ROBINSONS LAND CORPORATION

43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City
Telephone Number: (632) 638-6100

Fixed Rate Bonds Due 2014

Issue Price: 100% of Face Value
Interest Rate: 8.25 % p.a.

Robinsons Land Corporation ("Robinsons Land" or the "Issuer" or the "Company") is offering Bonds due 2014 (the "Bonds") in the aggregate principal amount of ₱5,000,000,000.00

The Bonds, which shall be issued on August 26, 2009, shall have a term of five (5) years and one (1) day from the Issue Date, with a fixed interest rate equivalent to 8.25% p.a. Interest on the Bonds shall be payable semi-annually in arrears on February 27, 2010 as the first Interest Payment Date, and February 27 and August 27 of each year following the first Interest Payment Date, or the subsequent Business Day without adjustment, if such Interest Payment Date is not a Business Day. The last interest payment date shall fall on August 27, 2014 (the "Maturity Date") while the Bonds are outstanding (see "Description of the Bonds" – "Interest").

The Bonds shall be redeemed at par (or 100% of face value) on the Maturity Date or as otherwise set out in "Description of the Bonds" – "Redemption and Purchase" and "Payment in the Event of Default" sections of this Prospectus.

The Bonds shall constitute the direct, unconditional, unsecured and unsubordinated Peso-denominated obligations of Robinsons Land and shall at all times rank *pari passu* and rateably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of Robinsons Land, other than obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of Robinsons Land's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

The Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation ("PhilRatings") as of July 21, 2009. The rating is not a recommendation to buy, sell, or hold securities, and may be subject to revision, suspension, or withdrawal at any time by the rating agency concerned.

The Bonds shall be offered to the public at face value through the Joint Lead Managers named below with the Philippine Depository and Trust Corporation ("PDTC") as the Registrar of the Bonds. It is intended that upon issuance, the Bonds shall be issued in scripless form, lodged with the PDTC, and listed in the Philippine Dealing & Exchange Corporation trading system ("PDEx Trading System"). The Bonds shall be issued in denominations of ₱50,000.00 each, as a minimum, and in multiples of ₱10,000.00 thereafter.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Prospectus is August 11, 2009.

Joint Issue Managers

HSBC **SB Capital**

Joint Lead Managers

BDO Capital **BPI Capital** **HSBC** **SB Capital**

Participating Underwriters

China Bank **Land Bank** **Metrobank** **RCBC** **UCPB**

Bookrunner

HSBC

Robinsons Land expects to raise gross proceeds amounting to ₱5,000,000,000.00. The net proceeds are estimated to be ₱4, 943,011,905.00, after deducting fees, commissions and expenses relating to the issuance of the Bonds. Proceeds of the Offer shall be used for funding of capital expenditures (see “Use of Proceeds”). The Joint Lead Managers shall receive a fee of 0.40% on the final aggregate nominal principal amount of the Bonds issued.

Robinsons Land confirms that this Prospectus contains all information relating to the Company, its subsidiaries and affiliates referred to in this Prospectus and the Bonds which is, in the context of the issue and offering of the Bonds, material (including all information required by the applicable laws of the Republic of the Philippines), true, accurate and correct in every material particular. There is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect. Robinsons Land confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Prospectus. Robinsons Land, however, has not independently verified any such publicly available information, data or analysis, and the Company hereby accepts full and sole responsibility for the information contained in this Prospectus. The Joint Lead Managers assume no liability for any information contained in this Prospectus. Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus.

Neither the delivery of this Prospectus nor any sale made pursuant to the Offering shall, under any circumstance, create any implication that the information contained or referred to in this Prospectus is accurate as of any time subsequent to the date hereof. The Joint Lead Managers do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus.

The contents of this Prospectus are not to be considered as legal, business or tax advice. Each prospective purchaser of the Bonds receiving a copy of this Prospectus acknowledges that he has not relied on the Joint Lead Managers in his investigation of the accuracy of such information or in his investment decision. Prospective purchasers should consult their own counsel, accountants or other advisors as to legal, tax, business, financial and related aspects of the purchase of the Bonds. Investing in the Bonds involves certain risks. For a discussion of certain factors to be considered in respect of an investment in the Bonds, see the section entitled “Risk Factors and Other Considerations”.

No dealer, salesman or other person has been authorized by Robinsons Land and the Joint Lead Managers to give any information or to make any representation concerning the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by Robinsons Land or the Joint Lead Managers.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Bonds, including the risks involved.

The Bonds are offered subject to receipt and acceptance of any order by the Company and subject to the Company’s right to reject any order in whole or in part.

Robinsons Land is organized under the laws of the Philippines. Its principal office is at the 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City, with telephone number (632) 638-6100.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CURRENT.

ROBINSONS LAND CORPORATION

By:

JAMES L. GO
Chairman of the Board & Chief Executive Officer

SUBSCRIBED AND SWORN to before me by James L. Go, who is known to me to be the same person who signed the foregoing document in my presence, this 11th day of August 2009 at Pasig City. Affiant exhibited to me his Passport No. ZZ189715 expiring on 7/26/2011 and his CTC No. 26807752 issued on 01/29/2009 in Pasig City.

ELAINE G. MIRANDA-ARANETA
Notary Public of Makati City
Commission No. M-307 until Dec. 31, 2010
Roll of Atty. No. 36183
PTR No. 1575576 / 1-9-09 / Makati City
IBP No. 03988
No. 4 Constellation Street
Makati City, Philippines

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FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements have been based largely on the Company's current expectations and projections about future events and financial trends affecting its business. Words or phrases such as "believes," "expects," "anticipates," "intends," "plans," "foresees" or other words or phrases of similar import are intended to identify forward-looking statements. Similarly, statements that describe Robinsons Land's objectives, plans or goals are also forward-looking statements. In light of these risks and uncertainties associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur. Actual results could differ materially from those contemplated in the relevant forward-looking statements. Important factors that could prevent forward-looking events and circumstances from occurring or could cause actual results to differ materially from the expectations of Robinsons Land include, among others:

General Economic and Political Conditions

- changes in Philippine and international interest rates
- changes in political, economic and social conditions in the Philippines
- changes in foreign exchange control regulations in the Philippines
- changes in the value of the Peso

Conditions of the Real Estate Industry

- increasing competition in the Philippine real estate industry
- changes in laws and regulations that apply to the Philippine real estate industry

Factors Affecting Robinsons Land's Operations

- Robinsons Land's ability to maintain and further improve its market share in the various segments of the Philippine real estate market
- demand for Robinsons Land's projects in the Philippines
- Robinsons Land's ability to enter into various financing programs
- operational and implementation issues that Robinsons Land may encounter in its projects
- Robinsons Land's ability to manage changes in the cost of goods required for operations

For a further discussion of such risks, uncertainties and assumptions, see section "Risk Factors and Other Considerations" of this Prospectus. Prospective purchasers of the Bonds are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Prospectus and Robinsons Land undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

DEFINITION OF TERMS

As used in this Prospectus, the following terms shall have the meanings ascribed to them:

"Affiliate" shall mean, with respect to Robinsons Land Corporation, any corporation directly or indirectly controlled by it or under common control, whether by way of ownership of at least 20% of the total issued and outstanding capital stock of such corporation, or the right to elect at least 20% of the number of directors in such corporation, or the right to control and direct the operation and management of such corporation whether by reason of common management, contract or authority granted by said corporation to Robinsons Land Corporation.

"Application to Purchase" shall mean the document to be executed by any Person or entity qualified to become a Bondholder.

"BDO Capital" shall mean BDO Capital & Investment Corporation.

"BPI Capital" shall mean BPI Capital Corporation.

"Banking Day" or **"Business Day"** shall be used interchangeably to refer to any day, except Saturday and Sunday, on which commercial banks are open for business in Metro Manila.

