As of December 31, 2017, FLI's total consolidated assets stood at ₱145.12 billion, higher by 12.13% or by ₱15.70 billion than the ₱129.43 billion total consolidated assets as of December 31, 2016. The following are the material changes in account balances:

55.47% Increase in Cash and cash equivalents
Inflows of cash mainly came from proceeds of loans and bonds during the year together with strong collection of receivables offset by expenditures on projects and acquisitions of land and property investments and debt repayments.

20.93% Decrease in Contracts receivable
Contracts receivable decreased due to strong collections during the period. Majority of collections came from middle-income projects.

31.97% Increase in Other receivables
Increase is mainly due to higher receivables from tenants due to new leasable areas, escalations of rents etc.

29.14% Increase in Real estate inventories
Inventories increased due to rawland acquisitions and accelerated spending on saleable real estate project costs.

16.67% Increase in Other current assets
Other current assets increased due to higher prepaid expenses and CWTs during the year.

16.74% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings intended for office and commercial buildings for lease. These are primarily located in Northgate Cyberzone in Alabang, Filinvest Cyberzone in Pasay Bay Area, Filinvest Mimosa, Fora Mall in Tagaytay, Main Square in Cavite, and Il Corso in Cebu.

28.86% Increase in Property, plant and equipment
The increase was primarily due to the completion of the DCS plant (District Cooling System) which supplies the chilled water for the Northgate Cyberzone buildings.

2.88% Increase in Other noncurrent assets
The increase in this account was mainly construction costs of the Filinvest Cebu Cyberzone, classified under non-current other assets pursuant to BTO agreement with the Government of Cebu.

53.36% Increase in Accounts payable and accrued expenses
The increase in this account was mainly due to the accrual for the purchase of rawland and payables to contractors and suppliers for project constructions.

4.69% Decrease in Loans payable
The increase in mainly due to the ₱3.23 billion newly availed loans offset by ₱4.37 billion repayments

20.77% Increase in Bonds payable
The increase was due to bond issuance of ₱6 billion during the year by CPI, a 100% subsidiary of FLI.

18.23% Decrease in Due to related parties
The decrease was due to payments of the liability to affiliates for the Group's share in expenses incurred in the regular course of business. The remaining unpaid charges are expected to be paid or liquidated within the following year.

15.74 % Increase in Retirement liabilities
The increase was due to the accrual of the current service cost and interest cost to the retirement fund for the year.

17.33% Increase in Deferred Income Tax Liabilities
The increase was mainly due to the additional capitalized borrowing cost on long-term loans and other temporary differences between financial and taxable income.

Performance Indicators

Financial Ratios	*Particulars*	2017	2016
Earnings per Share	*Basic*[1]	0.23	0.22
Earnings per Share	*Diluted*[2]	0.23	0.22
Debt to Equity Ratio	*Notes Payable & Long-term Debt* / *Total Stockholder's Equity*	0.91	0.90
Debt Ratio	*Total Liabilities* / *Total Assets*	0.56	0.54
EBITDA to Total Interest Expense	*EBITDA* / *Total Interest Expense*	3.07	3.16
Price Earnings Ratio	*Closing Price of Share* / *Earnings Per share*	8.17	6.95

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

[2]Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Other Disclosures

Aside from the possible material increase in interest rates of the outstanding long-term debts with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of FLI within the next 12 months. The Parent Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments, or any significant amount in its accounts payable that have not been paid within the stated terms.

There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried uniformly over the calendar year; there are no significant elements of income or loss that did not arise from its continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Parent Company.

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

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

Results of Operations for 2016

Year ended December 31, 2016 compared to year ended December 31, 2015

For the year ended December 31, 2016, FLI's operating regular net income registered a year on year growth of 4.95% or ₱252.22 million from ₱5,098.56 million in 2015 to ₱5,350.79 million in 2016.

Revenues and other income

Total consolidated revenues went up by ₱1,197.73 million or 6.54% from ₱18,302.85 million in 2015 to ₱19,500.59 million in 2016. Increase in revenue is attributable to 14.61% or ₱431.42 million increase in rental and other related services revenue from ₱2,952.76 million in 2015 to ₱3,384.18 million in 2016. FLI completed three new buildings in the last quarter of 2015 and these have started to generate revenues in 2016. FLI now operates 21 buildings totaling 312,000 square meters of gross leasable area (GLA). Likewise, real estate sales increased by ₱205.21 million or by 1.46% from ₱14,050.71 million in 2015 to 14,255.92 million in 2016. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 72% (inclusive of Medium-Rise Buildings and High-Rise Buildings); Affordable 19%; High-End 3%; Farm Estate 1%; Socialized and others 5%.

Interest income increased by ₱63.59 million or by 7.87% from ₱808.38 million in 2015 to ₱871.97 million in 2016. The increase was due to higher interest income derived from cash and cash equivalents. Other income increased by 156.09% or by ₱490.96 million from ₱314.53 million in 2015 to ₱805.49 million in 2016 mainly due to a ₱450.00 income from liquidated damages qualified to be recognized as income as of December 31, 2016.

Costs and Expenses

Cost of real estate sales increased by ₱190.12 million or by 2.34% from ₱8,132.15 million in 2015 to ₱8,322.27 million in 2016. The increase was mainly due to movement in the amount of sales booked during the current period. Cost of rental services likewise increased by 8.14% from ₱686.58 million in 2015 to ₱742.49 million in 2016 basically due to depreciation of newly completed investment properties.

Total operating expenses increased to ₱2,508.76 million in 2016 from ₱2,226.73 million in 2015.

General and administrative expenses increased by ₱165.93 million or by 14.58% to ₱1,303.95 million in 2016 from ₱1,138.02 million in 2015. The increase was due to some repairs expensed out in 2016, and increases in outside temporary services, rent and utilities expenses for the current period.

Selling and marketing expenses increased by ₱116.10 million or by 10.66% to ₱1,204.80 million in 2016 from ₱1,088.71 million in 2015 mainly due to increase in broker's commission.

Interest and other financial charges increased by ₱188.91 million or by 21.38% to ₱1,072.66 million in 2016 from ₱883.76 million in 2015. This was due to interest expense of the newly availed loans in 2016.

Provision for Income Tax

Provision for income tax increased by 17.92% from ₱1,275.07 million in 2015 to ₱1,503.62 million in 2016. Provision for current income tax decreased to ₱385.79 million in 2016 from ₱405.77 million in 2015 or a decrease of ₱19.98 million or by 4.92% due to lower taxable income brought about by tax incentives and nontaxable financial revenues.

