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## Robinsons Land Corporation RLC

### PSE Disclosure Form 17-18 - Other SEC Forms/Reports/Requirements

|                                  |                           |
|----------------------------------|---------------------------|
| <b>Form/Report Type</b>          | Definitive SEC Form 20-IS |
| <b>Report Period/Report Date</b> | Oct 22, 2014              |

#### Description of the Disclosure

Please see attached Definitive SEC Form 20-IS which we have filed with the Securities and Exchange Commission concerning the solicitation of the written assent of the shareholders for the amendment of the principal office address of Robinsons Land Corporation.

#### Filed on behalf by:

|                    |                     |
|--------------------|---------------------|
| <b>Name</b>        | Rosalinda Rivera    |
| <b>Designation</b> | Corporate Secretary |

# COVER SHEET

9 3 2 6 9 - A  
SEC Registration Number

ROBINSONS LAND CORPORATION  
(Company's Full Name)

LEVEL 2, GALLERIA CORPORATE CENTE  
R, EDSA CORNER ORTIGAS AVENUE, QU  
EZON CITY, METRO MANILA  
(Business Address: No. Street City/Town/Province)

Atty. Rosalinda F. Rivera  
Corporate Secretary  
(Contact Person)

633-7631 to 40

(Company Telephone Number)

0 9 3 0  
Month Day  
(Fiscal Year)

2 0 - I S  
(Form Type)

First Tuesday of April

Month Day  
(Annual Meeting)

## Definitive Information Statement

Issuer of Securities under  
SEC-BED Order No.125, Series of 1989; SEC-BED Order No.435, Series of 1989; SEC-BED Order  
No.523, Series of 1993; SEC-BED Order No.524 Series of 1993; SEC-BED Order No. 572, Series of 1995;  
SEC-BED Order No. 057, Series of 1997; and SEC-CFD Order No. 128, Series of 2006  
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 20-IS Information Statement Pursuant to Section 20 of the Securities Regulation Code



1. Check the appropriate box:

Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Registrant as specified in its charter : **ROBINSONS LAND CORPORATION**  
("Corporation")

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

4. SEC Identification Number : **SEC Registration No. 93269-A**

5. BIR Tax Identification Code : **TIN No. 000-361-376-000**

6. Address of principal office : **Metro Manila, Philippines**

7. Registrant's telephone number, including area code : **(632) 633-7631 to 40**

8. Approximate date on which copies of the Information Statement are first to be sent or given to security holders : **November 13, 2014**

9. 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 Shares of Common Stock<br>Outstanding or Amount of Debt Outstanding<br>(as of August 31, 2014) |
|---------------------|--|
|---------------------|--|

|                                       |                              |
|---------------------------------------|------------------------------|
| <b>Common Stock, P 1.00 par value</b> | <b><u>P4,093,830.685</u></b> |
|---------------------------------------|------------------------------|

10. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ☒

No ☐

Robinsons Land Corporation's common stock is listed on the Philippine Stock Exchange.



#### Solicitation of the Written Assent of Shareholders

In lieu of a meeting for the purpose of approving the change in the principal office address of the Corporation to "Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila", the written assent of the shareholders of record owning at least two-thirds (2/3) of the outstanding capital stock shall be solicited pursuant to Section 16 of the Corporation Code.

The shareholders are requested to signify their vote on the proposed amendment by November 21, 2014 via execution of the Written Assent Form provided by post, facsimile or email to:

ROBINSONS LAND CORPORATION  
Office of the Corporate Secretary  
40<sup>th</sup>/F Robinsons Equitable Tower,  
ADB Avenue corner Poveda Road,  
Ortigas Center, Pasig City,  
Metro Manila  
Fax Number: (632) 395-2608  
Email: PatrickArnold.Tetangco@urc.com.ph

#### Dissenters' Right of Appraisal

Any shareholder of the Corporation may exercise his appraisal right against the proposed actions which qualify as instances giving rise to the exercise of such right pursuant to and subject to and subject to the compliance with the requirements and procedure set forth under Title X of the Corporation Code of the Philippines. There is no matter or item to be submitted to a vote or acted upon via written assent which falls under the instances provided by law when dissenting shareholders can exercise their appraisal right.

#### Interest of Certain Persons In or Opposition to Matters to be Acted Upon

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

1. Directors or officers of the Corporation at any time since the beginning of the last fiscal year;
2. Nominees for election as directors of the Corporation;
3. Associate of any of the foregoing persons.

#### Voting Securities and Principal Holders Thereof

(a) The Corporation has 4,093,830,685 outstanding shares as of August 31, 2014. Every shareholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) Article VII, Section 8 of the By-Laws of the Corporation states that for purposes of determining the shareholders entitled to notice of, or to vote or be voted at any meeting of shareholders or any adjournments thereof, or entitled to receive payment of any dividends or other distribution or allotment of any rights, or for the purpose of any other lawful action, or for making any other proper determination of shareholders, the Board of Directors may provide that the stock and transfer books be closed for a stated period, which shall not be more than sixty (60) days nor less than thirty (30) days before the date of such meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders. A determination of shareholders of record entitled to notice of or to vote or be voted at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

## Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of August 31, 2014

| Title of Class | Names and addresses of record owners and relationship with the Corporation   | Names of beneficial owner and relationship with record owner | Citizenship  | No. of shares held | % to total outstanding |
|----------------|--|--|--------------|--------------------|------------------------|
| Common         | JG Summit Holdings, Inc.<br>43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Road, Pasig City (shareholder)                      | same as record owner (see note 1)                            | Filipino     | 2,496,114,787      | 60.97%                 |
| Common         | PCD Nominee Corporation (Non-Filipino)<br>37/F The Enterprise Center Tower 1 Cor. Paseo de Roxas, Ayala Avenue Makati City (shareholder) | PCD Participants and their clients (see note 2)              | Non-Filipino | 1,026,002,653      | 25.06%                 |
| Common         | PCD Nominee Corporation (Filipino)<br>37/F The Enterprise Center Tower 1 Cor. Paseo de Roxas, Ayala Avenue Makati City (shareholder)     | PCD Participants and their clients (see note 2)              | Filipino     | 537,441,622        | 13.13%                 |

### Notes:

<sup>1</sup> The Chairman and the President of JG Summit Holdings Inc., (JGSHI) are both empowered under its by-laws to vote any and all shares owned by JGSHI, except as otherwise directed by its board of directors. The incumbent Chairman and Chief Executive Officer and President and Chief Operating Officer of JGSHI are Mr. James L. Go and Mr. Lance Y. Gokongwei, respectively.

<sup>2</sup> PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly owned by the Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. Out of the PCD Nominee Corporation (Non-Filipino) account, "Deutsche Bank Manila-Clients Account" and "The Hongkong and Shanghai Banking Corp. Ltd. - Clients' Acct." holds for various trust accounts the following shares of the Corporation as of August 31, 2014:

|   | <u>No. of shares held</u> | <u>% to total outstanding</u> |
|---|---------------------------|-------------------------------|
| Deutsche Bank Manila - Clients Acct.                          | 482,854,119               | 11.79%                        |
| The Hongkong and Shanghai Banking Corp. Ltd. - Clients' Acct. | 328,685,699               | 8.03%                         |

The securities are voted by the trustee's designated officers who are not known to the Corporation.