"Beneficial Owner" shall mean any person (and "Beneficial Ownership" shall mean ownership by any person) who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has shares or voting power, which includes the power to vote or to direct the voting of such security; and/or investment returns or power in respect of any security, which includes the power to dispose of, or to direct the disposition of, such security; provided, however, that a person shall be deemed to have an indirect beneficial ownership interest in any security which is:

i. held by members of his immediate family sharing the same household;
ii. held by partnership in which he is a general partner;
iii. held by a corporation of which he is a controlling shareholder; or
iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities; provided, however, that the following persons or institutions shall not be deemed to be beneficial owners of securities held by them for the benefit of third parties or in customer or fiduciary accounts in the ordinary course of business, so long as such securities were acquired by such persons or institutions without the purpose or effect of changing or influencing control of the issuer:

    a. A broker dealer;
    b. An investment house registered under the Investment Houses Law;
    c. A bank authorized to operate as such by the *Bangko Sentral ng Pilipinas*;
    d. An insurance company subject to the supervision of the Office of the Insurance Commission;
    e. An investment company registered under the Investment Company Act;
    f. A pension plan subject to regulation and supervision by the Bureau of Internal Revenue and/or the Office of the Insurance Commission or relevant authority; and
    g. A group in which all of the members are persons specified above.

"Bond Agreements" shall mean the Trust Agreement between the Issuer and the Trustee and the Registry and Paying Agency Agreement between the Issuer, the Registrar and the Paying Agent.

"Bondholder" shall mean a Person whose name appears, at any time, as a holder of the Bonds in the Register of Bondholders.

"Bonds" shall refer to the Robinsons Land fixed rate bonds in the aggregate principal amount of ₱5,000,000,000.00, which shall mature on August 27, 2014.

"Cash to equity ratio" means the ratio of Cash and cash equivalents to Total Equity.

"Consolidated EBITDA" means consolidated income before income taxes, depreciation and amortization.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Issuer and its subsidiaries arising from Financial Indebtedness.

"Consolidated Interest Income" means, for any period, the total interest income earned by the Issuer and its subsidiaries from interest-bearing assets such as cash in banks, marketable securities, and temporary cash investments.

"Consolidated Net Interest Expense" means, for any period, the Consolidated Interest Expense minus the Consolidated Interest Income of the Issuer.

"Debt to equity ratio" means the ratio of Financial Indebtedness to Total Equity

"EBIT" means earnings before income tax.

"EBITDA" means earnings before income taxes, depreciation and amortization.

"Financial Indebtedness" means any outstanding indebtedness of the Issuer and/ or any or all of its subsidiaries for or in respect of:

(a) monies borrowed, which, in accordance with GAAP, shall be treated as loans payable, notes payable, bonds payable, or other similar borrowing;
(b) any amount raised by acceptance under any acceptance credit facility;
(c) any obligation in respect of a standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution;
(d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
(e) any amount of any liability (other than trade accounts payable, accrued expenses, and unearned revenues) under an advance or deferred purchase agreement if one of the primary reasons behind entering into that agreement is to raise finance or that agreement is in respect of the supply of assets or services;
(f) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
(g) any currency swap, or interest rate swap, cap or collar arrangement or any other derivative instrument;
(h) any amount raised by the issue of redeemable shares or preferred shares;
(i) any amount raised under any other transaction having the commercial effect of a borrowing; and/or
(j) any guarantee or indemnity or other assurance against financial loss of any person.

"HSBC" shall mean The Hongkong and Shanghai Banking Corporation Limited.

“IAS” means International Accounting Standards.

“IFRS” means International Financial Reporting Standards.

“Interest Payment Date” means February 27, 2010 as the first Interest Payment Date, and February 27 and August 27 of each year following the first Interest Payment Date at which the Bonds are outstanding. If the Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without adjustment to the amount of interest to be paid.

“Issue Date” shall mean the date on which the Bonds shall be issued by the Issuer.

“Interest Coverage Ratio” means the ratio which Consolidated EBITDA plus (to the extent of reducing consolidated net income) Consolidated Interest Expense, minus (to the extent increasing consolidated net income) Consolidated Interest Income, bears to Consolidated Net Interest Expense.

“JG Summit Holdings” refers to JG Summit Holdings, Inc. and its subsidiaries and affiliates.

“Joint Issue Managers” shall refer to HSBC and SB Capital, the entities appointed by the Issuer as Joint Issue Managers for the Bonds pursuant to the Underwriting Agreement.

“Joint Lead Managers” shall refer to BDO Capital, BPI Capital, HSBC and SB Capital, the entities appointed by the Issuer as Joint Lead Managers for the Bonds pursuant to the Underwriting Agreement.

“Lien” shall mean any mortgage, pledge, lien or encumbrance constituted on any of the Issuer’s properties for the purpose of securing its or its Affiliate’s obligation.

“Majority Bondholders” means the holders of more than fifty percent (50%) of the principal amount of the Bonds.

“Master Certificate of Indebtedness” means the certificate to be issued by the Issuer to the Trustee evidencing and covering such amount corresponding to the Bonds attached as Annex ”C”.

“Maturity Date” means the date at which the Bonds shall be redeemed by the Issuer by paying the principal amount thereof. Unless previously redeemed or cancelled, the Maturity Date will be on August 27, 2014. However, the Maturity Date of the Bonds, for the purposes of the Issuer effecting repayment of the principal amount thereof, is subject to the following Business Day convention. Thus, if the Maturity Date is not a Business Day, principal repayment shall be made by the Issuer on the next succeeding Business Day, without adjustment to the amount of interest to be paid.

“Net Book Value” shall mean equity attributable to equity holders of parent divided by the number of outstanding shares.

“Net Debt” means Financial Indebtedness less cash and cash equivalents.

“Net Debt to Equity Ratio” means the ratio of Net Debt to Total Equity.

“Offer” shall mean the offer of Bonds by the Issuer under the Conditions as herein contained.

“Offer Period” shall refer to the period, commencing within two days from the date of the issuance of the SEC Permit, during which the Bonds shall be offered to the public.

“PAS” means Philippine Accounting Standards.

“Paying Agent” shall refer to PDTC, the party which shall receive the funds from the Issuer for payment of principal, interest and other amounts due on the Bonds and remit the same to the Bondholders based on the records shown in the Register of Bondholders.

“Pesos”, “₱”, “PHP” and **“Philippine currency”** shall mean the legal currency of the Republic of the Philippines.

“Philippines” shall mean the Republic of the Philippines.

“PDEx” shall refer to the Philippine Dealing & Exchange Corp.

“PDEx Trading System” shall refer to the trading system of the PDEx in which the Bonds are planned to be listed.

“PDTC” shall refer to the Philippine Depository and Trust Corporation.

“PFRS” shall mean the Philippine Financial Reporting Standards.

“PSE” shall refer to the Philippine Stock Exchange, Inc.

“Record Date” means the four (4) Business Days immediately preceding the relevant Payment Date, which shall be the cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due.

“Register of Bondholders” shall mean the electronic record of the issuances, sales and transfers of the Bonds to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement.

“Registrar” shall refer to the PDTC, being the registrar appointed by the Issuer to maintain the Register of Bondholders pursuant to the Registry and Paying Agency Agreement.

“Robinsons Land” or **“RLC”** or the **“Company”** or the **“Issuer”** refers to Robinsons Land Corporation.

“SB Capital” shall mean SB Capital Investment Corporation

“SEC” means the Philippine Securities and Exchange Commission or its successor agency/ies.

“SEC Permit” shall mean the Permit to Sell issued by the SEC in connection with the Offer.

“SRC” shall mean the Securities Regulation Code of the Philippines.

“Tax Code” shall mean the Tax Reform Act of 1997, as amended, and its implementing rules and regulations.

“Taxes” shall mean any present or future taxes, including, but not limited to, documentary stamp tax, levies, imposts, filing and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including surcharges, penalties and interests on said taxes, but excluding final withholding tax, gross receipts tax, and taxes on the overall income of the underwriter or of the Bondholders.

"Total Equity" refers to equity attributable to equity holders of the Company and minority interest.

"Trustee" shall refer to Bank of the Philippine Islands Asset Management and Trust Group, the entity appointed by the Issuer which shall act as the legal title holder of the Bonds and shall monitor compliance and observance of all covenants of and performance by the Issuer of its obligations under the Bonds and enforce all possible remedies pursuant to such mandate.

EXECUTIVE SUMMARY

This summary highlights information contained elsewhere in this Prospectus. Because it is a summary, it does not contain all of the information that a prospective purchaser should consider before investing. Prospective purchasers should read the entire Prospectus carefully, including the section entitled "Risks of Investing" and the financial statements and the related notes to those statements included in this Prospectus.