Provision for deferred income tax increased by ₱248.52 million or by 28.59% from ₱869.30 million in 2015 to ₱1,117.82 million in 2016 due to capitalization of interest expense and other temporary differences of financial and taxable income.

Financial Condition

As of December 31, 2016, FLI's total consolidated assets stood at ₱129,425.23 million, higher by 6.79% or by ₱8,230.06 million than the ₱121,195.17 million total consolidated assets (as restated) as of December 31, 2015. The following are the material changes in account balances:

26.13% Decrease in Cash and cash equivalents
Funds were used for the development of existing and new projects and for the construction of new buildings (investment properties) and for raw land acquisitions, coupled with bond and loan payments.

11.98% Increase in Contracts receivable
Contracts receivable increased due to additional sales booked during the period. Several attractive financing schemes are being offered by the Group to its real estate buyers to further increase sales.

15.20% Decrease in Other receivables
Decrease is mainly due to recoupment of advances from contractors and suppliers.

16.05% Decrease in Financial assets at fair value through other comprehensive income
This account decreased due to management's reassessment of control over TSNC. TSNC is now treated as a subsidiary with the investment in Club shares eliminated at consolidation.

18.71% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings in Northgate Cyberzone and Filinvest Cebu Cyberzone. Moreover, additional costs were incurred for the construction of buildings for commercial lease.

33.60% Increase in Property, plant and equipment
The increase was mainly due to consolidation of TSNC which has a material cost of Club classified as property, plant and equipment.

87.06% Increase in Deferred income tax assets
The increase in deferred income tax assets is basically due additional advance rental payments for the year.

21.50% Increase in Other assets
The increase in this account was mainly construction costs of the non-current assets acquired in relation to BTO agreement with the Government of Cebu.

16.03% Decrease in Accounts payable and accrued expenses
The decrease in this account was mainly due to the settlement of payables to contractors and suppliers with the completion of project constructions.

53.36% Increase in Loans payable
The increase in mainly due to the ₱10.48 billion newly availed loans by the Group offset by the ₱1.93 billion repayments.

9.30% Decrease in Bonds payable
The decrease was due to repayment of the ₱3 billion fixed-rate bonds.

44.68% Increase in Income tax payable
The increase in income tax payable was due to remaining taxes payable attributable to the subsidiaries of the parent, not covered enough by the creditable taxes.

28.92% Decrease in Due to Related Parties
The decrease was due to pay offs of the liability to affiliates for the Group's share in expenses in the regular course of business. The remaining unpaid charges are expected to be paid or liquidated within the first quarter of the following year.

38.99 % Increase in Retirement Liabilities
The increase was due to the accrual of the liability to the retirement fund for the year based on the latest actuarial valuation, net of cash contributions to the fund.

32.71% Increase in Deferred Income Tax Liabilities
The increase was mainly due to the additional capitalized borrowing cost on long-term loans and other temporary differences of financial and taxable income.

Performance Indicators

Financial Ratios	***Particulars***	**2016**	**2015**
Earnings per Share	*Basic*[1]	0.22	0.21
Earnings per Share	*Diluted*[2]	0.22	0.21
Debt to Equity Ratio	*Notes Payable & Long-term Debt* / *Total Stockholder's Equity*	0.90	0.85
Debt Ratio	*Total Liabilities* / *Total Assets*	0.54	0.54
EBITDA to Total Interest Expense	*EBITDA* / *Total Interest Expense*	3.16	3.09
Price Earnings Ratio	*Closing Price of Share* / *Earnings Per share*	6.95	8.62

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

[2]*Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.*

Other Disclosures

Aside from the possible material increase in interest rates of the outstanding long-term debts with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of FLI within the next 12 months. The Parent Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments, or any significant amount in its accounts payable that have not been paid within the stated terms.

There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried uniformly over the calendar year; there are no significant elements of income or loss that did not arise from the Parent Company's continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Parent Company.

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

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

Results of Operations for 2015

Year ended December 31, 2015 compared to year ended December 31, 2014

For the year ended December 31, 2015, FLI's operating regular net income registered a year on year growth of 10.51% or ₱485.07 million from ₱4,613.49 million in 2014 to ₱5,098.56 million in 2015.

Revenues and other income

Total consolidated revenues went up by 7.35% to ₱17,003.47 million in 2015 from ₱15,838.61 million in 2014. The increase resulted from the continued robust real estate sales that reached ₱14,050.71 million (up by ₱846.27 million or by 6.41%) and revenues from rental and related services of ₱2,952.76 million (higher by ₱318.60 million or 12.09%). Real estate sales booked during the current period broken down by product type are as follows: Middle Income 79% (inclusive of Medium-Rise Buildings and High-Rise Buildings); Affordable 14%; High-End 2%; Farm Estate 1%; Socialized and others 4%. Major contributors to the good sales performance during the period included the launching of new MRB's and House and Lot projects in diverse new locations, intensive marketing activities and attractive pricing. The increase in rental and related services revenues from the mall and office spaces was brought about mainly by higher rental revenues generated by CPI from Northgate Cyberzone buildings resulting from full occupancy/take up rate of "Plaza E" and partial occupancy of newly completed buildings in 2015 namely "Filinvest Two" and "Filinvest Three" and Filinvest Cebu Cyberzone Tower 1. FLI currently operates 14 office buildings including the three newly completed buildings bringing the office portfolio to 274,971 sq.m. In addition, cinema ticket sales and snackbar sales, parking and income from amusement centers which are all included in revenues from rental and related services, increased due to higher occupancy rate during the year.

Interest income increased by ₱56.20 million or by 7.47% from ₱752.18 million in 2014 to ₱808.38 million in 2015. The increase was due to higher interest income derived from cash and cash equivalents and from contract receivables. Other income decreased by 24.21% or by ₱100.47 million from ₱314.53 million in 2014 to ₱415.00 million in 2015 mainly due to the decrease in forfeited reservations and collections.

Costs and Expenses

Cost of real estate sales increased by ₱405.99 million or by 5.25% from ₱7,726.16 million in 2014 to ₱8,132.15 million in 2015. The increase was mainly due to higher amount of sales booked during the current period. Cost of rental services likewise increased by 7.71% from ₱637.43 million in 2014 to ₱686.58 million in 2015 basically due to increase in mall operations expenses and depreciation of investment properties.

