



15 October 2009

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

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

Dear Ms. Encarnacion,

We obtained information today that PhilRatings assigned the highest rating of **PRS Aaa** to FLI's proposed issuance of P3 billion in fixed-rate bonds, with an over-subscription option of up to P2 billion. The bonds will mature in three and five years.

This fixed-rate bond flotation is subject of our previous disclosure dated August 26, 2009.

Attached is the rating news dated October 15, 2009 obtained from Philippine Rating Services Corporation.

Thank you.

Very truly yours,

**ATTY. APOLLO M. ESCAREZ**  
VP & Corporate Information Officer

### Filinvest Land Inc's (FLI) Proposed Bond Issuance Gets PRS Aaa Rating

PhilRatings assigned the highest rating of **PRS Aaa** to FLI's proposed issuance of P3 billion in fixed-rate bonds, with an over-subscription option of up to P2 billion. The bonds will mature in three and five years. "Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong."

The rating assigned reflects the following key considerations: improving net cash provided by operating activities; FLI's diversified portfolio; the company's resilience as enhanced by its continued focus on the mass housing segment; the steady growth in its real estate and leasing operations; its sound debt position and strong financial flexibility; and favorable industry conditions.

PhilRatings shall continue to monitor developments related to FLI's credit standing. The rating assigned to FLI's issuance can be changed at any time should circumstances warrant such a change.

In spite of the financial crisis and relatively slow economic growth, FLI's revenues improved in the first half of 2009. Total revenues grew by 9.7% to P2.16 billion as a result of higher real estate sales and rental revenues. Net income improved by 6.27% to P759 million. From 2009-2016, the company expects continued growth in its revenues. Growth in real estate revenues is expected to come from the affordable and middle-income segments. FLI's leasing operations' contribution to total revenues has increased significantly from 1% in 2004 to 27% as of June 2009. This provides the company with more stable cash flows, providing a buffer from the more volatile property development sector.

Net cash provided by operating activities is expected to improve as net income strengthens. From 2009 to 2013, funds from operations will be enough to cover interest expense and maturing debt. Coverage is expected to improve further in 2014 and 2015.

Going forward, FLI intends to continue its focus on the affordable and middle-income markets as it recognizes the growth potential of these segments. The affordable segment is the biggest portion of the market, made up of about 7.5 million families. FLI focuses on these segments as buyers belonging to the low- and middle-income brackets are usually end-users and as such, have stronger will and determination to pay their amortizations.

FLI's debt to equity ratio remained conservative at 0.18 as of the first half of 2009. Even with the issuance of the P5 billion bonds, debt to equity ratio is expected to remain conservative. The company's sound debt profile provides flexibility in obtaining additional loans.

The amount of maturing loans is very manageable on an annual basis and can be covered by internally-generated funds. Unavailed credit line facilities, as well as contract-to-sell financing facilities with several banks, also provide added financial flexibility.

In July 2009, Overseas Filipino (OF) remittances went up by 9% to \$1.49 billion from last year, minimizing fears that remittances will go dry amidst the financial crisis. This is favorable for FLI as OFs account for about half of FLI's real estate sales, directly or indirectly. Lower average bank lending rates and availability of financing are also expected to help boost the performance of the real estate sector.