The Company

Robinsons Land Corporation (RLC) is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size. It is engaged in the development and operation of shopping malls and hotels, and the development of mixed-use properties, office and residential buildings, as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component, in which the Company owns, develops, and operates real estate projects (principally shopping malls, office buildings and hotels) to be rented out, and a "development" component, in which RLC develops real estate projects for sale (principally residential condominiums, upper-middle to high-end residential developments and low and middle-cost lots and houses in its subdivision developments).

RLC was incorporated on June 4, 1980 as the real estate investment arm of JG Summit Holdings, Inc. (JG Summit). Its shares were offered to the public in an initial public offering (IPO) and were subsequently listed in the Manila Stock Exchange and Makati Stock Exchange (predecessors of the Philippine Stock Exchange, Inc.) on October 16, 1989. The IPO reduced JG Summit's direct ownership in RLC to 72.2%. The Company had a follow-on offering of primary and secondary shares in October 2006 where a total of 932.8 million shares were offered to domestic and international investors. The additional shares were listed on October 4, 2006. The follow-on offering further reduced JG Summit's interest in RLC to 60.0% of the Company's outstanding shares. As at August 7, 2009, market capitalization based on RLC's common share closing price of ₱9.00 as of that date was ₱24.7 billion.

RLC reported total consolidated revenues for fiscal year 2008 of ₱11.2 billion, up by 25.8% year on year versus 2007 revenues of ₱8.9 billion. Net income for the same period was ₱3.2 billion, or 28.8% higher than 2007 net income of ₱2.4 billion. The net income for fiscal year 2008 included an adjustment to reduce provision for deferred tax amounting to ₱253.1 million. For the six months ended March 31, 2009, RLC reported total consolidated revenues of ₱5.1 billion, down by 1.4% vs. previous year's revenues of ₱ 5.2 billion. Despite this, net income for the same period was ₱1.6 billion, or 10.8% higher than same period last year.

As at March 31, 2009, RLC has ₱41.5 billion in assets. Its total equity amounted to ₱24.6 billion, of which ₱24.5 billion was attributable to equity holders of the parent company. Debt-to-equity ratio was at 26.2% while net debt-to-equity was at 24.1%.

Competitive Strengths

RLC is one of the Philippine's leading property developers with the following core strengths:

1. It has a well established brand reputation with its many years of operation and a solid track record of completing projects.

2. It has a strategically diversified business portfolio which provides it with stability in revenue and earnings growth, as well as opportunities to accelerate growth during property up-cycles.

3. It has a strong financial position with high margins and returns on equity, strong cashflow and very little leverage on its solid balance sheet.

4. It has seasoned and experienced leadership both at the Board and oversight level, as well as at the operating level.

5. It benefits from its affiliation with the other businesses of the Gokongwei family and JG Summit, particularly its sister Robinsons Retail Group.

6. It is anchored on the mixed used developments which provides ample cross selling and demand stimulating opportunities and arrangements between and among its business divisions.

Strategies

To strengthen its market position as the Philippines' leading property developer, RLC intends to take advantage of its established reputation and brand name and its diversified business model, as well as its strong balance sheet, to invest in further growth for the Company. RLC intends to achieve this objective through the following strategies:

1. Maintain a balanced mix of investment and development properties, to ensure stable and sustainable returns while benefiting from cyclical upswings in the industry.

2. Retain its leading position in the mall industry by capitalizing on the economic and social trends in the Philippines.

3. Capitalize on the growth cycles of the office and residential buildings sectors.

4. Focus on mixed use developments to take advantage of synergy between and among its different business formats.

5. Support the growth of its hotel and land and housing development businesses by expanding both market and geographical coverage.

Risks of Investing

There are a number of risks and uncertainties which could affect RLC's business and results of operations. These include, but may not be limited to:

1. RLC is highly dependent on the state of the Philippine economy and the Philippine property market.

2. Robinsons Land's business is affected by regulation in the Philippines.

3. The occurrence of natural or other catastrophes, or severe weather conditions, may materially disrupt RLC's operations.

4. Significant competition in the markets in which the Company operates could have an adverse effect on the Company's business.

5. The Company is exposed to reputational risks if it does not complete projects on time.

6. Robinsons Land's leverage creates a number of operating risks and might affect its ability to repay the Bonds.

7. Robinsons Land is subject to certain debt covenants.

8. The occurrence of certain events of default under Robinsons Land's other debt could affect Robinsons Land's ability to repay the Bonds.

9. Robinsons Land from time to time considers business combination alternatives.

10. The Bonds will be effectively subordinated to other debt.

11. Secondary trading of the Bonds subject to various market factors.

Please refer to the section of this Prospectus entitled "Risks of Investing", which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the purchase of the Bonds. RLC has enumerated these risk factors in what it believes to be in the order importance to RLC's business and operations at this time.

Summary of Financial and Operating Data

The following table sets forth financial and operating information and other data of RLC. Prospective purchasers of the Bonds should read the summary financial data below together with the financial statements and the notes thereto, as well as the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus. The summary financial data for three years ended September 30, 2008 are derived from RLC's audited financial statements, including the notes thereto, which are included in this Prospectus. Summary financial data for the first six months of 2008 and 2009 are derived from RLC's unaudited financial statements. RLC's financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

	UNAUDITED		AUDITED		
	For the six months ended March 31		For the year ended September 30		
(In Million Pesos)	2009	2008	2008	2007	2006
INCOME STATEMENT					
Revenues[1]	**5,089**	**5,163**	**11,182**	**8,888**	**6,883**
Costs and Expenses					
Real estate	1,838	1,937	5,095	3,180	2,357
Hotel operations	443	490	947	922	821
General and administrative	653	638	1,315	1,251	1,086
Interest expense	30	26	61	119	195
Subtotal	**2,964**	**3,091**	**7,418**	**5,472**	**4,459**
Income before income tax	**2,125**	**2,072**	**3,764**	**3,416**	**2,424**
Provision for income tax	510	614	611	969	699
Net income	**1,615**	**1,458**	**3,153**	**2,447**	**1,725**
Net income attributable to:					
Equity holders of parent company	1,614	1,452	3,150	2,441	1,719
Minority interest in a consolidated subsidiary	1	6	3	6	6
	1,615	1,458	3,153	2,447	1,725

	UNAUDITED	AUDITED	
	As March 31	As of September 30	
(In Million Pesos)	2009	2008	2007
BALANCE SHEET			
Cash and cash equivalents	513	519	1,556
Receivables- net	3,991	4,353	2,933
Subdivision land, condominium and residential units for sale- at cost	1,729	1,684	1,967
Investment properties and other investments - net	27,572	27,516	23,895
Property and equipment - net	6,331	4,917	5,189
Other assets	1,405	1,322	1,246
Total Assets	41,541	40,311	36,786
Loans payable	**6,454**	**6,017**	**4,560**
Total Liabilities	16,939	17,324	15,496
Equity attributable to equity holders of parent company	24,483	22,869	21,175
Minority interest in a consolidated subsidiary	119	118	115

	UNAUDITED		AUDITED		
	For the six months ended March 31		For the year ended September 30		
(In Million Pesos)	2009	2008	2008	2007	2006
CASH FLOW					
Net Cash flow provided by Operating Activities	4,426	3,662	8,530	4,357	5,309
Net Cash flow used in Investing Activities	(3,491)	(1,742)	(9,276)	(8,220)	(6,489)
Net Cash flow provided by (used in) Financing Activities	(941)	(1,782)	(291)	4,854	976
Capital Expenditures	**3,878**	**1,931**	**9,488**	**8,884**	**6,318**
FINANCIAL RATIOS[2]					
Debt-to-Equity Ratio[3]	0.26	0.15	0.26	0.21	0.11
Net Debt-to-Equity Ratio[4]	0.24	0.08	0.24	0.14	0.08
Cash-to-Equity Ratio[5]	0.02	0.07	0.02	0.07	0.04

Notes:

(1) Revenues include interest income of ₱494.7 million, ₱710.4 million and ₱331.7 million for the fiscal years ended 2008, 2007 and 2006, respectively. For the six months ended March 2009 and March 2008, interest income was ₱197.6 million and ₱257.7 million, respectively.