Total operating expenses decreased to ₱2,226.73 million in 2015 from ₱2,353.38 million in 2014.

General and administrative expenses decreased by ₱161.31 million or by 12.41% to ₱1,138.02 million in 2015 from ₱1,299.33 million in 2014. The decrease was due to lower salaries wages, and employee benefits, transportation and travel and communications, light and water; offset by increases in EDP, outside services and other charges recorded for the current period.

The Company maintained its level of spending in selling and marketing expenses with minimal increase from prior year amounting to ₱34.65 million or by 3.29% to ₱1,088.71 million in 2015 from ₱1,054.06 million in 2014.

Interest and other financial charges increased by 36.46% to ₱883.76 million in 2015 from ₱647.62 million in 2014. This was due to interest expense of the bonds issued in December 2014.

Provision for Income Tax

Provision for income tax decreased by 18.22% from ₱1,078.53 million in 2014 to ₱1,275.07 million in 2015. Provision for current income tax decreased to ₱405.77 million in 2015 from ₱718.24 million in 2014 or a decrease of ₱312.47 million or by 43.51% due to lower taxable income brought about by tax incentives and nontaxable financial revenues.

Provision for deferred income tax increased by ₱509.02 million or by 141.28% from ₱ 360.28 million in 2014 to ₱869.30 million in 2015 due to capitalization of interest expense and other temporary differences of financial and taxable income.

Financial Condition

As of December 31, 2015, FLI's total consolidated assets stood at ₱121,333.05 million, higher by 13.91% or by ₱14,813.21 million than the ₱106,519.84 million total consolidated assets as of December 31, 2014. The following are the material changes in account balances:

53.10% Increase in Cash and cash equivalents
The increase is due to additional loan proceeds during the period to be used as fund for the development of existing and new projects and for the construction of new buildings (investment properties) and for raw land acquisitions.

14.63% Increase in Contracts receivable
Contracts receivable increased due to additional sales booked during the period. Several attractive financing schemes are being offered by the Group to its real estate buyers to further increase sales.

73.33% Increase in Due from related parties
The decrease was due to charges to affiliates for the share in expenses incurred in the regular course of business. Outstanding balances are expected to be collected within the following year.

22.03% Decrease in Financial assets at fair value through other comprehensive income
This account decreased due to return of investments received from certain shares from an electric power distributor.

7.37% Increase in Real Estate Inventories
Increase in the account is mainly due to construction costs of new projects for the year.

21.55% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings in Northgate Cyberzone and Filinvest Cebu Cyberzone. Moreover, additional costs were incurred for the expansion of Festival Supermall.

49.23% Decrease in Deferred income tax assets
The decrease in deferred income tax assets is due the advances on rent applied in 2015.

48.32% Increase in Other assets
The increase in this account was mainly due deposits for various prospected land acquisitions and construction costs of the non-current assets acquired in relation to BTO agreement with the Government of Cebu.

25.76% Increase in Accounts payable and accrued expenses
The increase in this account is due to the increase in various deposits such as customer's deposits, registration deposits, deposits for land acquisitions and retention fees.

72.76% Decrease in Income tax payable
The decrease in income tax payable is due to excess of the creditable withholding taxes applied to income taxes payable of the parent. Remaining payable position is attributable to the subsidiaries of the parent.

33.48% Increase in Bonds payable
The increase was due to the issuance of fixed-rate bonds by the Parent Company with an aggregate principal amount of ₱8 billion in August 2015 to finance the various projects of the Parent Company.

18.34% Increase in Due to Related Parties
The increase was due to charges from affiliates for the Group's share in expenses in the regular course of business. These advances are expected to be paid or liquidated within the first quarter of the following year.

21.77% Increase in Retirement Liabilities
The increase was due to the accrual of the liability to the retirement fund for the year, net of cash contributions to the fund.

34.30% Increase in Deferred Income Tax Liabilities
The increase was mainly due to the additional capitalized borrowing cost on long-term loans and other temporary differences of financial and taxable income.

Performance Indicators

Financial Ratios	***Particulars***	**2015**	**2014**
Earnings per Share	*Basic*[1]	0.21	0.19
Earnings per Share	*Diluted*[2]	0.21	0.19
Debt to Equity Ratio	*Notes Payable & Long-term Debt* / *Total Stockholder's Equity*	0.85	0.77
Debt Ratio	*Total Liabilities* / *Total Assets*	0.54	0.51

EBITDA to Total Interest Expense	*EBITDA* / *Total Interest Expense*	3.09	3.03
Price Earnings Ratio	*Closing Price of Share* / *Earnings Per share*	8.62	8.05

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

[2]Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Other Disclosures

Aside from the possible material increase in interest rates of the outstanding long-term debts with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of FLI within the next 12 months. The Parent Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments, or any significant amount in its accounts payable that have not been paid within the stated terms.

There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried uniformly over the calendar year; there are no significant elements of income or loss that did not arise from the Parent Company's continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Parent Company.

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

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

ANNEX "E"

FILINVEST LAND, INC.

MINUTES OF THE
ANNUAL STOCKHOLDERS' MEETING
Ballroom A Crowne Plaza Manila Galleria
Ortigas Avenue corner ADB Avenue
Quezon City 1100, Manila
April 21, 2017, 9:00 a.m.

I. ATTENDANCE

STOCKHOLDERS PRESENT:

	No. of Shares	Percentage
Present by Proxies	28,678,813,690	88.93%
Present In Person	97,511,885	00.30%
Total Attendance	28,776,325,575	89.23%

ALSO PRESENT:

Board of Directors

Name	Position
Mr. Jonathan T. Gotianun	Chairman of the Board Member – Executive Committee Member - Audit Committee Member – Compensation Committee
Mrs. Mercedes T. Gotianun	Member – Executive Committee Chairman – Compensation Committee Member – Nominations Committee
Mrs. Lourdes Josephine Gotianun Yap	President and Chief Executive Officer Chairman – Executive Committee Member – Nominations Committee Member – Compensation Committee
Mr. Andrew T. Gotianun, Jr.	Vice Chairman Member – Executive Committee
Mr. Michael Edward T. Gotianun	Member – Executive Committee Member – Technical Committee
Atty. Efren C. Gutierrez	Member – Audit Committee Chairman – Nominations Committee
Mr. Francis Nathaniel C. Gotianun	Member – Executive Committee
Mr. Lamberto U. Ocampo	Independent Director Member – Compensation Committee Member – Nominations Committee Member – Technical Committee
Atty. Val Antonio B. Suarez	Independent Director Chairman – Audit Committee

Key Officers, Senior Management Officers and Other Officers

Name	Position
Mr. Nelson M. Bona	Senior Vice President and Chief Financial Officer
Ms. Ana Venus A. Mejia	Senior Vice President, Treasurer and Deputy Chief Financial Officer
Atty. Elma Christine R. Leogardo	Vice President / Corporate Secretary and Compliance Officer
Mr. Steve C. Chien	Senior Vice President; International and Special Projects Head
Ms. Bernadette M. Ramos	Vice President – Group Real Estate Marketing

Independent External Auditor

Name	Position
Ms. Dhonabee B. Seneres	Partner-In-Charge, Sycip Gorres Velayo & Co.