Security Ownership of Management as of August 31, 2014

| Title of Class   | Name of beneficial owner     | Position  | Amount & nature of beneficial ownership (Direct) | Citizenship | % to Total Outstanding |
|--|------------------------------|---|--|-------------|------------------------|
| <b>A. Executive Officers<sup>1</sup></b>   |                              |   |  |             |                        |
| Common   | 1. John L. Gokongwei, Jr.    | Director, Chairman Emeritus                         | 14,119,081 <sup>2</sup>                          | Filipino    | 0.35%                  |
|  | 2. James L. Go               | Director, Chairman                                  | 1,685,994  | Filipino    | 0.04%                  |
|  | 3. Lance Y. Gokongwei        | Director, Vice Chairman and Chief Executive Officer | 804,001  | Filipino    | 0.02%                  |
| Common   | 4. Frederick D. Go           | Director, President and Chief Operating Officer     | 500,001  | Filipino    | 0.01%                  |
| Common   | 5. Arlene G. Magtibay        | General Manager                                     | 0  | Filipino    | *                      |
|  | <i>Sub-Total</i>             |   | <u>17,109,077</u>                                |             | <u>0.42%</u>           |
| <b>B. Other directors, executive officers and nominees</b>                       |                              |   |  |             |                        |
| Common   | 6. Patrick Henry C. Go       | Director  | 10,000   | Filipino    | *                      |
| Common   | 7. Robina Y. Gokongwei-Pe    | Director  | 540,000  | Filipino    | 0.01%                  |
| Common   | 8. Johnson Robert G. Go, Jr. | Director  | 1  | Filipino    | *                      |
| Common   | 9. Artemio V. Panganiban     | Director (Independent)                              | 50,001   | Filipino    | *                      |
| Common   | 10. Roberto F. de Ocampo     | Director (Independent)                              | 1  | Filipino    | *                      |
| Common   | 11. Emmanuel C. Rojas, Jr.   | Director (Independent)                              | 901  | Filipino    | *                      |
| Common   | 12. Rodolfo T. Malit         | First Vice President                                | 54,600   | Filipino    | *                      |
| Common   | 13. Faraday D. Go            | General Manager                                     | 0  | Filipino    | *                      |
|  | <i>Sub-Total</i>             |   | <u>655,504</u>                                   |             | <u>0.1%</u>            |
| <b>C. All directors and executive officers &amp; nominees as a group unnamed</b> |                              |   | 17,764,581                                       |             | 0.43%                  |

Notes:

<sup>1</sup> As defined under Part IV (B)(1)(b) of SRC Rule 12, the “named executive officers” to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of February 28, 2014.

<sup>2</sup> Sum of shares in the name of “John Gokongwei, Jr.” for 8,124,721, “John L. Gokongwei, Jr.” for 300,000 and “Elizabeth Y. Gokongwei and/or John Gokongwei” for 988,000 and shares equivalent to 4,706,360 which were subscribed and paid for under the rights offering of the Corporation and are currently lodged under PDTC.

\* less than 0.01%

Voting Trust Holder of 5% or more - as of August 31, 2014

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the Corporation since the beginning of its last fiscal year. Furthermore, management is not aware of any arrangement which may result in a change of control in the Corporation.

#### Amendment of Charter, By-Laws or Other Documents

The Amended Articles of Incorporation of the Corporation will be changed to reflect the change in the principal office address to "Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila". This amendment was approved by the Board of Directors on September 18, 2014 and the approval through written assent of the shareholders of record owning at least two-thirds (2/3) of the outstanding capital stock shall be solicited pursuant to Section 16 of the Corporation Code. The change in principal office address is being implemented in order for the Corporation to comply with SEC Circular No. 6, Series of 2014 which directs all corporations whose articles of incorporation indicate only a general address as their principal office address, such that it refers only to a city, town or municipality, or "Metro Manila", to file an amended articles of incorporation and specify their complete address, such that, if feasible, it has a street number, street name, barangay, city or municipality, and if applicable, the name of the building, the number of the building, and name or number of the room or unit.

#### Voting Procedures and Method of Counting Votes

Shareholders of record shall be entitled to one (1) vote for each share of stock recorded in their name/s in the books of the Corporation. In accordance with Section 16 of the Corporation Code, votes shall be taken by means of written assent and shall be evidenced by the Written Assent Form attached to this Information Statement prepared and completed in all parts and duly received by the Corporate Secretary of the Corporation. The Written Assent Form must be signed by the shareholder recorded in the books of the Corporation or by his authorized representative or proxy. When voting by proxy, the Written Assent Form must be submitted together with a proxy instrument duly executed by the shareholder of record in favor of the proxy. The votes shall be counted based on the executed Written Assent Forms received from the shareholders of record. Upon reaching the affirmative vote of at least two-thirds (2/3) of the outstanding capital stock of the Corporation, the amendment shall be considered approved.

The Secretary shall record all the votes of the shareholders and the Directors in a book kept for that purpose.

#### Discussion on Compliance with Leading Practices on Corporate Governance

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Business Conduct and related SEC Circulars. In March 8, 2010, the Board of Directors approved the adoption of a revised Corporate Governance Manual, in accordance with SEC Memorandum Circular No.6 (Series of 2009) dated June 22, 2009. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability. A Certification of Compliance with the Manual on Corporate Governance is submitted by the Corporation every year to the SEC and PSE up until the effectivity of SEC Memorandum Circular No. 5, Series of 2013 dated March 20, 2013. SEC Memorandum Circular No.5, Series of 2013 mandates all listed companies to submit an Annual Corporate Governance Report (ACGR) and provides the discontinuance of the submission of the Certification of Compliance with the Manual on Corporate Governance. On July 30, 2013, the Corporation submitted its ACGR for the year 2012 to the SEC. Beginning January 30, 2011, the Corporation likewise submits a Corporate Governance Disclosure Report to the PSE.

The Corporation likewise consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards.



SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge, I certify that the information set out in this report is true, complete and correct. This report is signed in the City of Pasig on October 21, 2014.

ROBINSONS LAND CORPORATION

  
ROSALINDA F. RIVERA  
CORPORATE SECRETARY



# COVER SHEET

9 3 2 6 9 - A

SEC Registration Number

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

(Company's Full Name)

43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City

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

Rodolfo T. Malit

(Contact Person)

397-1888

(Company Telephone Number)

09

Month

30

Day

(Fiscal Year)

17 - Q

(Form Type)

Month

Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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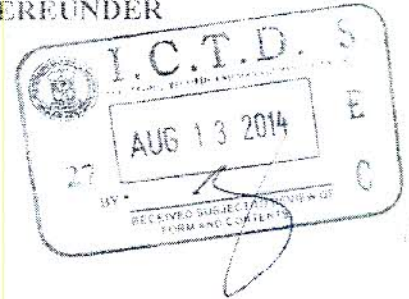
## TABLE OF CONTENTS

| <u>DOCUMENT</u>  | <u>PAGE NUMBER</u> |
|--|--------------------|
| SEC Form 17-Q  | 1 - 3              |
| Management Discussion and Analysis of Financial<br>Condition and Results of Operations (Exhibit I) | 4 - 5              |
| Interim Financial Statements (Exhibit II)  |                    |
| Financial Statements Cover   | 6                  |
| Unaudited Interim Consolidated Statements of Financial Position                                    | 7                  |
| Unaudited Interim Consolidated Statements of Comprehensive Income                                  | 8                  |
| Unaudited Consolidated Statements of Changes in Equity   | 9                  |
| Unaudited Consolidated Statements of Cash Flows  | 10                 |
| Notes to Unaudited Consolidated Financial Statements   | 11 - 31            |
| Remarks to Additional Disclosure Requirements  | 32 - 33            |

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER



1. For the quarterly period ended June 30, 2014

2. Commission identification number 93269-A

3. BIR Tax Identification No. 000-361-376-000

4. Exact name of issuer as specified in its charter

ROBINSONS LAND CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

MANILA, PHILIPPINES

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office

Postal Code

43F Robinsons Equitable Tower, ADB Ave., Ortigas Center, Pasig City

8. Issuer's telephone number, including area code

397-1888

9. Former name, former address and former fiscal year, if changed since last report

Not applicable

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the  
RSA

| Title of each Class             | Number of shares of common<br>stock outstanding and<br>amount of debt |
|---------------------------------|---|
| outstanding                     |   |
| <u>Common</u>                   | <u>4,093,830.685 shares</u>   |
| <u>Registered bonds payable</u> | <u>P10,000,000,000.00</u>   |



11. Are any or all of the securities listed on a Stock Exchange?

Yes [ / ] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**PHILIPPINE STOCK EXCHANGE**

**COMMON STOCK**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ / ] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ / ] No [ ]

## **PART I--FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. **See Exhibit II**

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**See Exhibit I**

## **PART II--OTHER INFORMATION**

The Company's retained earnings include accumulated equity in undistributed net earnings of investee companies and affiliates amounting to ₱529 million as of June 30, 2014 and ₱517 million as of September 30, 2013. This amount, plus ₱11.2 billion of retained earnings appropriated for expansion, are not available for dividend declaration.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.