(2) Financial ratios for the fiscal years ended September 2008, 2007, and 2006 are not audited.

(3) Debt-to-Equity Ratio is computed as the ratio of Financial Indebtedness (which for the applicable periods is equivalent to Loans payable) to Total Equity.

(4) Net debt- to- Equity Ratio is computed as the ratio of Net Debt, that is, Financial Indebtedness (which for applicable periods is equivalent to Loans payable) less cash and cash equivalents, to Total Equity.

(5) Cash-to-Equity Ratio means the ratio of cash and cash equivalents to Total Equity.

SUMMARY OF THE OFFERING

Issuer............................	Robinsons Land Corporation
Instrument.....................	Fixed rate bonds (the “Bonds”) in the aggregate principal amount of ₱5,000,000,000.00 which shall mature on August 27, 2014.
Use of Proceeds	The net proceeds of the issue shall be used by Robinsons Land for the funding of capital expenditures.
Issue Price	100% of face value
Form and Denomination of the Bonds..................	The Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, as a minimum, and in multiples of ₱10,000.00 thereafter.
Offer Period...................	The Offer shall commence at 1:00 pm on August 12, 2009 and end at 5:00 pm on August 18, 2009.
Issue Date.....................	August 26, 2009
Maturity Date	August 27, 2014
Interest Rate	8.25% p.a.
Interest Payment……….	Interest on the Bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 27, 2010 as the first Interest Payment Date, and on February 27 and August 27 of each year following the first Interest Payment Date at which the Bonds are outstanding. If the Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without adjustment to the amount of interest to be paid. For purposes of clarity, the interest payable on the first Interest Payment Date of the Bonds shall be calculated for a period of 181 days on the basis of a 360-day year.
Final Redemption………	The Bonds shall be redeemed at 100% of face value on the Maturity Date.

RISKS OF INVESTING

GENERAL RISK WARNING

- *The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.*
- *Past performance is not a guide to future performance.*
- *There is an extra risk of losing money when securities are issued by smaller companies. There may be a big difference between the buying price and the selling price of these securities.*
- *An investor deals in a range of investments each of which may carry a different level of risk.*

PRUDENCE REQUIRED

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake its, his or her own research and study on the trading of securities before commencing any trading activity. Investors may request information on the securities and Issuer thereof from the SEC which are available to the public.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest in or the nature of risks involved in trading of securities specially those high risk securities.

RISK FACTORS

An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider the following factors, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds. This Prospectus contains forward-looking statements that involve risks and uncertainties. Robinsons Land adopts what it considers conservative financial and operational controls and policies to manage its business risks. Robinsons Land's actual results may differ significantly from the results discussed in the forward-looking statements. See section "Forward-Looking Statements" of this Prospectus. Factors that might cause such differences, thereby making the offering speculative or risky, may be summarized into those that pertain to the business and operations of Robinsons Land, in particular, and those that pertain to the over-all political, economic, and business environment, in general. These risk factors and the manner by which these risks shall be managed are presented below. RLC has enumerated these risk factors in what it believes to be in the order importance to RLC's business and operations at this time.

There are a number of risks and uncertainties which could affect RLC's business and results of operations. These include, but may not be limited to:

Risks related to the Company

1. **RLC is highly dependent on the state of the Philippine economy and the Philippine property market.**

The Company derives substantially all of its revenue and operating profits from its property investment and development activities in the Philippines. Demand for, and prevailing prices of, shopping mall and office leases, and the performance of the Philippine hotel business are directly related to the strength of the Philippine economy and the overall levels of business activity in the Philippines. The Company's commercial centers division is also directly affected by social trends, changing spending patterns and consumer sentiment in the Philippines, which are in turn heavily influenced by economic, political and security conditions in the Philippines. On the development side of the Company's business, the Philippine property market has in the past been cyclical and property values have been affected by supply of and demand for comparable properties, the rate of economic growth in the Philippines and political developments. The Company is also reliant on business from overseas Filipino workers and expatriate Filipinos, which contribute to the demand for its projects in the residential buildings and housing and land development divisions. This also exposes the Company to the performance of specific economies in which these concentrated groups of potential customers are located, including the United States of America, Italy and Saudi Arabia. Demand for new residential housing projects in the Philippines, in particular, has also fluctuated in the past as a result of prevailing economic conditions (including overall growth levels and interest rates), the political and security situation in the Philippines and other related factors.

Considerable economic and political uncertainties currently exist in the Philippines that could have adverse effects on consumer spending habits, construction costs, availability of labor and materials and other factors affecting the Company and its businesses. Significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced if changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the Company's properties. Because of RLC's business concentration in the Philippines, reduced levels of economic growth, adverse changes in the country's political or security situation, or weaker performance of the country's property development market generally could materially adversely affect RLC's profitability.

Hotel occupancy trends in the Philippines are affected by a variety of factors, including the general levels of business and tourist travel to the Philippines, which are in turn influenced by general political and economic conditions within the country. The hotel business in the Philippines has not been particularly robust in the post-Asian financial crisis period, as the country faced political uncertainty and security concerns over terrorist activities and the peace and order situation, which has to a certain extent also inhibited business activity. While the past 3 years in general, have shown modest but steady growth in both occupancies and revenues for the hotel industry (driven by a generally favourable business and social climate in the country and the destination marketing of the government's Department of Tourism (DoT), which has given boost to both foreign and domestic tourist arrivals and spending), more recent trends show a less favourable business and social climate due to the impact of U.S. led global slowdown, high inflation, and a slower expected Gross Domestic Product (GDP) growth.

In addition, the strength of the Philippine economy is influenced and affected by global factors, including the performance of other world and regional economies and the global economy, in general. Any change in the health and performance of other national economies, in particular, that of the United States of America and/or the global economy, could adversely affect the Philippine economy and the Company's business.

To mitigate this risk, RLC has, among other strategies, adopted a diversified business model with both an "investment" component and a "development" component. This broad business footprint provides RLC with a diversified earnings base. The "investment" component of the Company's business, principally its shopping malls, office buildings and hotels, provides the Company with steady, relatively predictable earnings and cash flow even during down cycles in the property industry. On the other hand, the "development" component of the business, principally the residential condominiums and housing and land developments, capitalizes on the growth cycles of the office and residential buildings sectors. For further discussion of RLC's strategies, please refer to the section *"Description of Business – Corporate Strategy " of this Prospectus.*

2. Robinsons Land's business is affected by regulation in the Philippines.

Robinsons Land operates a material part of its businesses in a regulated environment. Robinsons Land is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions and the management of, disposal of and exposure to hazardous materials.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources (DENR). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current environmental laws and regulations applicable to the Company will not increase the costs of operating its facilities above currently projected levels or require future capital expenditures. In addition, RLC cannot predict what environmental, health, safety or other legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. See "Regulatory and Environmental Matters." The introduction or inconsistent application of, or changes in, laws and regulations applicable to RLC's business could have a material adverse effect on its business, financial condition and results of operations.
In addition, delays or other possible complications in obtaining the required regulatory and environmental permits could have a material adverse effect on RLC's business, financial condition and results of operations.

To mitigate this risk, Robinsons Land keeps itself abreast of the latest compliance requirements as well as the latest technologies that enable it to implement existing sanitation, environment and safety laws and other regulations at cost-efficient means, a strategy which has earned RLC recognitions and awards from local organizations. For further discussion of the regulatory and environmental matters, and applicable government approvals and permits, please refer to the sections *"Description of Business – Regulatory and Environmental Matters" and "Description of Business –*

Government Approvals and Permits" of this Prospectus *.*

3. The occurrence of natural or other catastrophes, or severe weather conditions, may materially disrupt RLC's operations.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt RLC's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's development projects, many of which are large, complex buildings that are susceptible to structural damage and failure. RLC maintains does not maintain full third-party insurance to cover all natural or other catastrophes. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect its business, financial condition and results of operations.

Although there can be no assurance that it will be adequately compensated for all damages and economic losses resulting from the natural or other catastrophes, RLC endeavors to mitigate this risk by keeping its properties and business in good working condition, insured to their full insurable value with financially sound and reputable insurers against loss or damage in such manner and to the same extent as customary for a business of the same character.