II. NATIONAL ANTHEM

The meeting started with the singing of the Philippine National Anthem.

III. PRESIDING OFFICER AND SECRETARY

The Chairman of the Board, Mr. Jonathan T. Gotianun, presided over the meeting, while the Corporate Secretary, Atty. Elma Christine R. Leogardo, recorded the minutes thereof.

IV. CALL TO ORDER

The Chairman called the meeting to order and requested the Corporate Secretary to report on the service of notice of the meeting, and whether there was a quorum at the meeting.

V. CERTIFICATION OF SERVICE OF NOTICE AND QUORUM

The Corporate Secretary reported that the notice of the meeting, together with copies of the Information Statement and the 2016 Audited Financial Statements of the Company, were sent to each stockholder of record as of March 3, 2017, either by personal service or by mail, in compliance with the By-Laws of the Company.

Based on the record of attendance and report on proxies received by the Office of the Corporate Secretary, with the assistance of the Company's stock and transfer agent, Stock Transfer Service, Inc., the Corporate Secretary certified that out of the 32,249,759,506 total issued and outstanding shares of the Company as of the record date or on March 3, 2017, 28,776,325,575 shares representing 89.23% of the total issued and outstanding shares of the Company were present in person or by proxy at the meeting.

There being a quorum, the Chairman declared the meeting duly convened and open for business.

VI. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS HELD ON APRIL 22, 2016

The Corporate Secretary certified that copy of the minutes of the annual meeting of the stockholders held on April 22, 2016 was included in the notice of this year's annual stockholders' meeting. The Chairman requested the stockholders to refer to the minutes of the annual meeting of the stockholders held on April 22, 2016.

Upon motion made by a stockholder and duly seconded by another stockholder, and in the absence of any objection, the minutes of the annual meeting of the stockholders held on April 22, 2016 was approved[1], and the following resolution was accordingly passed:

> "**RESOLVED,** That the minutes of the annual meeting of the stockholders of the Company held on April 22, 2016 be, as they are hereby, approved in the form they were distributed."

VII. PRESENTATION OF THE PRESIDENT'S REPORT AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 2016 / DECLARATION OF CASH DIVIDENDS

The President and Chief Executive Officer of the Company, Mrs. Lourdes Josephine Gotianun Yap, presented her report on the Company's operations for the year ended December 31, 2016 based on the Company's Audited Financial Statements for the same period, copies of which were distributed to all the stockholders of record as of March 3, 2017, together with the Information Statement. The President's report was supplemented by a powerpoint presentation on the operational and financial highlights of the Company for the year 2016.

The President also announced to the stockholders that the Board of Directors approved during its special meeting held before the Annual Stockholders' Meeting on April 21, 2017 the declaration of cash dividends to all stockholders of record as of May 21, 2017 in the total amount of ₱1.50 billion or ₱0.0613 per share, broken down as follows:

a. Regular cash dividend of ₱0.0430 per share; and
b. Special cash dividend of ₱0.0183 per share.

Payment date is set on June 14, 2017.

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Total Votes FOR	Total AGAINST Votes	Total ABSTAIN Votes
28,776,325,575 (28,678,813,690 proxy votes + 97,511,885 votes of stockholders present in person)	0	0

After the presentation, the Chairman inquired if the stockholders had any questions on the President's report and the Audited Financial Statements for the year ended December 31, 2016.

A stockholder inquired if any discount is available to stockholders of the Company who want to purchase housing or condominium units being sold by the Company. The President replied that if a stockholder purchases a unit directly from the Company and without the assistance of a broker, a discount may be given by the Company. The discount rate will depend on the product type.

A stockholder commented that Clark is an area which can be successfully developed if good and reliable transportation infrastructure and services were available. The said stockholder inquired if the Company or the parent company, Filinvest Development Corporation, is having discussions with other companies to undertake infrastructure projects in the Clark area. The President distinguished between the two (2) development projects of the Company in the Clark area. First, she mentioned that with respect to the Filinvest Mimosa Estate, good transportation services are already in place. On the other hand, for Clark Green City – Phase 1 ("CGC-Phase 1"), she explained that under the Company's joint venture agreement with the Bases Conversion and Development Authority ("BCDA"), the Company will only be required to develop CGC-Phase 1 once the construction of the two (2) main access roads to Clark Green City are completed. She added that the anchor development in CGC-Phase 1 will be industrial. Likewise, BCDA already has infrastructure plans for the entire Clark Green City. Lastly, it was mentioned that based on various reports, the Philippine Government is discussing with the Governments of Japan and China regarding railroad transportation projects that will connect Clark Green City to Manila and the seaport in Subic.

The same stockholder inquired if the Company or its parent company has any plans of submitting to the Government an unsolicited proposal for a railway system in Clark. The President replied that, based on newspaper reports, there are on-going government to government discussions for the rail system project to be funded by Official Development Assistance ("ODA").

Another stockholder observed that based on his several visits in Festival Mall, it appeared to him that Festival Mall was not designed to compete with other bigger malls. He suggested that for the future mall projects of the Company, these malls should be designed to ensure that they will be able to compete with other malls. The President explained that Festival Mall is one of the few regional malls where you can find a lot of anchor tenants such as Shopwise, SM Savemore, Robinsons Department Store, Ace Hardware and Handyman, and that Landmark will soon be added as another anchor tenant. Festival Mall and the newly built Expansion Mall is also attracting a lot of global tenants such as H&M.

It was reiterated to the stockholders that the record date for the cash dividends is on May 21, 2017.

Thereafter, and upon motion made by a stockholder and duly seconded by another stockholder, and in the absence of any objection, the stockholders noted the

President's Report, and approved[2] the Company's Audited Financial Statements for the year ended December 31, 2016. The following resolution was accordingly passed:

> "**RESOLVED**, That the President's Report for the year 2016 and the Company's Audited Financial Statements for the year ended December 31, 2016 be, as it is hereby, approved."