**LANCE Y. GOKONGWEI**  
Vice Chairman & Chief Executive Officer  
8/13/14

Issuer  
Signature & Title  
Date



**FREDERICK D. GO**  
President & Chief Operating Officer  
8/13/14

Issuer  
Signature & Title  
Date



**CONSTANTE T. SANTOS**  
SVP-Corporate Controller  
8/13/14

Issuer  
Signature & Title  
Date



**RODOLFO T. MALIT**  
FVP-Controller  
8/13/14

## **ROBINSONS LAND CORPORATION** **3rd Quarter FY 2014 PERFORMANCE**

### **I. Consolidated Operations**

Consolidated net income attributable to equity holders of Parent Company for the period ended June 30 amounted to ₱3,880.1 million, up by 6.4%. EBIT and EBITDA rose by 5.8% and 6.6% to ₱4,799.6 million and ₱6,798.2 million, respectively, for the nine months ended June 30, 2014 and 2013.

Total real estate revenues were up by 5.7% to ₱11,903.6 million against last year's ₱11,263.3 million, while hotel revenues amounted to ₱1,161.7 million. Detailed analyses of the various segments are presented in the succeeding paragraphs.

Real estate cost went up by 3.6% due to higher cost of rental service brought about by higher depreciation, among others. Hotel expenses are slightly down by 0.6% due to lower utilities and depreciation. General and administrative expenses went up by 12.4% because of higher commissions, advertising and promotions, among others.

### **II. Segment Operations**

The Commercial Centers Division contributed 46% or ₱6,052.3 million of the Company's gross revenues, posting a 10.7% growth. Metro Manila malls led by Robinsons Galleria and Robinsons Place Manila and the five new malls contributed ₱211.1 million to the growth while most provincial malls also posted decent growth in rental revenues. Amusement revenue went up by 22.9% to ₱962.1 million. The Division's EBIT and EBITDA have shown positive variances of 9.9% and 10.7%, respectively.

RLC's Residential Division contributed 36% or ₱4,739.6 million of the Company's revenues. Its EBIT and EBITDA amounted to ₱1,219.9 and ₱1,242.3, respectively.

The Office Buildings Division contributed 9% or ₱1,111.8 million of the Company's revenues, up by 3.6% from last year's ₱1,073.3 million. Lease income is derived from eight office buildings, Galleria Corporate Center, Robinsons Equitable Tower, Robinsons Summit Center, Robinsons Cybergate Centers Towers 1, 2 and 3, Cybergate Plaza and Cebu Cybergate. EBIT and EBITDA both increased by 3.0%.

The Hotels Division contributed 9% or ₱1,161.7 million to the Company's revenues, up by 1.3%. Crowne Plaza Galleria Manila, Holiday Inn Galleria Manila, Summit Circle Cebu (formerly Cebu Midtown Hotel), and Summit Ridge Hotel posted occupancy rates of 80%, 78%, 56%, and 47%, respectively; while Go Hotels group posted an average of 67%. The Division's EBIT and EBITDA showed positive variance of 9.3% and 0.4%, respectively, due to lower utilities, repairs and maintenance, and depreciation, among others.



### **III. Financial Resources and Liquidity**

Cash and Cash Equivalents increased by 39.8% due to additional short-term loans. Subdivision Land and Condominium and Residential Units increased by 9.1% to ₱13.1 billion due to new land acquisitions. The Company spent ₱10.4 billion on capital expenditures for malls, offices and hotels. Receivables (current and non-current) is up by 28.5% due to a higher volume of buyers meeting the equity requirement needed for revenue recognition. Accounts payable and accrued expenses are up by 12.0% due to higher level of expenditures. Deposits and Other Liabilities increased by 10.0% due to additional customers' deposits. Short-term loans increased by ₱3.96 billion due to additional availments of short-term bank loans.

As of June 30, 2014, total assets of the Company stood at ₱82.7 billion while total equity amounted to ₱51.8 billion.

RLC's financial position remains solid, with a debt to equity ratio of 0.32:1 and 0.26:1 as of June 30, 2014 and as of September 30, 2013, respectively. Cash stood at ₱1.5 billion and ₱1.1 billion as of June 30, 2014 and September 30, 2013, respectively. Current ratio increased to 1.43:1 from last year's 0.95:1. Earnings per share for the first nine months amounted to ₱0.95 per share. Net book value excluding minority interest in consolidated subsidiary stood at ₱12.62 per share as of June 30, 2014 compared to ₱12.03 per share as of September 30, 2013.

## **ROBINSONS LAND CORPORATION AND SUBSIDIARIES**

Unaudited Consolidated Financial Statements  
June 30, 2014 and for the Nine months Ended June 30, 2014 and 2013  
*(With Comparative Audited Consolidated  
Statement of Financial Position as of September 30, 2013)*

# ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|   | June 30, 2014<br>(Unaudited) | September 30, 2013<br>(Audited) |
|---|------------------------------|---------------------------------|
| <b>ASSETS</b>   |                              |                                 |
| <b>Current Assets</b>   |                              |                                 |
| Cash and cash equivalents (Note 6)                                    | P1,512,368,951               | P1,081,533,911                  |
| Receivables (Note 7)  | 3,775,574,603                | 2,889,234,401                   |
| Subdivision land, condominium and residential units for sale (Note 8) | 13,118,734,037               | 12,019,619,818                  |
| Other current assets (Note 9)   | 2,891,942,561                | 2,929,888,288                   |
| Total Current Assets  | 21,298,620,152               | 18,920,276,418                  |
| <b>Noncurrent Assets</b>  |                              |                                 |
| Noncurrent receivables (Note 7)                                       | 2,712,801,406                | 2,162,008,724                   |
| Investment properties (Note 10)                                       | 55,024,911,342               | 50,304,491,881                  |
| Property and equipment (Note 11)                                      | 2,959,200,692                | 2,857,947,852                   |
| Other noncurrent assets (Note 12)                                     | 689,225,023                  | 641,327,821                     |
| Total Noncurrent Assets   | 61,386,138,463               | 55,965,776,278                  |
|   | <b>P82,684,758,615</b>       | <b>P74,886,052,696</b>          |
| <b>LIABILITIES AND EQUITY</b>   |                              |                                 |
| <b>Current Liabilities</b>  |                              |                                 |
| Short-term loans (Note 15)  | P6,640,550,000               | P2,678,400,000                  |
| Accounts payable and accrued expenses (Note 13)                       | 5,933,356,234                | 5,299,217,427                   |
| Deposits and other liabilities (Note 14)                              | 2,330,736,564                | 2,042,763,670                   |
| Current portion of loans payable (Note 15)                            | –                            | 10,000,000,000                  |
| Total Current Liabilities   | 14,904,642,798               | 20,020,381,097                  |
| <b>Noncurrent Liabilities</b>   |                              |                                 |
| Loans payable (Note 15)   | 10,000,000,000               | –                               |
| Deferred tax liabilities - net  | 1,685,430,194                | 1,489,715,164                   |
| Deposits and other noncurrent liabilities (Note 16)                   | 4,293,784,032                | 3,981,187,412                   |
| Total Noncurrent Liabilities  | 15,979,214,226               | 5,470,902,576                   |
| Total Liabilities   | 30,883,857,024               | 25,491,283,673                  |
| <b>Equity</b>   |                              |                                 |
| Equity attributable to equity holders of the Parent Company           |                              |                                 |
| Capital stock (Note 17)   | 4,111,528,685                | 4,111,528,685                   |
| Additional paid-in capital  | 20,392,532,781               | 20,392,532,781                  |
| Other equity reserve (Note 1)   | (87,597,873)                 | (87,597,873)                    |
| Retained earnings (Note 18)   |                              |                                 |
| Unappropriated  | 16,271,288,547               | 13,864,976,604                  |
| Appropriated  | 11,200,000,000               | 11,200,000,000                  |
| Treasury stock (17,698,000 shares) (Note 17)                          | (221,834,657)                | (221,834,657)                   |
|   | 51,665,917,483               | 49,259,605,540                  |
| Non-controlling interest in consolidated subsidiaries                 | 134,984,108                  | 135,163,483                     |
|   | 51,800,901,591               | 49,394,769,023                  |
|   | <b>P82,684,758,615</b>       | <b>P74,886,052,696</b>          |

See accompanying Notes to Unaudited Consolidated Financial Statements.



# ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|   | For the Period April to June |                | For the Period October to June |                |
|---|------------------------------|----------------|--------------------------------|----------------|
|   | 2014                         | 2013           | 2014                           | 2013           |
| <b>REVENUES</b>                                       |                              |                |                                |                |
| <b>Real Estate Operations</b>                         |                              |                |                                |                |
| Rental income   | <b>P1,953,671,784</b>        | P1,865,707,806 | <b>P5,883,073,045</b>          | P5,507,424,829 |
| Real estate sales                                     | <b>1,759,170,015</b>         | 1,786,250,864  | <b>4,585,952,691</b>           | 4,511,370,087  |
| Amusement income                                      | <b>383,102,191</b>           | 299,718,033    | <b>962,057,851</b>             | 782,663,912    |
| Others  | <b>140,267,634</b>           | 167,290,889    | <b>472,551,028</b>             | 461,835,251    |
| <b>Hotel Operations</b>                               | <b>370,043,123</b>           | 368,896,885    | <b>1,161,707,919</b>           | 1,146,656,174  |
|   | <b>4,606,254,747</b>         | 4,487,864,477  | <b>13,065,342,534</b>          | 12,409,950,253 |
| <b>COSTS</b>  |                              |                |                                |                |
| <b>Real Estate Operations</b>                         |                              |                |                                |                |
| Cost of rental services                               | <b>764,305,803</b>           | 701,402,584    | <b>2,147,387,027</b>           | 1,967,468,225  |
| Cost of real estate sales                             | <b>960,703,485</b>           | 1,037,465,064  | <b>2,545,230,431</b>           | 2,623,212,278  |
| Cost of amusement services                            | <b>176,577,301</b>           | 145,044,930    | <b>442,447,218</b>             | 376,061,875    |
| Others  | <b>120,363,762</b>           | 150,054,579    | <b>341,905,542</b>             | 321,150,990    |
| <b>Hotel operations</b>                               | <b>307,711,653</b>           | 306,574,829    | <b>915,816,069</b>             | 921,589,077    |
|   | <b>2,329,662,004</b>         | 2,340,541,986  | <b>6,392,786,287</b>           | 6,209,482,445  |
|   | <b>2,276,592,743</b>         | 2,147,322,491  | <b>6,672,556,247</b>           | 6,200,467,808  |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>            | <b>631,765,930</b>           | 612,218,981    | <b>1,872,984,743</b>           | 1,666,090,523  |
| <b>OPERATING INCOME</b>                               | <b>1,644,826,813</b>         | 1,535,103,510  | <b>4,799,571,504</b>           | 4,534,377,285  |
| <b>OTHER INCOME (LOSSES)</b>                          |                              |                |                                |                |
| Interest income                                       | <b>2,574,817</b>             | 13,443,381     | <b>9,246,808</b>               | 109,576,611    |
| Typhoon and fire losses - net (Note 23)               | <b>215,449,651</b>           | —              | —                              | —              |
| Loss from reversal of derivative asset                | —                            | (90,143,152)   | —                              | (90,143,152)   |
| Interest expense                                      | <b>37,241,624</b>            | (2,381,944)    | —                              | (13,488,782)   |
|   | <b>255,266,092</b>           | (79,081,715)   | <b>9,246,808</b>               | 5,944,677      |
| <b>INCOME BEFORE INCOME TAX</b>                       | <b>1,900,092,905</b>         | 1,456,021,795  | <b>4,808,818,312</b>           | 4,540,321,962  |
| <b>PROVISION FOR INCOME TAX</b>                       | <b>257,669,323</b>           | 243,535,070    | <b>928,906,698</b>             | 894,474,924    |
| <b>NET INCOME</b>                                     | <b>1,642,423,582</b>         | 1,212,486,725  | <b>3,879,911,614</b>           | 3,645,847,038  |
| <b>OTHER COMPREHENSIVE INCOME</b>                     | —                            | —              | —                              | —              |
| <b>TOTAL COMPREHENSIVE INCOME</b>                     | <b>P1,642,423,582</b>        | P1,212,486,725 | <b>P3,879,911,614</b>          | P3,645,847,038 |
| Net Income Attributable to:                           |                              |                |                                |                |
| Equity holders of Parent Company                      | <b>P1,642,794,994</b>        | P1,213,807,385 | <b>P3,880,090,989</b>          | P3,648,166,154 |
| Non-controlling interest in consolidated subsidiaries | <b>(371,412)</b>             | (1,320,660)    | <b>(179,375)</b>               | (2,319,116)    |
|   | <b>P1,642,423,582</b>        | P1,212,486,725 | <b>P3,879,911,614</b>          | P3,645,847,038 |
| <b>Basic/Diluted Earnings Per Share</b><br>(Note 19)  | <b>P0.40</b>                 | P0.30          | <b>P0.95</b>                   | P0.89          |

See accompanying Notes to Unaudited Consolidated Financial Statements.

# ROBINSONS LAND CORPORATION AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2014 AND 2013

|  | Attributable to Equity Holders of the Parent Company |                               |                             |                            |  |                                      | Attributable to<br>Non-controlling<br>Interest in<br>Consolidated<br>Subsidiaries | Total Equity           |
|--|--|-------------------------------|-----------------------------|----------------------------|--|--------------------------------------|---|------------------------|
|  | Common Stock   | Additional Paid-in<br>Capital | Treasury Stock<br>(Note 17) | Equity Reserve<br>(Note 1) | Unappropriated<br>Retained Earnings<br>(Note 18) | Appropriated<br>Retained<br>Earnings |   |                        |
| As of October 1, 2013                                  | P4,111,528,685                                       | P20,392,532,781               | (P221,834,657)              | (P87,597,873)              | P13,864,976,604                                  | P11,200,000,000                      | P135,163,483  | P49,394,769,023        |
| Total comprehensive income for<br>the period           | —  | —                             | —                           | —                          | 3,880,090,989                                    | —                                    | (179,375)   | 3,879,911,614          |
| Cash dividends (Note 18)                               | —  | —                             | —                           | —                          | (1,473,779,046)                                  | —                                    | —   | (1,473,779,046)        |
| <b>Balances as of June 30, 2014</b>                    | <b>P4,111,528,685</b>                                | <b>P20,392,532,781</b>        | <b>(P221,834,657)</b>       | <b>(P87,597,873)</b>       | <b>P16,271,288,547</b>                           | <b>P11,200,000,000</b>               | <b>P134,984,108</b>   | <b>P51,800,901,591</b> |
| As of October 1, 2012                                  | P4,111,528,685                                       | P20,392,532,781               | (P221,834,657)              | P—                         | P11,563,225,962                                  | P10,500,000,000                      | P227,749,000  | P46,573,201,771        |
| Total comprehensive income for the<br>period           | —  | —                             | —                           | —                          | 3,648,166,154                                    | —                                    | (2,319,116)   | 3,645,847,038          |
| Additional non controlling interest in<br>a subsidiary | —  | —                             | —                           | —                          | —  | —                                    | 24,500,000  | 24,500,000             |
| Purchase of subsidiary's shares in<br>ASNC             | —  | —                             | —                           | (87,597,873)               | 5,501,199  | —                                    | (115,501,199)   | (197,597,873)          |
| Cash dividends (Note 18)                               | —  | —                             | —                           | —                          | (1,473,779,046)                                  | —                                    | —   | (1,473,779,046)        |
| <b>Balances as of June 30, 2013</b>                    | <b>P4,111,528,685</b>                                | <b>P20,392,532,781</b>        | <b>(P221,834,657)</b>       | <b>(P87,597,873)</b>       | <b>P13,743,114,269</b>                           | <b>P10,500,000,000</b>               | <b>P134,428,685</b>   | <b>P48,572,171,890</b> |