4. Significant competition in the markets in which the Company operates could have an adverse effect on the Company's business.

RLC operates in a highly competitive industry. The Company's future growth and development is dependent, in large part, on the availability of large tracts of land suitable for development. As the Company and its competitors attempt to locate sites for development, it may become more difficult to locate parcels of suitable size in locations and at prices acceptable to the Company, particularly in Metro Manila and other urban areas. To the extent that the Company is unable to acquire suitable land at acceptable prices, its growth prospects could be limited and its business and results of operations could be adversely affected.

A number of other commercial center and residential developers and real estate services companies such as, SM Prime Holdings, Inc., Megaworld Corporation and Ayala Land, Inc., some with greater financial and other resources and more attractive land banks than the Company, compete with RLC in various aspects of its business. Competition from other real estate developers and real estate services companies may adversely affect RLC's ability to develop and sell its properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for real estate, and in particular shopping malls.

RLC has mitigated the market risks it faces through carefully planned projects, innovation and clear product differentiation. RLC is the pioneer of fully integrated mixed-use developments in the Philippines, which provides ample cross-selling and demand stimulating opportunities and arrangements between and among its business divisions. RLC also remains confident that it can compete effectively on the basis of its well-established brand reputation with its many years of operation and a solid track record of completing projects on time and on spec. For further discussion of RLC's strengths and strategies, please refer to the sections on *"Description of*

Business – Core Strengths" and "Description of Business - Corporate Strategy" of this Prospectus.

5. The Company is exposed to reputational risks if it does not complete projects on time.

The Company is heavily reliant on its brand name and reputation in its property development business. If the Company experiences any particular difficulties with respect to any of its projects, including construction or infrastructure failures, design flaws, significant project delays, and quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its other development projects. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

The performance of RLC's commercial centers division, office buildings division and residential buildings division could be affected by a number of factors, including:

- The national and international economic climate
- Trends in the retail industry
- Changes in laws and governmental regulations in relation to real estate
- Increased operating costs
- The inability to collect rent due to bankruptcy of tenants or otherwise
- Competition for tenants
- Changes in market rental rates
- The need to renovate, repair and re-let space and the costs thereof
- The quality and strategy of management
- The ability of RLC to provide adequate maintenance and insurance

RLC believes that one of its competitive strengths is that it has, over the years, developed a reputation for the quality of its projects and amenities, reliability in delivering projects on time, its convenient locations and affordability of its projects. RLC also has an experienced management team with a proven ability to execute the Company's business plan and achieve results. The Company believes that the market experience and knowledge that these key members of management possess and the business relationships they have developed with industry players and customers have been an integral part of the Company's success in the past and will be a driving force for its success in the future. RLC also benefits from its affiliation with the other businesses of JG Summit Holdings Inc. and the Robinsons Retail Group. Aside from comprising bulk of RLC's anchor tenants, the JG Summit Group and its related companies provide RLC with experience and market data that help assess consumer spending and behavior patters, and other important business information. For further discussion on RLC's strengths, please refer to the section *"Description of Business – Core Strengths"* of this Prospectus

6. Robinsons Land's leverage creates a number of operating risks and might affect its ability to repay the Bonds.

The increase in debt of Robinsons Land could have certain adverse consequences. For example, it could:

- reduce Robinsons Land's ability to service its existing debt obligations, including the Bonds;
- affect Robinsons Land's ability to obtain additional financing for working capital, capital expenditures, debt service and other purposes;
- require Robinsons Land to divert a substantial portion of its cash flow from operations to debt service;
- affect Robinsons Land's flexibility in reacting to and taking advantage of developments and opportunities in the Philippine economy, the Philippine property development industry and its business; or
- place Robinsons Land at a competitive disadvantage to its competitors that have less debt.

Robinsons Land's ability to refinance or repay its debt depends on its successful financial and operating performance, which will be affected by a number of factors, many of which are beyond its control. If Robinsons Land is unable to refinance its debt, obtain necessary waivers or obtain new financing under these circumstances, Robinsons Land would have to consider various other financing options such as sale of assets, procuring additional capital and other options available to Robinsons Land under applicable law. Robinsons Land might also have to modify, delay or abandon its development and expansion plans. See sections "Management's Discussion and Analysis of Financial Condition and Results of Operation" and "Description of Certain Other Debt" of this Prospectus.

RLC manages this risk by maintaining a strong financial position and a balanced mix of investment and development businesses, which provides RLC with stability in revenue and earnings. RLC maintains a conservative level of outstanding indebtedness and has not defaulted in any of its debt obligations. It shall continue its strategy of compliance with its debt obligations by adopting the necessary internal controls in financial management and adopting good corporate governance policies that will ensure that transactions do not violate debt covenants.

7. Robinsons Land is subject to certain debt covenants.

The Bond Agreements and agreements for certain debts of Robinsons Land contain covenants that limit its ability to, among other things:

- incur additional long-term debt to the extent that such additional indebtedness results in a breach of a required financial ratio;
- materially change its nature of business;
- merge, consolidate, or dispose of substantially all its assets; and
- encumber, mortgage or pledge some of its assets.

Complying with these covenants may cause Robinsons Land to take actions that it otherwise would not take or not take actions that it otherwise would take. Robinsons Land's failure to comply with these covenants would cause a default, which, if not waived, could result in the debt becoming immediately due and payable. In this event, Robinsons Land may not be able to repay or refinance such debt on terms that are acceptable to Robinsons Land or at all. See sections "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Description of Certain Other Debt", and "Description of the Bonds" of this Prospectus.

Robinsons Land has historically taken a prudent stance in managing its debt obligations by ensuring that any corporate act, whether or not performed in the ordinary course of business, do not violate any existing debt covenants. In the event that any significant corporate act or business transaction is seen to potentially affect its debt covenants that would lead to accelerating the payment of existing debt, Robinsons Land shall endeavor to obtain the necessary waivers in accordance with relevant debt agreements.

8. The occurrence of certain events of default under Robinsons Land's other debt could affect Robinsons Land's ability to repay the Bonds.

A significant portion of the debt of Robinsons Land contains terms which allow a lender to accelerate Robinsons Land's debt if any event or change in circumstances occurs which, in the sole opinion of such lender, would materially impair Robinsons Land's ability to repay its debt. If any amount outstanding were to be accelerated, it could potentially trigger a cross-default under substantially all of the Company's debt. In which case, it may not be able to perform its payment obligations under the Bonds.

Robinsons Land has not defaulted in any of its debt obligations. It shall continue its strategy of compliance with its debt obligations by adopting the necessary internal controls in financial management and adopting good corporate governance policies that will ensure that transactions do not violate debt covenants.

9. Robinsons Land from time to time considers business combination alternatives.

Although Robinsons Land's loan covenants contain certain restrictions on business combinations, Robinsons Land will be able to engage in certain types of combinations. Business combinations involve financial and operational risks and could result in significant changes to Robinsons Land's operations, management and financial condition. These changes could adversely affect Robinsons Land's ability to fulfill its obligations under the Bonds and reduce the value of the Bonds.

Robinsons Land takes into consideration its existing debt obligations and concomitant debt covenants in making any major business investments or acquisitions. Any financial commitments under such business combinations are evaluated in terms of the inflow of revenues of such projects and their ability to service their own financial requirements once fully operational.

Risks related to the Issue

10. The Bonds will be effectively subordinated to other debt.

The Bonds will be effectively subordinated in right of payment to all secured debt of Robinsons Land to the extent of the value of the assets securing such debt and all debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

Under Philippine law, in the event a borrower submits to insolvency or liquidation proceedings in which the borrower's assets are liquidated, unsecured debt evidenced by a public instrument, as provided in Article 2244(14) of the Civil Code of the Philippines will rank ahead of unsecured debt not evidenced by a public instrument. Debt becomes evidenced by a public instrument when it has been acknowledged by the creditor and the debtor before a notary or any person authorized to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a *jurat* (a statement by one party of the circumstances in which an affidavit was made) may also be sufficient to make a document a public instrument. Accordingly, it may be possible for debt to become evidenced by a public instrument through the unilateral action of a creditor without the knowledge of the borrower. For avoidance of doubt, the consolidated indebtedness of ₱6.5 billion as of March 31, 20009 does not yet include the ₱5 billion in SEC registered bonds which were issued by Robinsons Land on July 13, 2009.