VIII. RATIFICATION OF ALL THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND MANAGEMENT UP TO APRIL 21, 2017

The next item in the agenda was the ratification of all the acts, resolutions and proceedings of the Board of Directors, Executive Committee and Management from the date of the last annual stockholders' meeting until April 21, 2017, a summary of which was included as an annex in the Information Statement sent to all the stockholders of record prior to the annual stockholders' meeting.

On motion made by a stockholder and duly seconded by another stockholder, and in the absence of any objection, all the acts, resolutions and proceedings of the Board of Directors, Executive Committee and Management from the date of the last annual stockholders' meeting until April 21, 2017 was approved[3], confirmed and ratified, and the following resolution was accordingly passed:

> "**RESOLVED**, That all the acts, resolutions and proceedings of the Board of Directors, Executive Committee and Management from the date of the last annual stockholders' meeting until April 21, 2017 be, as they are hereby, approved, confirmed and ratified."

IX. ELECTION OF DIRECTORS

The Chairman announced that the next item in the Agenda was the election of nine (9) directors, including two (2) independent directors of the Company for the year 2017 to 2018.

As requested by the Chairman, the Corporate Secretary announced the names of the persons nominated for election as directors/independent directors of the Company and who were pre-screened by the Nominations Committee in accordance

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2

Total Votes FOR	Total AGAINST Votes	Total ABSTAIN Votes
28,767,580,575 (28,670,068,690 proxy votes + 97,511,885 votes of stockholders present in person)	0	8,745,000

3

Total Votes FOR	Total AGAINST Votes	Total ABSTAIN VOTES
28,767,580,575 (28,670,068,690 proxy votes + 97,511,885 votes of stockholders present in person)	0	8,745,000

with the Company's Revised Manual on Corporate Governance and By-Laws, as follows:

Directors:

1. Mrs. Mercedes T. Gotianun
2. Mr. Andrew T. Gotianun, Jr.
3. Mr. Jonathan T. Gotianun
4. Mrs. Lourdes Josephine Gotianun Yap
5. Mr. Michael Edward T. Gotianun
6. Atty. Efren C. Gutierrez
7. Mr. Francis Nathaniel C. Gotianun

Independent Directors:

1. Engr. Lamberto U. Ocampo
2. Atty. Val Antonio B. Suarez

The Corporate Secretary further confirmed that there were only nine (9) nominees for the nine (9) seats in the Company's Board of Directors and there were no other nominations submitted within the period allowed under the Company's By-Laws and Revised Manual on Corporate Governance.

There being only nine (9) nominees for the nine (9) seats in the Company's Board of Directors, the Chairman instructed the Corporate Secretary to cast the votes of the stockholders present in person or by proxy in the annual stockholders' meeting in favor of the nine (9) nominees (except as otherwise expressly instructed in the proxies received by the Office of the Corporate Secretary).

With the required votes[4] being obtained by the nine (9) nominees, the Chairman declared the following persons as duly elected directors of the Company:

1. Mrs. Mercedes T. Gotianun
2. Mr. Andrew T. Gotianun, Jr.
3. Mr. Jonathan T. Gotianun
4. Mrs. Lourdes Josephine Gotianun Yap
5. Mr. Michael Edward T. Gotianun
6. Atty. Efren C. Gutierrez
7. Mr. Francis Nathaniel C. Gotianun
8. Engr. Lamberto U. Ocampo (independent)
9. Atty. Val Antonio B. Suarez (independent)

[4]

Name of Director / Independent Director	Votes FOR	AGAINST Votes	ABSTAIN Votes
Mercedes T. Gotianun	26,457,368,784	2,318,956,791	0
Andrew T. Gotianun, Jr.	26,669,108,011	2,107,217,564	0
Jonathan T. Gotianun	26,658,690,571	2,117,635,004	0
Lourdes Josephine Gotianun Yap	28,239,677,113	536,648,462	0
Michael Edward T. Gotianun	26,177,072,784	2,599,252,791	0
Efren C. Gutierrez	26,518,358,784	2,257,996,791	0
Francis Nathaniel C. Gotianun	26,677,215,011	1,623,794,542	475,316,022
Lamberto U. Ocampo	28,270,444,453	505,881,022	0
Val Antonio B. Suarez	28,771,803,575	4,522,000	0

The following resolution was thus approved:

"**RESOLVED,** That the following persons are hereby declared as duly elected directors of the Company, to serve for a term of one (1) year or until their successors shall have been elected and qualified in accordance with the By-Laws of the Company:

1. Mrs. Mercedes T. Gotianun
2. Mr. Andrew T. Gotianun, Jr.
3. Mr. Jonathan T. Gotianun
4. Mrs. Lourdes Josephine Gotianun Yap
5. Mr. Michael Edward T. Gotianun
6. Atty. Efren C. Gutierrez
7. Mr. Francis Nathaniel C. Gotianun
8. Engr. Lamberto U. Ocampo (independent)
9. Atty. Val Antonio B. Suarez (independent)

X. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR

The Chairman apprised the stockholders that the Board of Directors, upon the recommendation of the Audit Committee, approved and endorsed for the stockholders' approval the re-appointment of Sycip Gorres Velayo & Co. as independent external auditor of the Company for the year 2017.

On motion made by a stockholder and duly seconded by another stockholder, and in the absence of any objection, the re-appointment of Sycip Gorres Velayo & Co. as independent external auditor of the Company for the year 2017 was approved,[5] confirmed and ratified. The following resolution was accordingly passed:

"**RESOLVED**, That the re-appointment of the accounting firm of Sycip Gorres Velayo & Co. as the independent external auditor of the Company for the year 2017 be, as it is hereby, approved."

XI. OTHER MATTERS

The Chairman inquired if there were other items for consideration in the Agenda.

A stockholder inquired on the status of the Enclave project in Daang-hari. The President mentioned that the Enclave project was already launched and the lots are already in the market. Phase 2 of the project will be launched soon. On the

5

Total Votes FOR	Total AGAINST Votes	Total ABSTAIN Votes
28,776,325,575 (28,678,813,690 proxy votes + 97,511,885 votes of stockholders present in person)	0	0

inquiry of the same stockholder, the President replied that there is no plan to construct a connecting bridge for the Enclave project.