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

**ROBINSONS LAND CORPORATION AND SUBSIDIARIES**

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED JUNE 30**

|  | 2014                   | 2013            |
|--|------------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  |                        |                 |
| Income before income tax   | <b>P4,808,818,312</b>  | P4,540,321,962  |
| Adjustments for:   |                        |                 |
| Depreciation and amortization  | <b>1,998,653,389</b>   | 1,844,221,653   |
| Loss on retirement of investment properties and property and equipment       | <b>312,158,615</b>     | —               |
| Interest expense on loans payable  | —                      | 13,488,782      |
| Provision for impairment losses  | —                      | 167,187         |
| Interest income  | <b>(9,246,808)</b>     | (109,576,611)   |
| Operating income before working capital changes                              | <b>7,110,383,508</b>   | 6,288,622,973   |
| Decrease (increase) in:  |                        |                 |
| Receivables - trade  | <b>(1,549,881,049)</b> | (1,146,604,550) |
| Subdivision land, condominium and residential units for sale                 | <b>(1,099,114,219)</b> | (494,556,135)   |
| Prepaid expenses and value-added input tax                                   | <b>92,725,424</b>      | (126,092,619)   |
| Other current assets   | <b>(100,983,662)</b>   | 574,869,787     |
| Increase (decrease) in:  |                        |                 |
| Accounts payable and accrued expenses and other noncurrent liabilities       | <b>886,158,757</b>     | 634,660,352     |
| Customers' deposits  | <b>425,003,720</b>     | 81,155,602      |
| Cash generated from operations   | <b>5,764,292,479</b>   | 5,812,055,410   |
| Income tax paid  | <b>(1,174,646,670)</b> | (727,629,079)   |
| Net cash flows provided by operating activities                              | <b>4,589,645,809</b>   | 5,084,426,331   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                  |                        |                 |
| Proceeds from insurance claims   | <b>112,790,571</b>     | —               |
| Interest received  | <b>9,210,748</b>       | 117,942,750     |
| Decrease (increase) in:  |                        |                 |
| Receivables from affiliated companies  | <b>(6,346)</b>         | 13,824,803      |
| Other noncurrent assets  | <b>(47,897,202)</b>    | (53,579,706)    |
| Advances to suppliers and contractors  | <b>(211,421,105)</b>   | 20,672,003      |
| Advances to lot owners   | <b>(672,908,530)</b>   | (72,608,580)    |
| Acquisitions of:   |                        |                 |
| Investment properties (inclusive of capitalized borrowing cost)              | <b>(5,794,104,235)</b> | (7,443,646,283) |
| Property and equipment   | <b>(407,846,470)</b>   | (604,246,150)   |
| Cash received from noncontrolling interest for newly incorporated subsidiary | —                      | 24,500,000      |
| Purchase of noncontrolling interest  | —                      | (197,597,873)   |
| Net cash flows used in investing activities                                  | <b>(7,012,182,569)</b> | (8,194,739,036) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  |                        |                 |
| Availment of short-term loans  | <b>3,962,150,000</b>   | 1,400,000,000   |
| Interest paid  | <b>212,789,905</b>     | 143,466,957     |
| Increase in payable to affiliated companies and other liabilities            | <b>151,330,945</b>     | 197,709,033     |
| Payment of loans payable   | —                      | (2,000,000,000) |
| Payments of cash dividends   | <b>(1,472,899,050)</b> | (1,473,222,564) |
| Net cash flows provided by financing activities                              | <b>2,853,371,800</b>   | (1,732,046,574) |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                  | <b>430,835,040</b>     | (4,842,359,279) |
| <b>CASH AND CASH EQUIVALENTS AT OCTOBER 1</b>                                | <b>1,081,533,911</b>   | 5,877,874,883   |
| <b>CASH AND CASH EQUIVALENTS AT JUNE 30</b>                                  | <b>P1,512,368,951</b>  | P1,035,515,604  |

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

## **ROBINSONS LAND CORPORATION AND SUBSIDIARIES**

### **NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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#### **1. Corporate Information**

Robinsons Land Corporation (the Parent Company) is a stock corporation organized under the laws of the Philippines and has wholly-owned subsidiaries, namely: Robinsons Inn, Inc. (RII); Robinsons Realty and Management Corporation (RRMC); Robinsons (Cayman) Limited (RCL); Robinsons Properties Marketing and Management Corporation (RPMMC) and Altus San Nicolas Corp (ASNC), 51%-owned subsidiaries, Altus Angeles, Inc. (AAI) and GoHotels Davao, Inc. (GHDI), (collectively known as the “Group”).

The Group is engaged in the business of selling, acquiring, developing, operating, leasing and disposing of real properties such as land, buildings, shopping malls, commercial centers and housing projects, hotels and other variants and mixed-used property projects. The Group is 60.97% owned by JG Summit Holdings, Inc. (JGSHI or the Ultimate Parent Company). JGSHI is one of the country’s largest conglomerates, with diverse interests in branded consumer foods, agro-industrial and commodity food products, petrochemicals, air transportation and financial services.

On March 6, 2013, the Parent Company acquired the remaining 20% non-controlling interest in ASNC, increasing its ownership interest from 80% to 100%. Cash consideration of ₱198 million was paid to the non-controlling shareholders. The total carrying value of the net assets of ASNC at the date of acquisition was ₱578 million, and the 20% equivalent of the carrying value of the remaining non-controlling interest acquired was ₱116 million. The difference of ₱87 million between the consideration and the carrying value of the interest acquired has been recognized in “Other equity reserve” account within equity.

On March 4, 2013, the Parent Company filed an application for the incorporation of its 51% owned subsidiary, GHDI. Its primary purpose is to establish, acquire, own, develop, operate and manage hotels and/or transient guest lodging services under the “gohotels.ph” mark and other similar and ancillary facilities and services related to the hospitality and allied industries. The Securities and Exchange Commission (SEC) approved the application on March 13, 2013. The Parent Company’s principal executive office is located at 43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City.

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#### **2. Basis of Preparation**

The interim condensed consolidated financial statements as at June 30, 2014 and September 30, 2013 and for the nine months ended June 30, 2014 and 2013 have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as of September 30, 2013.



The interim condensed consolidated financial statements have been prepared under the historical cost convention method and are presented in Philippine Pesos (₱), the Group's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

#### Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group (see Note 1) as at June 30, 2014 and September 30, 2013 and for the nine months ended June 30, 2014 and 2013.

All intercompany balances, transactions, income and expense and profit and loss are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

Minority interest represents the portion of profit or loss and net assets in subsidiaries not wholly owned and are presented separately in the consolidated statement of income and consolidated statement of changes in equity and within equity in the consolidated balance sheet, separately from the Parent Company's equity.

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### **3. Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) effective beginning October 1, 2012. Except as otherwise indicated, the adoption of these standards did not have any significant impact on the accounting policies, financial position or performance of the Group.

- **PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets* (Amendments)**  
This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset. The amendments are effective for periods beginning on or after January 1, 2012.
- **PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI* (Amendments)**  
The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

#### Future Changes in Accounting Policies

Standards, interpretations, amendments to standards and improvements to standards issued but not yet effective up to the date of issuances of the Group's financial statements are listed below. The Group will adopt these standards and interpretations when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new standards and interpretations to have significant impact on its consolidated financial statements.

*Effective in 2013 for adoption by the Group on fiscal year ending September 30, 2014*

- **PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)**

The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, Financial Instruments: Recognition and Measurement, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Group.

- **PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)**

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
  - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
  - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied and are effective for annual periods beginning on or after January 1, 2013. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- **PFRS 10, *Consolidated Financial Statements***  
PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, Consolidation - Special Purpose Entities. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The standard becomes effective for annual periods beginning on or after January 1, 2013.

A reassessment of control based on the new standard was performed by the Parent Company on all its interests in other entities and has determined that there are no additional entities that need to be consolidated or entities to be deconsolidated.

- **PFRS 11, *Joint Arrangements***  
PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard becomes effective for annual periods beginning on or after January 1, 2013.
- **PFRS 12, *Disclosure of Interests in Other Entities***  
PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard becomes effective for annual periods beginning on or after January 1, 2013.

The adoption of PFRS 12 will affect disclosures only and have no impact on the Group's financial position or performance.

- **PFRS 13, *Fair Value Measurement***  
PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013.

The Group does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance.

- **PAS 19, *Employee Benefits* (Revised)**

Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments become effective for annual periods beginning on or after January 1, 2013. Once effective, the Group has to apply the amendments retroactively to the earliest period presented.

The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard. The effects are detailed below (in millions):

|   | As at<br>September 30, 2013 |
|---|-----------------------------|
| <u>Consolidated statement of financial position</u>   |                             |
| Increase (decrease) in:                               |                             |
| Net defined benefit liability                         | P128.20                     |
| Deferred tax asset                                    | 38.46                       |
| Other comprehensive loss                              | (75.70)                     |
| Retained earnings                                     | (14.04)                     |
|   | 2013                        |
| <u>Consolidated statement of comprehensive income</u> |                             |
| Increase (decrease) in:                               |                             |
| Net benefit cost                                      | (P10.29)                    |
| Income tax expense                                    | 3.09                        |
| Net income  | 7.20                        |
| Other comprehensive income                            | (32.12)                     |
| Total comprehensive income                            | (P24.92)                    |
| Attributable to the owners of the Parent Company      | (P24.92)                    |
| Attributable to non-controlling interests             | nil                         |

- **PAS 27, *Separate Financial Statements* (as revised in 2011)**

As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements of the entities in the Group. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- **PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)**

As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.



- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

This interpretation applies to waste removal costs (“stripping costs”) that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met (“stripping activity asset”). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The Group expects that this interpretation will not have any impact on its financial position or performance. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

*Effective in 2014 for adoption by the Group on fiscal year ending September 30, 2015*

- PAS 27, *Separate Financial Statements* (as revised in 2011)  
As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements of the entities in the Group. The amendment becomes effective for annual periods beginning on or after January 1, 2013.
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)  
As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*  
This interpretation applies to waste removal costs (“stripping costs”) that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met (“stripping activity asset”). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The Group expects that this interpretation will not have any impact on its financial position or performance. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

*Effective in 2014 for adoption by the Group on fiscal year ending September 30, 2015*

- **Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)**  
The amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.
- **PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)**  
The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group’s financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.
- **PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)**  
The amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group’s financial position or performance.
- **PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)**  
The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

*Effective in 2015 for adoption by the Group on fiscal year ending September 30, 2016 and beyond*

- **PFRS 9, *Financial Instruments***  
PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held

for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

- **Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate***  
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts* or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

The adoption of this Philippine Interpretation will be accounted for retrospectively and will result to the restatement of prior period consolidated financial statements. The adoption of this Philippine Interpretation may significantly affect the determination of the net income and the related statement of financial position accounts as follows: Installment contract receivables, Subdivision land, condominium and residential units for sale, Deposit from real estate buyers, Deferred tax liabilities and Retained earnings.

The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

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#### **4. Significant Accounting Judgments and Estimates**

The preparation of the interim condensed consolidated financial statements in compliance with PFRS requires the Group to make judgment and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates 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.

## 5. Operating Segment

In 2009, the Group adopted PFRS 8, *Operating Segment* which replaces PAS 14, *Segment Reporting*, which adopted a management approach to segment reporting. Under this approach, the information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments.

The Group evaluates performance based on net income, Operating income (net income after adding provisions for income tax and deducting/adding other income/losses) and EBITDA (net income after adding provisions for income tax, deducting/adding other income/losses and adding depreciation and amortization). The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

The Group derives its revenue from the following reportable units:

*Commercial Center Division* - develops, leases and manages shopping malls/commercial centers all over the Philippines.

*Residential Division* - develops and sells residential condominium spaces, as well as high-end horizontal residential projects.

*Office Buildings Division* - develops and leases office spaces.

*Hotel Division* - owns and operates a chain of hotels in various locations in the Philippines.

The financial information about the operations of these business segments is summarized as follows:

### **Nine months ended June 30, 2014 (Unaudited)**

|  | Commercial<br>Center Division | Residential<br>Division | Office Buildings<br>Division | Hotels Division | Total           |
|--|-------------------------------|-------------------------|------------------------------|-----------------|-----------------|
| Revenue  | P6,052,319,508                | P4,739,560,691          | P1,111,754,416               | P1,161,707,919  | P13,065,342,534 |
| Costs and expenses   | 1,946,546,944                 | 3,497,249,622           | 30,229,750                   | 793,091,325     | 6,267,117,641   |
| Earnings before interest, income<br>tax and depreciation and<br>amortization | 4,105,772,564                 | 1,242,311,069           | 1,081,524,666                | 368,616,594     | 6,798,224,893   |
| Depreciation and amortization  | 1,554,885,502                 | 22,428,100              | 298,615,043                  | 122,724,744     | 1,998,653,389   |
| Operating income   | P2,550,887,062                | P1,219,882,969          | P782,909,623                 | P245,891,850    | P4,799,571,504  |
| Total segment assets   | P44,732,040,313               | P26,687,420,794         | P8,909,367,560               | P2,355,929,948  | P82,684,758,615 |
| Total segment liabilities  | P23,788,738,320               | P5,673,684,608          | P955,565,156                 | P465,868,940    | P30,883,857,024 |

### **Nine months ended June 30, 2013 (Unaudited)**

|  | Commercial<br>Center Division | Residential<br>Division | Office Buildings<br>Division | Hotels Division | Total           |
|--|-------------------------------|-------------------------|------------------------------|-----------------|-----------------|
| Revenue  | P5,469,621,232                | P4,720,327,253          | P1,073,345,594               | P1,146,656,174  | P12,409,950,253 |
| Costs and expenses   | 1,761,691,850                 | 3,466,895,075           | 23,180,946                   | 779,583,444     | 6,031,351,315   |
| Earnings before interest, income<br>tax and depreciation and<br>amortization | 3,707,929,382                 | 1,253,432,178           | 1,050,164,648                | 367,072,730     | 6,378,598,938   |
| Depreciation and amortization  | 1,386,604,334                 | 25,757,815              | 289,853,871                  | 142,005,633     | 1,844,221,653   |
| Operating income   | P2,321,325,048                | P1,227,674,363          | P760,310,777                 | P225,067,097    | P4,534,377,285  |
| Total segment assets   | P39,068,485,300               | P24,030,102,386         | P7,900,661,147               | P2,284,351,974  | P73,283,600,807 |
| Total segment liabilities  | P18,211,656,843               | P5,141,916,174          | P926,290,005                 | P431,565,895    | P24,711,428,917 |



The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

Segment information of the Group does not include geographical segments since its operations are concentrated in the Philippines.

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements are eliminated on consolidation.

## 6. Cash and Cash Equivalents

This account consists of:

|                           | June 30, 2014         | September 30, 2013 |
|---------------------------|-----------------------|--------------------|
| Cash on hand and in banks | <b>₱579,830,581</b>   | ₱517,692,935       |
| Short-term investments    | <b>932,538,370</b>    | 563,840,976        |
|                           | <b>₱1,512,368,951</b> | ₱1,081,533,911     |

## 7. Receivables

This account consists of

|                                      | June 30, 2014         | September 30, 2013 |
|--------------------------------------|-----------------------|--------------------|
| Trade                                | <b>₱6,191,977,425</b> | ₱4,955,437,641     |
| Affiliated companies                 | <b>21,396,841</b>     | 21,390,495         |
| Others                               | <b>321,043,960</b>    | 120,457,206        |
|                                      | <b>6,534,418,226</b>  | 5,097,285,342      |
| Less allowance for impairment losses | <b>46,042,217</b>     | 46,042,217         |
|                                      | <b>6,488,376,009</b>  | 5,051,243,125      |
| Less noncurrent portion              | <b>2,712,801,406</b>  | 2,162,008,724      |
|                                      | <b>₱3,775,574,603</b> | ₱2,889,234,401     |

Others amounting to ₱321 million and ₱120 million as of June 30, 2014 and September 30, 2013, respectively, pertain to insurance claims, advances to officers and employees, accrued interest receivable and advances to various third parties.

## 8. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

|  | June 30, 2014          | September 30, 2013 |
|--|------------------------|--------------------|
| Land and condominium units                               | <b>₱6,941,993,468</b>  | ₱6,359,823,113     |
| Residential units and subdivision land development costs | <b>6,176,740,569</b>   | 5,659,796,705      |
|  | <b>₱13,118,734,037</b> | ₱12,019,619,818    |

## 9. Other Current Assets

|                                       | June 30, 2014         | September 30, 2013    |
|---------------------------------------|-----------------------|-----------------------|
| Advances to lot owners                | <b>P1,064,442,136</b> | <b>P650,040,326</b>   |
| Value-added input tax - net           | <b>826,083,750</b>    | 910,568,114           |
| Advances to suppliers and contractors | <b>510,599,250</b>    | 299,178,145           |
| Restricted cash - escrow              | <b>305,255,450</b>    | 929,874,330           |
| Supplies                              | <b>81,337,561</b>     | 87,235,436            |
| Prepaid expenses                      | <b>25,991,971</b>     | 34,233,031            |
| Utility deposits                      | <b>5,106,072</b>      | 5,726,084             |
| Others                                | <b>73,126,371</b>     | 13,032,822            |
|                                       | <b>P2,891,942,561</b> | <b>P2,929,888,288</b> |