As of March 31, 2009, ₱5.1 billion of Robinsons Land's consolidated indebtedness of ₱6.5 billion was evidenced by public instruments. Debts appearing in public instruments may, by mandatory provision of law, rank ahead of the Bonds in the event of the insolvency or liquidation of Robinsons Land. Nevertheless, Robinsons Land has obtained, from all creditors under any such loans or facilities, waivers of the right to the benefit of any such preference or priority.

Notwithstanding the foregoing, investors are assured of Robinsons Land's continuing track record of prudent financial management which allowed it to be in a net debt-to-equity position of 24.1% as of March 31, 2009. Thus, there will be sufficient assets for disposition that will meet all its debt obligations, whether secured or unsecured.

11. Secondary trading of the Bonds subject to various market factors.

The Company plans to list the Bonds in the PDEx Trading System to provide price transparency and liquidity to the Bondholders.

As with other fixed income securities, the Bonds could trade at prices higher or lower than the initial offering price due to prevailing interest rates, Robinsons Land's operations, and the overall market for debt securities, among others. It is possible that a selling Bondholder would receive sales proceeds lower than his initial investment.

PHILIPPINE TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Bonds. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Bonds and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Bonds under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Bonds in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a holder of Bonds may vary depending upon such holder's particular situation, and certain holders may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be important to a Bondholder.

PROSPECTIVE PURCHASERS OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF A BOND, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL OR FOREIGN TAX LAWS.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines. A non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien doing business in the Philippines," otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not doing business in the Philippines." A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

TAXATION OF INTEREST

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20%. Generally, interest on the Bonds received by non-resident foreign individuals engaged in trade or business in the Philippines is subject to a 20% withholding tax while that received by non-resident foreign individuals not engaged in trade or business is taxed at the rate of 25%. Interest income received by domestic corporations and resident foreign corporations is taxed at the rate of 20%. Interest income received by non-resident foreign corporations is subject to a 30% final withholding tax. The tax withheld constitutes a final settlement of Philippine income tax liability with respect to such interest.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest arises in the Philippines and is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

TAX-EXEMPT STATUS

Bondholders who are exempt from or are not subject to final withholding tax on interest income may claim such exemption by submitting the necessary documents. Said Bondholder shall submit the following requirements to the Registrar, or to the underwriters or selling agents (together with their completed Application to Purchase) who shall then forward the same to the Registrar: (i) certified true copy of the tax exemption certificate issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in prescribed form, declaring and warranting its tax-exempt status, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificate and agreeing to indemnify and hold the Issuer free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities; provided further that, all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for Taxes, duties, assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption or reasonable evidence of such exemption to the Registrar.

Bondholders may sell their Bonds any time to persons of similar tax status (*i.e.*, tax-exempt to tax-exempt, taxable to taxable); otherwise, such Bondholder may sell only on an Interest Payment Date. A selling or purchasing Bondholder claiming tax-exempt status is required to submit the following documents to the Issuer, within three days from settlement date: (i) a written notification of the sale or purchase, including the tax status of the selling or buying party, and (ii) an indemnity agreement wherein the new Bondholder undertakes to indemnify the Issuer for any tax or change that may later on be assessed from the Issuer on account of such transfer.

VALUE-ADDED TAX

Gross income arising from the sale of the Bonds in the Philippines by Philippine-registered dealers in securities shall be subject to a 12% value-added tax.

GROSS RECEIPTS TAX

Bank and non-bank financial intermediaries are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five years or less	5%
Maturity period is more than five years	1%

In case the maturity period referred above is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pre-termination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds shall be taxed at 7%.

DOCUMENTARY STAMP TAX

A documentary stamp tax is imposed upon the issuance of debentures and certificates of indebtedness issued by Philippine companies, such as the Bonds, at the rate of ₱1.00 for each ₱200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds.

TAXATION ON SALE OR OTHER DISPOSITION OF THE BONDS

Income Tax

Under the Tax Code, any gain realized from the sale, exchange or retirement of securities, debentures and other certificates of indebtedness with an original maturity date of more than five years (as measured from the date of issuance of such securities, debentures or other certificates of indebtedness) shall not be subject to income tax.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at progressive rates ranging from 5% to 20%, if the net estate is over ₱ 200,000. A Bondholder shall be subject to donor's tax on the transfer of the Bonds by gift at either (i) 30%, where the done or beneficiary is a stranger, or (ii) at progressive rates ranging from 2% to 15% if the net gifts made during the calendar year exceed ₱100,000 and where the done or beneficiary is other than a stranger. For this purpose, a "stranger" is a person who is not a: (a) brother, sister (whether by whole or half-blood), spouse, ancestor and lineal descendant; or (b) relative by consanguinity in the collateral line within the fourth degree of relationship.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

USE OF PROCEEDS

Robinsons Land expects that the net proceeds of the Offering shall amount to approximately ₱ 4,943,011,905.00 based on a ₱5.0 billion issue, after upfront fees, commissions and expenses, as follows:

		Total
Estimated proceeds from the sale of the Bonds		₱5,000,000,000.00
Less: Estimated upfront expenses		
Documentary Stamp Tax	25,000,000.00	
SEC Registration		
SEC Registration Fee	1,812,500.00	
SEC Legal Research and Publication Fee	118,125.00	
Underwriting and Other Professional Fees		
Underwriting and Legal Fees[1]	27,889,720.00	
Auditors' fee[2]	-	
Ratings Agency Fees[3]	1,120,000.00	
Listing Fees[4]	224,000.00	
Printing Fees	150,000.00	
Trustee Fees[5]	200,000.00	
Paying Agency and Registry Fees[6]	473,750.00	
Total Estimated Upfront Expenses		56,988,095.00
Net proceeds to RLC		₱4,943,011,905.00

Notes:

1. The above covers fees of Joint Lead and Issue Managers, and legal fees of Joint Lead and Issue Managers.
2. A review has already been made by auditors for the ₱5.0 billion bond issued by the Company on July 13, 2009, thus there is no need for an additional review.
3. This pertains to the upfront fee only as the monitoring fee has been waived. There is already an existing fee for the ₱ 5.0 billion bond issued by the Company on July 13, 2009.
4. Aside from an upfront listing application fee, the Issuer will be charged an annual listing maintenance fee. Fee shown above includes the annual listing maintenance fee for the first year only.
5. Aside from an upfront fee, the Issuer will be charged an annual retainer fee of ₱150,000. Fee shown above includes the annual retainer fee for the first year only.
6. Aside from an upfront fee, the Issuer will be charged an annual Registry Maintenance Fee based on the face value of the Bonds and the number of Bondholders. In addition, the Issuer will be charged an annual paying agency fee based on interest to be paid. Fee shown above is for first year only.

Proceeds from the Offering shall be used to partially fund the capital expenditure requirements of the Issuer, particularly for the capital expenditure requirements of the residential buildings division for fiscal years 2010 and 2011. Approximately ₱5 billion per year will be required by the residential buildings division for the construction of ongoing projects, as well as those that are targeted to be launched in fiscal year 2009. RLC plans to launch five new projects in fiscal year 2009 in the residential buildings division, namely, the first tower of the Security Land joint venture in Ayala Avenue, the 2nd tower of Sonata Private Residences, the 2nd tower of Trion Towers, an additional building in Woodsville, and the 1st tower of the Magnolia Residences, the recently acquired property in Aurora, Quezon City.

No material amount of proceeds from the Issue will discharge debt.

No material amount of proceeds is to be used to finance the acquisition of other businesses.

No material amount of proceeds is to be used to acquire assets other than the Company's capital expenditure requirements.

No amount of the proceeds is to be used to reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

In the event of any deviation or adjustment in the planned use of proceeds – i.e., for capital expenditure – the Company shall inform the SEC and the Bondholders at least thirty (30) days prior to the implementation of such deviation or adjustment.