XII. ADJOURNMENT

There being no further business to transact, and upon motion made and duly seconded, the Chairman declared the meeting adjourned. He conveyed his gratitude to the stockholders for attending the meeting and for their continued trust and confidence in the Company and the Management.

CERTIFIED CORRECT:

ELMA CHRISTINE R. LEOGARDO
Corporate Secretary

ATTESTED BY:

JONATHAN T. GOTIANUN
Chairman of the Meeting

File No. 1.4.3
FLI_Minutes 2017 ASM-FLI/SPR

ANNEX "F"

SUMMARY OF THE IMPORTANT RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE FROM THE LAST ANNUAL STOCKHOLDERS' MEETING TO FEBRUARY 2018

(1)

"RESOLVED, That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 03 May 2017 issued by the Board of Investments ("BOI") for its **MARINA SPATIAL – MARINA TOWN BUILDING A** Project in connection with the Corporation's application for registration under E.O. 226 as an Expanding Developer of Economic and Low-Cost Housing on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application are true and correct;

"RESOLVED, FURTHER, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans to the government or any government instrumentality;

"RESOLVED, FINALLY, That the Corporation hereby acknowledges and accepts that only revenues arising from the sale of housing units as family home or dwelling shall be covered by the income tax holiday."

(2)

"RESOLVED, That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 03 May 2017 issued by the Board of Investments ("BOI") for its **VENTURA REAL** Project in connection with the Corporation's application for registration under E.O. 226 as an Expanding Developer of Economic and Low-Cost Housing on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application are true and correct;

"RESOLVED, FURTHER, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans to the government or any government instrumentality;

"RESOLVED, FINALLY, That the Corporation hereby acknowledges and accepts that only revenues arising from the sale of housing units as family home or dwelling shall be covered by the income tax holiday."

(3)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 03 May 2017 issued by the Board of Investments ("BOI") for its **8 SPATIAL DAVAO BUILDING 4** Project in connection with the Corporation's application for registration under E.O. 226 as an Expanding Developer of Economic and Low-Cost Housing Project on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application are true and correct;

"RESOLVED, FURTHER, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans to the government or any government instrumentality;

"RESOLVED, FINALLY, That the Corporation hereby acknowledges and accepts that only revenues arising from the sale of housing units as family home or dwelling shall be covered by the income tax holiday."

(4)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 03 May 2017 issued by the Board of Investments ("BOI") for its **8 SPATIAL DAVAO BUILDING 3** Project in connection with the Corporation's application for registration under E.O. 226 as an Expanding Developer of Economic and Low-Cost Housing Project on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application are true and correct;

"RESOLVED, FURTHER, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans to the government or any government instrumentality;

"RESOLVED, FINALLY, That the Corporation hereby acknowledges and accepts that only revenues arising from the sale of housing units as family home or dwelling shall be covered by the income tax holiday."

(5)

"RESOLVED, That the Corporation be, as it is hereby, authorized to apply with **Manila Electric Company ("MERALCO")** for the reconnection of power supply at the Capri Oasis Condominium Corporation;

"RESOLVED, FURTHER, That the Corporation's First Vice President, **LUIS L. FERNANDEZ**, be, as he is hereby, authorized to represent the Corporation, and to sign, execute and deliver, for and on behalf of the Corporation, the appropriate MERALCO application for said reconnection of power supply, and all other documents required or necessary to implement the foregoing authority."

(6)

"**RESOLVED**, That the Corporation be, as it is hereby, authorized to apply with the Board of Investments ("BOI") for registration under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", for its project designated as "**MERIDIAN PLACE**" located in Pasong Kawayan II, General Trias, Cavite City, as a New Developer of Mass Housing Project under the 2017 Investments Priorities Plan;

"**RESOLVED, FURTHER**, That the Corporation's Senior Vice-President/Chief Financial Officer, **MR. NELSON M. BONA**, First Vice-President, **MR. LUIS L. FERNANDEZ,** and Senior Vice-President/SouthWest Cluster Head, **ENGR. REYNALDO A. ASCAÑO**, acting singly or jointly, are hereby authorized and empowered to transact with the BOI, and to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all documents and instruments that may be required or necessary to secure said BOI registration."

(7)

"**RESOLVED,** That the Corporation be, as it is hereby, authorized to apply with the Board of Investments ("BOI") for registration under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", for its project designated as "**VALLE DULCE PHASE 2**" located in Barangay Bubuyan, Calamba City, Laguna, as a New Developer of Mass Housing Project under the 2017 Investments Priorities Plan;

"**RESOLVED, FURTHER,** That the Corporation's First Vice-President, **MR. LUIS L. FERNANDEZ** and/or Senior Vice President, **ENGR. REYNALDO A. ASCAÑO,** and/or Senior Vice-President/Chief Financial Officer, **MR. NELSON M. BONA,** acting singly or jointly, are hereby authorized and empowered to transact with the BOI, and to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all documents and instruments that may be required or necessary to secure said BOI registration."

(8)

"**RESOLVED,** That the Corporation be, as it is hereby, authorized to avail of the Shared Term Loan Line of up to Php 5.0 billion and Omnibus Line of up to Php 850.0 million made available by Rizal Commercial Banking Corporation (RCBC). The Omnibus Line is made available for Loan Line, Domestic/Import Letters of Credit and Trust Receipts Line, Domestic Standby Letters of Credit, Domestic Bills Purchase Line of up to Php 100.0 million, FX Settlement Line of up to Php 100.0 million and FX Pre-Settlement Risk Line of up to Php 50.0 million;

"**RESOLVED, FURTHER,** That the following officers of the Corporation, whose specimen signatures appear below:

Name	Position	Specimen Signature
L. JOSEPHINE G. YAP	President and Chief Executive Officer	________________
NELSON M. BONA	Senior Vice President and	________________

	Chief Financial Officer	
ANA VENUS A. MEJIA	Senior Vice President/ Treasurer and Deputy Chief Financial Officer	____________

are hereby authorized, whether acting singly or jointly, to open and maintain a depository account with RCBC, to negotiate, enter into, sign, execute and deliver loan agreements, promissory notes, bills purchase forms, letters of credit, trust receipts and such other forms and agreements, contracts, instruments and documents as may be required by RCBC, under such terms and conditions as said officer(s) may deem to be beneficial to the Corporation;

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

(9)

"**RESOLVED**, That the Corporation be, as it is hereby, authorized to apply with the Board of Investments ("BOI") for registration under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", for its project designated as "**SAVANNAH FIELDS – PHASE 4A**" located in Barangay San Francisco, General Trias, Cavite City, as a New Developer of Mass Housing Project under the 2017 Investments Priorities Plan;

"RESOLVED, FURTHER, That the Corporation's Senior Vice-President/Chief Financial Officer, **MR. NELSON M. BONA**, First Vice-President, **MR. LUIS L. FERNANDEZ,** and Senior Vice-President/SouthWest Cluster Head, **ENGR. REYNALDO A. ASCAÑO**, acting singly or jointly, are hereby authorized and empowered to transact with the BOI, and to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all documents and instruments that may be required or necessary to secure said BOI registration."