## 10. Investment Properties

|                                 | June 30, 2014          | September 30, 2013     |
|---------------------------------|------------------------|------------------------|
| Land                            | <b>P21,561,134,972</b> | <b>P20,633,353,853</b> |
| Land improvements - net         | <b>84,927,570</b>      | 84,055,943             |
| Building and improvements - net | <b>25,467,616,613</b>  | 19,710,981,509         |
| Construction in Progress        | <b>7,911,232,187</b>   | 9,876,100,576          |
|                                 | <b>P55,024,911,342</b> | <b>P50,304,491,881</b> |

Investment properties consisted mainly of land held for appreciation, shopping malls /commercial centers and office buildings that are held to earn rentals

## 11. Property and Equipment

This account consists of:

|                                 | June 30, 2014         | September 30, 2013    |
|---------------------------------|-----------------------|-----------------------|
| Land improvements - net         | <b>P23,752,607</b>    | <b>P19,158,417</b>    |
| Building and improvements - net | <b>1,967,423,165</b>  | 1,951,695,593         |
| Other equipments - net          | <b>968,024,920</b>    | 887,093,842           |
|                                 | <b>P2,959,200,692</b> | <b>P2,857,947,852</b> |

## 12. Other Noncurrent Assets

This account consists of:

|                        | June 30, 2014       | September 30, 2013  |
|------------------------|---------------------|---------------------|
| Utility deposits       | <b>P407,921,487</b> | <b>P322,194,721</b> |
| Advances to lot owners | <b>43,078,577</b>   | 43,078,577          |
| Others                 | <b>238,224,959</b>  | 276,054,523         |
|                        | <b>P689,225,023</b> | <b>P641,327,821</b> |

### 13. Accounts Payable and Accrued Expenses

|  | June 30, 2014         | September 30, 2013 |
|--|-----------------------|--------------------|
| Accrued taxes and licenses and other liabilities | <b>₱2,801,420,835</b> | ₱2,656,898,638     |
| Accounts payable                                 | <b>2,776,316,727</b>  | 2,419,597,277      |
| Accrued rent expense                             | <b>344,717,747</b>    | 212,700,583        |
| Dividends payable                                | <b>10,900,925</b>     | 10,020,929         |
|  | <b>₱5,933,356,234</b> | ₱5,299,217,427     |

### 14. Deposits and Other Liabilities

|                                  | June 30, 2014         | September 30, 2013 |
|----------------------------------|-----------------------|--------------------|
| Customers' deposits              | <b>₱2,077,501,772</b> | ₱1,885,484,753     |
| Payables to affiliated companies | <b>253,234,792</b>    | 157,278,917        |
|                                  | <b>₱2,330,736,564</b> | ₱2,042,763,670     |

### 15. Loans Payable

#### Short-term loans

|   | Principal Amount      | June 30, 2014         | September 30, 2013 |
|---|-----------------------|-----------------------|--------------------|
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 2.75% per annum.    | <b>₱2,162,800,000</b> | <b>₱2,162,800,000</b> | ₱—                 |
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 1.95% per annum.    | <b>1,353,500,000</b>  | <b>1,353,500,000</b>  | —                  |
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 2.50% per annum.    | <b>214,300,000</b>    | <b>214,300,000</b>    | —                  |
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 2.25% per annum.    | <b>564,950,000</b>    | <b>564,950,000</b>    | —                  |
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 2.25% per annum.    | <b>1,108,700,000</b>  | <b>1,108,700,000</b>  | —                  |
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 2.50% per annum.    | <b>91,100,000</b>     | <b>91,100,000</b>     | —                  |
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 2.75% per annum.    | <b>524,100,000</b>    | <b>524,100,000</b>    | —                  |
| Short-term loan obtained from a local bank that will mature in July 2014. Interest rate is at 2.20% per annum.    | <b>195,100,000</b>    | <b>195,100,000</b>    | —                  |
| Short-term loan obtained from a local bank that will mature in August 2014. Interest rate is at 2.00% per annum.  | <b>426,000,000</b>    | <b>426,000,000</b>    | —                  |
| Short-term loan obtained from a local bank that will mature in January 2014. Interest rate is at 2.00% per annum. | <b>1,400,000,000</b>  | —                     | 1,400,000,000      |
| Short-term loan obtained from a local bank that will mature in October 2013. Interest rate is at 2.00% per annum. | <b>962,800,000</b>    | —                     | 962,800,000        |
| Short-term loan obtained from a local bank that will mature in October 2013. Interest rate is at 2.00% per annum. | <b>315,600,000</b>    | —                     | 315,600,000        |
|   | <b>₱9,318,950,000</b> | <b>₱6,640,550,000</b> | ₱2,678,400,000     |

### Long-term loans

|  | Principal Amount       | June 30, 2014          | September 30, 2013 |
|--|------------------------|------------------------|--------------------|
| Five-year and one day bond from HSBC maturing on July 14, 2014 with fixed rate at 8.5%, interest payable semi-annually in arrears on the last day of each six-month interest period    | <b>₱5,000,000,000</b>  | <b>₱5,000,000,000</b>  | ₱5,000,000,000     |
| Five-year and one day bond from HSBC maturing on August 27, 2014 with fixed rate at 8.25%, interest payable semi-annually in arrears on the last day of each six-month interest period | <b>5,000,000,000</b>   | <b>5,000,000,000</b>   | 5,000,000,000      |
|  | <b>10,000,000,000</b>  | <b>10,000,000,000</b>  | 10,000,000,000     |
| Less current portion   | –                      | –                      | 10,000,000,000     |
|  | <b>₱10,000,000,000</b> | <b>₱10,000,000,000</b> | <b>₱–</b>          |

Steps have been undertaken by the Company to renew the loans for a five-year period at lower interest rates.

### **16. Deposits and Other Noncurrent Liabilities**

|                      | June 30, 2014         | September 30, 2013 |
|----------------------|-----------------------|--------------------|
| Customers' deposits  | <b>₱2,520,767,632</b> | ₱2,287,780,931     |
| Accrued rent expense | <b>1,226,985,790</b>  | 1,226,985,790      |
| Pension liabilities  | <b>55,930,237</b>     | 55,930,237         |
| Advances and others  | <b>490,100,373</b>    | 410,490,454        |
|                      | <b>₱4,293,784,032</b> | ₱3,981,187,412     |

### **17. Capital Stock**

The details of the number of common shares and the movements thereon follow:

|  | June 30, 2014        | September 30, 2013 |
|--|----------------------|--------------------|
| Authorized - at ₱1 par value                               | <b>8,200,000,000</b> | 8,200,000,000      |
| Issued and outstanding (net of 17,698,000 treasury shares) | <b>4,093,830,685</b> | 4,093,830,685      |

#### Increase in Authorized Capital Stock

On November 19, 2010, the Board of Directors (BOD) authorized the increase in the authorized capital stock of the Group from ₱3,000,000,000 common shares with par value of ₱1.00 per share to ₱8,200,000,000 common shares with par value of ₱1.00 per share. On February 23, 2011, the stockholders representing at least two-thirds of the outstanding capital stock also approved the said increase in authorized capital stock.

In line with the foregoing, the BOD also approved on February 16, 2011 a 1:2 stock rights offering to stockholders of record as of March 30, 2011 (ex-date March 25, 2011).

Accordingly, the company received subscriptions for 1,364,610,228 shares at an offer price of ₱10 per share on April 11-15, 2011. The subscription receivables were fully collected in October 2011.

Proceeds from the rights offering follow:

|   |                        |
|---|------------------------|
| Cash payment for subscriptions                    | <b>₱8,871,461,115</b>  |
| Subscription receivables                          | <b>4,774,641,165</b>   |
| Total subscriptions                               | <b>13,646,102,280</b>  |
| Less: Payments pertaining to Capital Stock at Par | <b>1,364,610,228</b>   |
| Gross additional paid in capital                  | <b>12,281,492,052</b>  |
| Less: Rights offering expenses                    | <b>70,535,418</b>      |
| Net additional paid in capital                    | <b>₱12,210,956,634</b> |

The SEC approved the increase in capital stock on May 17, 2011.

#### Treasury Shares

On October 22, 2009, the Parent Company's BOD approved the creation and implementation of a share buy-back program allotting up to ₱1,000 million to reacquire a portion of the Parent Company's issued and outstanding common shares, representing approximately 3.1% of current market capitalization.

As of June 30, 2014, the Parent Company has repurchased a total of 17,698,000 shares for a total purchase price of ₱221,834,657 at an average price of ₱12.53 per share.

#### Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity. Following is a computation of the Group's debt-to-capital ratio as of June 30, 2014 and September 30, 2013.

|                                 | <b>June 30, 2014</b>   | September 30, 2013 |
|---------------------------------|------------------------|--------------------|
| (a) Loans payable (Note 15)     | <b>₱16,640,550,000</b> | ₱12,678,400,000    |
| (b) Equity                      | <b>₱51,800,901,591</b> | ₱49,394,769,023    |
| (c) Debt-to-capital ratio (a/b) | <b>0.32:1</b>          | 0.26:1             |

The Group's policy is to have a debt-to-capital ratio of not exceeding 1.5:1 level. This policy is consistent with the requirements under the Group's debt covenants with lenders.

## **18. Retained Earnings**

#### *Restriction*

A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱529 million as of June 30, 2014 and ₱517 million as of September 30, 2013 are not available for dividend declaration until received in the form of dividends. Also ₱11.2 billion of retained earnings appropriated for future and ongoing expansions are also not available for dividends.



### *Appropriation*

On September 13, 2013, the BOD approved the reversal of the retained earnings it has appropriated in 2009 and 2003 amounting to ₱10,500 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱11,200 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held between April 2009 to August 2013. These projects and acquisitions are expected to be completed in various dates from July 2014 until March 2019.

### *Dividends declared*

The BOD declared cash dividends in favor of all its stockholders as follows:

|                     | 2014                  | 2013           |
|---------------------|-----------------------|----------------|
| Date of declaration | <b>May 12, 2014</b>   | April 18, 2013 |
| Date of payment     | <b>June 25, 2014</b>  | June 6, 2013   |
| Ex-dividend rate    | <b>May 29, 2014</b>   | May 10, 2013   |
| Dividend per share  | <b>₱0.36</b>          | ₱0.36          |
| Total dividends     | <b>₱1,473,779,046</b> | ₱1,473,779,046 |

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## 19. Earnings Per Share

Earnings per share amounts were computed as follows:

|  | 2014                  | 2013           |
|--|-----------------------|----------------|
| a. Net income attributable to equity holders of Parent Company   | <b>₱3,880,090,989</b> | ₱3,648,166,154 |
| b. Weighted average number of common shares outstanding adjusted | <b>4,093,830,685</b>  | 4,093,830,685  |
| c. Earnings per share (a/b)                                      | <b>₱0.95</b>          | ₱0.89          |

There were no potential dilutive shares in 2014 and 2013.

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## 20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise of loans payable, receivables from affiliated companies, payables to affiliated companies, receivables and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks currently arising from the Group's financial instruments are foreign currency market risk, liquidity risk, interest rate risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below, together with the related risk management structure.

### Risk Management Structure

The Group's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

### *Audit Committee*

The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

- a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
- b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
- c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
- d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

### *Enterprise Risk Management Group (ERMG)*

To systematize the risk management within the Group, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

- a. recommending risk policies, strategies, principles, framework and limits;
- b. managing fundamental risk issues and monitoring of relevant risk decisions;
- c. providing support to management in implementing the risk policies and strategies; and
- d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

#### Risk Management Policies

The main risks arising from the use of financial instruments are foreign currency risk, liquidity risk, interest rate risk, credit risk and equity price risk. The Group's policies for managing the aforementioned risks are summarized below.

##### *Market risk*

##### Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from financial instruments that are denominated in United States Dollar (USD) which result primarily from movement of the Philippine Peso (PHP) against the USD.

The Group does not have any foreign currency hedging arrangements.

##### *Liquidity risk*

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. 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. Fund-raising activities may include bank loans and capital market issues both onshore and offshore.

##### *Interest rate risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligation with a floating interest rate.

##### *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 from cash and cash equivalents and receivables).

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. These measures result in the Group's exposure to impairment loss as not significant.

With respect to credit risk arising from the Group's financial assets, which comprise of cash and cash equivalents and receivables, 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.

## 21. Financial Instruments

### Fair Value

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the consolidated financial statements.

|                                       | June 30, 2014          |                        | September 30, 2013 |                 |
|---------------------------------------|------------------------|------------------------|--------------------|-----------------|
|                                       | Carrying Amount        | Fair Value             | Carrying Amount    | Fair Value      |
| Loans and receivables                 |                        |                        |                    |                 |
| Cash and cash equivalents             | <b>P1,512,368,951</b>  | <b>P1,512,368,951</b>  | P1,081,533,911     | P1,081,533,911  |
| Receivables                           |                        |                        |                    |                 |
| Trade                                 | <b>6,145,935,208</b>   | <b>5,876,152,045</b>   | 4,909,395,424      | 4,693,891,651   |
| Affiliated companies                  | <b>21,396,841</b>      | <b>21,396,841</b>      | 21,390,495         | 21,390,495      |
| Others                                | <b>321,043,960</b>     | <b>321,043,960</b>     | 120,457,206        | 120,457,206     |
| Other assets                          |                        |                        |                    |                 |
| Utility deposits                      | <b>413,027,559</b>     | <b>413,027,559</b>     | 327,920,805        | 327,920,805     |
|                                       | <b>P8,413,772,519</b>  | <b>P8,143,989,356</b>  | P6,460,697,841     | P6,245,194,068  |
| Other financial liabilities           |                        |                        |                    |                 |
| Accounts payable and accrued exp      |                        |                        |                    |                 |
| Accrued bonus and licenses and others | <b>P2,801,420,835</b>  | <b>P2,801,420,835</b>  | P2,656,898,638     | P2,656,898,638  |
| Accounts payable-trade                | <b>2,776,316,727</b>   | <b>2,776,316,727</b>   | 2,419,597,277      | 2,419,597,277   |
| Dividends payable                     | <b>10,900,925</b>      | <b>10,900,925</b>      | 10,020,929         | 10,020,929      |
| Customers' deposit                    |                        |                        |                    |                 |
| Deposits from lessees                 | <b>2,862,544,376</b>   | <b>2,862,544,376</b>   | 2,597,968,315      | 2,440,601,693   |
| Loans payable                         | <b>16,640,550,000</b>  | <b>17,144,222,831</b>  | 12,678,400,000     | 13,062,147,269  |
| Payable to affiliated companies       | <b>253,234,792</b>     | <b>253,234,792</b>     | 157,278,917        | 157,278,917     |
|                                       | <b>P25,344,967,655</b> | <b>P25,675,247,709</b> | P20,520,164,076    | P20,746,544,723 |

The fair values of cash and cash equivalents, trade receivables (except installment contract receivables), other receivables, receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their carrying amounts due to the short-term nature of the transaction.

The fair values of installment contract receivables, customers' deposits and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 5.9% to 10.2% in 2014 and 5.5% to 7.0% in 2013.

The fair value of the derivative asset is based on valuation techniques applied for swaps and interest rate caps, which include forward pricing, present value calculations, and option pricing models for interest rate options. The model incorporates various inputs including forward and spot interest rates, as well as interest rate volatilities.

### Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There has been no reclassification from Level 1 to Level 2 or 3 categories.

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## 22. Commitments and Contingencies

Under the contract to sell covering the sale of subdivision land and houses, residential condominium units, office building units, the Group is obligated to complete and deliver the sold units on agreed delivery dates. Moreover, estimated costs to complete sold units amounted to ₱1.9 billion and ₱2.1 billion as of June 30, 2014 and September 30, 2013, respectively.

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## 23. Other Losses

Property losses incurred during the period are as follows:

|                         |                     |
|-------------------------|---------------------|
| Typhoon Yolanda Losses  | ₱292,742,769        |
| Galleria Mall Fire Loss | 19,415,846          |
| Total                   | <u>₱312,158,615</u> |

These property losses were booked in the period they were incurred (first and second quarters). However, since the properties are fully covered by insurance, these losses were reversed upon recognition of partial collection of ₱96.7 million from the insurer. The balance of ₱215.4 million was reversed in quarter ended June 30, 2014 through set-up of insurance claims receivable amounting to ₱199.4 million and additional collection of ₱16 million.

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## 24. Subsequent Event

On July 8, 2014, the Parent Company entered into two term loan facility agreements for the exclusive purpose of refinancing its ₱10 billion loans payable. The term loan facility agreements provide for a five-year maturity period and annual fixed interest based on applicable 5-year PDSTF plus 1% spread but subject to a floor rate of 4.5%, among others.