CAPITALIZATION

The following table sets out the unaudited consolidated cash position, short-term and long-term debt and capitalization of RLC as at March 31, 2009 and as adjusted to reflect the issue of the Bonds. This table should be read in conjunction with RLC's unaudited consolidated interim financial statements as at and for the six months ended March 31, 2009, including the notes thereto, included in this Prospectus. There has been no material change in the figures as shown in the following table and the notes thereto since the date thereof except for the issue of the Bonds.

As at March 31, 2009

(in ₱ millions)	Actual	Adjusted for ₱5.0 billion Issue[1]
Cash and cash equivalents(2)	513	10,394
Short-term debt:		
Short-term loans (3)	1,339	1,339
Current portion of loans payable (6)	115	115
Total short-term debt	1,454	1,454
Long-term debt (net of current portion):		
The Bonds(4)	-	4,943
Bonds payable(5)		4,938
Loans payable (6)	5,000	5,000
Total long-term debt	5,000	14,881
Equity		
Capital stock(7)	2,747	2,747
Additional paid-in capital	8,182	8,182
Retained earnings		
Unappropriated	10,054	10,054
Appropriated(8)	3,500	3,500
Equity attributable to equity holders of the Parent Company	24,483	24,483
Minority interest	(119)	(119)
Total Equity	24,602	24,602

Notes:

(1) These columns already take into account the ₱ 5.0 billion fixed rate bond issued by the Company on July 13, 2009.

(2) The net proceeds of the offering, or approximately ₱4,943,011,905 based on a ₱5.0 billion issue, will be invested by the Issuer in cash and cash equivalents and temporary investments, such as, but not limited to special savings deposits, time deposits, and trust accounts, and recorded as such on the Company's consolidated balance sheet until they are used for the purposes described in the section "Use of Proceeds". The net proceeds are reflected in the cash and temporary cash investments — adjusted column.

(3) These are loans from Banco de Oro, Bank of the Philippine Islands and Rizal Commercial Banking Corporation with terms of loans ranging from one to twelve months.

(4) The Bonds are presented net of bond issue costs, which are amortized over the life of the bonds.

(5) These pertain to the ₱ 5.0 billion fixed rate bond issued by the Company on July 13, 2009, net of bond issue costs.

(6) The current portion of loans payable pertains to total loans payable net of short-term loans that is maturing within one year. Whereas, loans payable, net of current portion pertains to long-term debt with maturities of more than one to five years.

(7) As at March 31, 2009, RLC's authorized common stock was ₱ 2,746,918,457, with a par value of ₱ 1.00 per share. As at that date, there were 2,746,918,457 issued and outstanding common shares.

(8) On May 14, 2003, the Board of Directors of RLC approved the appropriation of ₱ 3.5 billion, out of the retained earnings, for future expansion.

DETERMINATION OF OFFERING PRICE

The Bonds shall be issued on a fully-paid basis and at an issue price that is at par.

PLAN OF DISTRIBUTION

The Company plans to issue the Bonds to institutional and retail investors through a general public offering to be conducted by the Joint Lead Managers.

JOINT LEAD MANAGERS

The Hongkong and Shanghai Banking Corporation Limited and SB Capital Investment Corporation, as Joint Issue Managers, have agreed to act as arranger in the issuance, placement, distribution, and sale of the Bonds and together with BDO Capital & Investment Corporation ("BDO Capital"), and BPI Capital Corporation ("BPI Capital") (collectively, the "Joint Lead Managers"), to distribute and sell the Bonds at the Issue Price, pursuant to an Underwriting Agreement entered into with the Company on or about August 11, 2009 (the "Underwriting Agreement"). Each Joint Lead Manager has committed to underwrite up to ₱1,250,000,000.00 on a firm basis, in either case subject to the satisfaction of certain conditions and in consideration for certain fees and expenses.

The amount of the commitments of the Joint Lead Managers is as follows:

BDO Capital	₱1,250,000,000.00
BPI Capital	₱1,250,000,000.00
HSBC	₱1,250,000,000.00
SB Capital	₱1,250,000,000.00
	₱5,000,000,000.00

There is no arrangement for any of the Joint Lead Managers to put back to the Issuer any unsold Bonds.

The Issuer shall pay each of the Joint Lead Managers a fee of 0.40% flat based on each Joint Lead Manager's underwriting commitment, as Joint Lead Manager's fee (the "Joint Lead Manager's Fee").

The Joint Lead Manager's Fee shall be grossed up for gross receipts tax of 7%. The fees due to the Joint Lead Managers together with any applicable gross receipts tax or its equivalent and net of any applicable withholding tax arising in respect of such fee, shall be due and payable by the Issuer to the Joint Lead Managers immediately upon receipt of confirmation from the Issuer's bank that cleared funds representing payments for all accepted Applications to Purchase have been credited to the account designated by the Issuer.

The Underwriting Agreement may be terminated or suspended by the Joint Lead Managers under certain circumstances prior to the issuance of the Bonds and payment being made to the Company of the net proceeds of the Bonds. The Joint Lead Managers are duly licensed by the SEC to engage in underwriting or distribution of the Bonds. The Joint Lead Managers may, from time to time, engage in transactions with and perform services in the ordinary course of business for the Company or any of its subsidiaries. The Joint Lead Managers have no direct relations with the Company in terms of ownership by either of their respective major stockholder/s, and have no right to designate or nominate any member of the Board of Directors of the Company.

The following includes a summary of certain provisions of the Underwriting Agreement entered into by the Issuer and the Joint Lead Managers. This summary does not purport to be complete and is qualified in its entirety by reference to the Underwriting Agreement.

SALE AND DISTRIBUTION

The distribution and sale of the Bonds shall be undertaken by the Joint Lead Managers who shall sell and distribute the Bonds to third party buyers/investors. Nothing herein shall limit the rights of the Joint Lead Managers from purchasing the Bonds for their own respective accounts.

No bonds are designated to be sold to specified persons

No discounts or commissions shall be paid to broker dealers, and no finders are involved in the distribution of the Bonds.

OFFER PERIOD

The Offer Period shall commence at 1:00 pm on August 12, 2009 and end at 5:00 pm on August 18, 2009, or such other dates as may be determined by the Issuer, the Joint Issue Managers and the Joint Lead Managers.

APPLICATION TO PURCHASE

Applicants may purchase the Bonds during the Offer Period by submitting to the Joint Lead Managers properly completed Applications to Purchase, together with two signature cards, and the full payment of the purchase price of the Bonds in the manner provided therein. Corporate and institutional applicants must also submit, in addition to the foregoing, a copy of their SEC Certificate of Registration of Articles of Incorporation and By-Laws, Articles of Incorporation, By-Laws, and the appropriate authorization by their respective boards of directors and/or committees or bodies authorizing the purchase of the Bonds and designating the authorized signatory(ies) thereof. Individual applicants must also submit, in addition to the foregoing, a photocopy of any one of the following identification cards (ID): passport, driver's license, postal ID, company ID, SSS/GSIS ID and/or Senior Citizen's ID.

A corporate and institutional investor who is exempt from or is not subject to withholding tax shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue; (ii) a duly notarized undertaking, in the prescribed from, declaring and warranting its tax exempt status, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates and agreeing to indemnify and hold the Issuer free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities; provided that, all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar.

Completed Applications to Purchase and corresponding payments must be received by the Joint Lead Managers prior to the end of the Offer Period, or such earlier date as may be specified by the Joint Lead Managers. Acceptance by the Joint Lead Managers of the completed Application to Purchase shall be subject to the availability of the Bonds and the acceptance by Robinsons Land. In the event that any check payment is returned by the drawee bank for any reason whatsoever, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase is deemed revoked.

MINIMUM PURCHASE

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

ALLOTMENT OF THE BONDS

If the Bonds are insufficient to satisfy all Applications to Purchase, the available Bonds shall be allotted in accordance with the chronological order of submission of properly completed Applications to Purchase on a first-come, first-served basis, subject to Robinsons Land's right of rejection.

REFUNDS

If any application is rejected or accepted in part only, the application money or the appropriate portion thereof shall be returned without interest to such applicant through the Joint Lead Managers from whom such application to purchase the Bonds was made.

UNCLAIMED PAYMENTS

Any payment of interest on, or the principal of the Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk.