(10)

"**WHEREAS**, the Corporation and its subsidiaries are considered either Personal Information Controllers ("PICs") or Personal Information Processors ("PIPs") that are required to register their respective personal data processing system/s with the National Privacy Commission (the "NPC") pursuant to Republic Act no. 10173 or the Data Privacy Act of 2012 (the "DPA");

"**WHEREAS**, the PDA mandates the designation and appointment of an officer who shall ensure and be primarily accountable for the Corporation's compliance with the law (the "Data Privacy Officer" or "DPO");

"**RESOLVED**, that the Corporation hereby appoints and designates its Vice President, Atty. ELMA R. LEOGARDO, as its Data Privacy Officer, as well as for its subsidiaries involved in real estate development and operations;

"**RESOLVED, FURTHER**, that the said Data Privacy Officer of the Corporation shall have the full power and authority to sign, execute, and deliver to the NPC or such other government agency, for and on behalf of the Corporation, any and all documents, papers, and requirements for legal compliance, as well as to perform all acts required or necessary to implement the foregoing resolution."

(11)

"RESOLVED, That the Corporation be, as it is hereby, authorized to apply with the Board of Investments ("BOI") for registration under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", for its project designated as **"FUTURA HOMES ILOILO SUBDIVISION"** located in Barangay Cagamutan Sur, Leganes, Iloilo, as a New Developer of Mass Housing Project under the 2017 Investments Priorities Plan;

"RESOLVED, FURTHER, That the Corporation's First Vice-President, **MR. LUIS L. FERNANDEZ,** Senior Vice-President and Cluster Head, **MR. TRISTANIEL D. LAS MARIAS** and/or Senior Vice-President/Chief Financial Officer, **MR. NELSON M. BONA**, acting singly or jointly, are hereby authorized and empowered to transact with the BOI, and to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all documents and instruments that may be required or necessary to secure said BOI registration."

(12)

"RESOLVED, That the Corporation be, as it is hereby, authorized to apply with the Board of Investments ("BOI") for registration under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, for its project designated as **"FUTURA HOMES PALM ESTATES"** located in Barangay E. Lizares, City of Talisay, as a New Developer of Mass Housing Project under the 2017 Investments Priorities Plan;

"RESOLVED, FURTHER, That the Corporation's First Vice-President, **MR. LUIS L. FERNANDEZ,** Senior Vice-President and Cluster Head, **MR. TRISTANEIL D. LAS MARIAS**, and/or Senior Vice-President/Chief Financial Officer, **MR. NELSON M. BONA,** acting singly or jointly, are hereby authorized and empowered to transact with BOI, and to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all documents and instruments that may be required or necessary to secure said BOI registration."

(13)

"RESOLVED That the Corporation hereby acknowledges and accepts that only revenues arising from the sale of housing units in its **"FUTURA HOMES PALM ESTATES"** project used as family homes or dwellings shall be covered by the income tax holiday incentive under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987."

(14)

"RESOLVED, That the Corporation be, as it is hereby, authorized to apply with the Philippine Economic Zone Authority ("PEZA") for the registration of the office component of its "One Filinvest" project, located in Ortigas Avenue, corner ADB Avenue and Sapphire Road, Ortigas Center, Pasig City;

"RESOLVED, FURTHER, That the Corporation's First Vice President, **MS. CESARINE JANETTE B. CORDERO**, be, as she is hereby, authorized and empowered to transact with PEZA, and to sign, execute and deliver, for and on behalf of the Corporation, the said application for registration and such other forms, instruments and documents as may be required or necessary to secure said PEZA registration."

(15)

"RESOLVED, That the Corporation be, as it is hereby, authorized to apply with the Board of Investments ("BOI") for registration under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", for its project designated as "**NEW FIELDS**" located in Barangay Dalig and May-iba, Teresa, Rizal, as a New Developer of Mass Housing Project under the 2017 Investments Priorities Plan;

"RESOLVED, FURTHER, That the Corporation's First Vice-President, **MR. LUIS L. FERNANDEZ,** Senior Vice-President and Cluster Head, **MR. FRANCIS V. CEBALLOS,** and/or Senior Vice-President/Chief Financial Officer, **MR. NELSON M. BONA**, acting singly or jointly, are hereby authorized and empowered to transact with the BOI, and to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all documents and instruments that may be required or necessary to secure said BOI registration."

(16)

"RESOLVED, That the Corporation be, as it is hereby, authorized to apply with the Board of Investments ("BOI") for registration under Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", for its project designated as "**FUTURA HOMES ZAMBOANGA**" located in Barangay Boalan, Zambowood Road, as a New Developer of Mass Housing Project under the 2017 Investments Priorities Plan;

"RESOLVED, FURTHER, That the Corporation's First Vice-President, **MR. LUIS L. FERNANDEZ,** Senior Vice-President and Cluster Head, **MR. TRISTANEIL D. LAS MARIAS,** and/or Senior Vice-President/Chief Financial Officer, **MR. NELSON M. BONA**, acting singly or jointly, are hereby authorized and empowered to transact with the BOI, and to sign, execute, deliver, receive and receipt, for and on behalf of the Corporation, any and all documents and instruments that may be required or necessary to secure said BOI registration."

(17)

"**RESOLVED**, That the Corporation hereby designates **MR. JOSEPH M. YAP,** or in his absence, **MR. FRANCIS V. CEBALLOS**, as the Corporation's proxies, to represent it and vote all of its shares in Timberland Sports and Nature Club, Inc. (the"Club") for all matters to be taken up at the Club's Annual Shareholders' Meeting to be held on 24 November 2017 and at any adjournments thereof:

"RESOLVED, FINALLY, That the following be, as they are hereby, authorized to attend the Annual Shareholders' Meeting of the Club for and on behalf of the Corporation:

1) Ron Michael B. Garcia;
2) Lou Diane B. Rigodon;
3) Flordeluna Rodriguez;
4) Ryan Bautista;
5) Noel Advincula;
6) Rochelle Culala; and

7) Roncel Nebre."

(19)

"RESOLVED, That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 08 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Meridian Place Phase 2**" in connection with the Corporation's application for registration as an Expanding Developer of an Economic and Low-Cost Housing Project under the 2014 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(20)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 08 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Savannah Fields Phase 1**" in connection with the Corporation's application for registration as an Expanding Developer of an Economic and Low-Cost Housing Project under the 2014 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(21)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 08 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Futura Homes – Iloilo Subdivision**" in connection with the Corporation's application for registration as a New Developer of an Economic and Low-Cost Housing Project under the 2014 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(22)

"WHEREAS, Filinvest Development Corporation ("FDC") is in the process of amending the Filinvest Development Corporation and Affiliated Companies Retirement Plan (the "Plan") to include some of its affiliated companies as Participating Companies under Article II, Sec. 1 (a) of the Plan;

"WHEREAS, the Corporation intends to participate in the Plan as one of the Participating Companies;

"WHEREAS, the Plan mandates the designation and appointment of a Retirement Committee composed of Five (5) members to administer the Plan;

"NOW, THEREFORE, BE IT RESOLVED, That the Corporation hereby appoints and designates, **Ms. L. Josephine Gotianun-Yap, Mr. Nelson M. Bona, Ms. Ana Venus A. Mejia, Atty. Elma Christine R. Leogardo and Ms. Rizalangela L. Reyes,** as members of the Retirement Committee, with all powers necessary or useful in the discharge of duties of administration, including but not limited to the power to interpret, construe and administer the Plan, to determine the rights of Members and their beneficiaries under the Plan, and to adopt such rules and regulations as it may deem necessary and desirable, including the establishment of necessary forms and procedures and the setting of minimum periods where notice is required."

(23)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 04 December 2017 issued by the Board of Investments ("BOI") for its project known as "**New Fields**" in connection with the Corporation's application for registration as a New Developer of an Economic and Low-Cost Housing Project under the 2017 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(24)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 04 December 2017 issued by the Board of Investments ("BOI") for its project known as "**Savannah Fields Phase 4A**" in connection with the Corporation's application for registration as an Expanding Developer of an Economic and Low-Cost Housing Project under the 2017 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(25)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 22 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Futura Homes Palms Estates**" in connection with the Corporation's application for registration as a New Developer of an Economic and Low-Cost Housing Project under the 2017 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(26)

"RESOLVED That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 22 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Valle Dulce Phase 2**" in connection with the Corporation's application for registration as a New Developer of an Economic and Low-Cost Housing Project under the 2017 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(27)

"**RESOLVED**, That the Corporation be is hereby authorized to enter into a Share Sale and Purchase Agreement (the "SSPA") for the purchase and acquisition of the 60,000 Class "A" common shares and 40,000 Class "B" common shares of **Gintong Parisukat Realty And Development, Inc.** ("GPRDI"), which represents its total authorized and outstanding capital stock (the "Shares"), as well as the advances and receivables of Bellie United Trading and Finance S.A. from GPRDI (the "Receivables");

"RESOLVED, FURTHER, That the Corporation's President and CEO, **JOSEPHINE GOTIANUN-YAP**, is hereby authorized and empowered to negotiate, enter into, sign, execute and deliver the SSPA and such other agreements, deeds, contracts, and documents as may be required or necessary to secure, acquire, and purchase the Shares and the Receivables, under such terms and conditions as he may deem beneficial to the Corporation."

(28)

"RESOLVED, That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 08 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Futura Homes – Iloilo Subdivision**" in connection with the Corporation's application for registration as a New Developer of an Economic and Low-Cost Housing Project under the 2017 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(29)

"RESOLVED, That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 08 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Meridian Place Phase 2**" in connection with the Corporation's application for registration as an Expanding Developer of an Economic and Low-Cost Housing Project under the 2017 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(30)

"RESOLVED, That the Board of Directors of the Corporation hereby accepts the Specific and General Terms and Conditions (Items D & E) listed in the Project Approval Sheet dated 08 November 2017 issued by the Board of Investments ("BOI") for its project known as "**Savannah Fields Phase 1**" in connection with the Corporation's application for registration as an Expanding Developer of an Economic and Low-Cost Housing Project under the 2017 IPP on a Non-Pioneer status;

"RESOLVED, FURTHER, That the Board of Directors hereby adopts and affirms that (a) all representations and commitments made by the Corporation to the BOI, whether in the pre and post registration stages, and (b) all the information and data submitted to the BOI in connection with the said application, are true and correct;

"RESOLVED, FINALLY, That the Corporation hereby confirms that it is not in arrears in the payment of outstanding obligations, including loans, to the government or any government instrumentality."

(31)

"WHEREAS, the Corporation is in the process of securing all the necessary national and local permits, licenses, clearances and other documents necessary for the construction and development of a new residential condominium project in Valenzuela City, Bulacan, to be known as "Alta Spatial Valenzuela" (the "Project");

"WHEREAS, in order to mitigate, if not eliminate, flooding at the intersection of MacArthur Highway and Karuhatan Road and its immediate surroundings, the Local Government Unit of Barangay Karuhatan, City of Valenzuela (the "LGU") is implementing a Drainage By-Pass Line Project;

"WHEREAS, the LGU is seeking the participation and cooperation of the private sector in the implementation of local infrastructure projects such as the Project;

"NOW, THEREFORE, BE IT RESOLVED, That the Corporation is hereby authorized and empowered to provide financial support to cover the expenses of the civil works for the Drainage By-Pass Line Project outside the Corporation's Alta Spatial Valenzuela project;

"RESOLVED, FURTHER, That the Corporation's First Vice-President, **Engr. Antonio E. Cenon**, is hereby authorized and empowered to negotiate, enter into, sign, execute and deliver, for and on behalf of the Corporation, a Memorandum of Agreement with the Local Government Unit of Barangay Karuhatan, City of Valenzuela for this purpose, under such terms and conditions as may be mutually beneficial to the Corporation and the local community."

(32)

"RESOLVED, That the Board of Directors, upon the recommendation of the Audit Committee, hereby approves the Corporation's audited financial statements for the period ended 31 December 2017

"RESOLVED, FURTHER, That the Corporation hereby approves and authorizes the submission and/or filing of the Corporation's audited financial statements for the period ended 31 December 2017 to the appropriate government agencies and regulatory bodies."