PURCHASE AND CANCELLATION

The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at any price without any obligation to make pro-rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

SECONDARY MARKET

Robinsons Land intends to list the Bonds in the PDEx Trading System. Robinsons Land may purchase the Bonds at any time in the PDEx Trading System without any obligation to make pro-rata purchases of Bonds from all Bondholders.

REGISTRY OF BONDHOLDERS

The Bonds shall be issued in scripless form and shall be eligible for trading under the scripless book-entry system of the PDTC. A Master Certificate of Indebtedness representing the Bonds sold in the Offer shall be issued to and registered in the name of the Trustee, on behalf of the Bondholders. The Joint Lead Managers are required to designate a PDTC Participant for the lodgement of the Bonds, on behalf of their respective Bondholders.

Legal title to the Bonds shall be shown in the Register of Holders to be maintained by the designated registrar for the Bonds. Initial placement of the Bonds and subsequent transfers of interests in the Bonds shall be subject to applicable Philippine selling restrictions prevailing. Robinsons Land shall cause the Register of Bondholders to be kept at the specified office of the Registrar. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Register of Bondholders.

DESCRIPTION OF THE BONDS

The following does not purport to be a complete listing of all the rights, obligations, or privileges of the Bonds. Some rights, obligations, or privileges may be further limited or restricted by other documents. Prospective investors are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of Robinsons Land, the information contained in this Prospectus, the Trust Agreement, Issue Management and Underwriting Agreement, and other agreements relevant to the Offer.

General

The issue of Five Billion Pesos (₱5,000,000,000.00) eight and one quarter percent (8.25%) Bonds due 2014 (the "Bonds") was authorized by a resolution of the Board of Directors of Robinsons Land Corporation (the "Issuer") on July 14, 2009.

The Bonds shall be constituted by a Trust Agreement to be executed on or about August 11, 2009 (the "Trust Agreement") by and between the Issuer and Bank of the Philippine Islands Asset Management and Trust Group (the "Trustee", which term shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement). The description of the terms and conditions of the Bonds set out below includes summaries of, and is subject to, the detailed provisions of the Trust Agreement. A registry and paying agency agreement shall be executed on or about August 11, 2009 (the "Registry and Paying Agency Agreement") in relation to the Bonds between the Issuer and The Philippine Depository and Trust Corporation as paying agent (the "Paying Agent") and registrar (the "Registrar"). The Bonds shall be offered and sold through a general public offering in the Philippines in minimum denominations of Fifty Thousand Pesos (₱50,000.00) and in integral multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market. Unless earlier redeemed by the Issuer pursuant to the terms thereof and subject to the provisions on redemption and payment below, the Bonds will mature on August 27, 2014.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during regular business hours at the specified offices of the Trustee. The holders of the Bonds (the "Bondholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

Form and Denomination

The Bonds are in scripless form, and shall be issued in denominations of Fifty Thousand Pesos (₱50,000.00) each, as a minimum, and in multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

Title

Legal title to the Bonds shall be shown in the register of Bondholders (the "Registry Book") maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Registry Book maintained by the Registrar. Settlement in respect of such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the Bondholder.

BOND RATING

The Bonds have been rated PRS Aaa by Philippine Rating Services Corporation ("PhilRatings"). The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Bonds are outstanding. After Issue Date, the Trustee shall monitor the compliance of the Bonds with the regular annual reviews.

TRANSFER OF BONDS

Registry Book

The Issuer shall cause the Registry Book to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of Bonds shall be entered into the Registry Book. As required by Circular No. 428-04 issued by the *Bangko Sentral ng Pilipinas ("BSP"),* the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer) and a written advice confirming every receipt or transfer of the Bonds that is effected in the Registrar's system (at the cost of the Bondholder). Such statement of registry holdings shall serve as the confirmation of ownership of the Bondholder as of the date thereof. Any requests of Bondholders for certifications, reports, or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder.

Transfers; Tax Status

Bondholders may transfer their Bonds at anytime, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax exempt entities trading with tax-paid entities shall be treated as tax-paid entities. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified under "Payment of Additional Amounts; Taxation", below, within three (3) days from the settlement date for such transfer.

Secondary Trading of the Bonds

The Issuer intends to list the Bonds in PDEx for secondary market trading. Secondary market trading in PDEx shall follow the applicable PDEx rules and conventions, among others, rules and conventions on trading and settlement.

RANKING

The Bonds constitute direct, unconditional, unsecured, and unsubordinated Peso-denominated obligations of the Issuer ranking *pari passu* in all respects and rateably without any preference or priority (except for any statutory preference or priority applicable in the winding-up of the Issuer) amongst themselves and with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Issuer.

INTEREST

Interest Payment Dates

Each Bond bears interest on its principal amount from and including Issue Date at the rate of eight and one quarter percent (8.25%), payable semi-annually in arrears on February 27, 2010 as the first Interest Payment Date and the 27th day of February and August of each year following the first Interest Payment Date at which the Bonds are outstanding. If the Interest Payment Date is not a Business Day, interest will be paid on the next succeeding Business Day, without adjustment to the amount of interest to be paid. The last Interest Payment Date shall fall on the Maturity Date.

The cut-off date in determining the existing Bondholders entitled to receive interest or principal amount due shall be four (4) Business Days immediately preceding the relevant Interest Payment Date (the "Record Date"). No transfers of the Bonds may be made during this period intervening between the Record Date and the relevant Interest Payment Date.

Interest Accrual

Each Bond shall cease to bear interest from and including the Maturity Date, as defined in the discussion on "Final Redemption", below, unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld, or refused by the Issuer, in which case the Penalty Interest (see "Penalty Interest", below) shall apply.

Determination of Interest Amount

The interest shall be calculated on the basis of a 360-day year consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days. For purposes of clarity, the interest payable on the first Interest Payment Date of the Bonds shall be calculated for a period of 181 days on the basis of a 360-day year.

REDEMPTION AND PURCHASE

Final Redemption

Unless previously purchased and cancelled, the Bonds shall be redeemed at par or one hundred percent (100%) of face value on August 27, 2014 (the "Maturity Date"). However, payment of all amounts due on such date may be made by the Issuer through the Paying Agent, without adjustment to the amount of interest to be paid, on the succeeding Business Day if the Maturity Date is not a Business Day.

Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, upon giving not less than 30 nor more than 60 days' notice to the Bondholders, through the Trustee (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption and such additional sum, if any, as will result in the receipt by the Bondholders, after payment of the additional or increased taxes, if any, of the amount that would have been received by them as of the date of redemption if such additional or increased taxes had not been required, if:

(i) prior to the giving of such notice, the Issuer determines and provides the Trustee an opinion of legal counsel or written advice of a qualified tax expert, such legal counsel or tax expert being from an internationally recognized law or accountancy firm reasonably acceptable to the Trustee, that it has or will become obliged to pay additional Taxes as a result of any change in, or amendment to, the laws or regulations of the Philippines or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts.

Prior to giving notice of redemption, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Bondholders.

For the avoidance of doubt, the right of the Issuer to redeem the Bonds may be exercised prior to the Issuer becoming obliged to pay the additional or increased taxes. Upon redemption, the Issuer shall not be liable for any additional or increased taxes which it has not yet become obliged to pay on or prior to the date of redemption.

Purchase and Cancellation

The Issuer may at any time purchase any of the Bonds at any price in the open market or by tender or by contract at any price, without any obligation to purchase Bonds *pro rata* from all Bondholders. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Change in Law or Circumstance

If any provision of the Trust Agreement or any of the related documents is or shall become, for any reason, invalid, illegal, or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized law firm reasonably acceptable to the Trustee. Thereupon, the Trustee, upon notice to the Issuer, shall declare the principal of the Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Bonds to the contrary.

Payments

The principal of, interest on, and all other amounts payable on the Bonds shall be paid by the Issuer through the Paying Agent to the Bondholders by crediting of the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Bonds shall be payable in Philippine Pesos. The Issuer shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds. The Issuer may terminate the appointment of the Paying Agent, as provided in the Registry and Paying Agency Agreement. In the event the Paying Agent shall be unable or unwilling to continue to act as the Paying Agent, the Issuer shall appoint the Makati City office of such other leading institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

Any amounts payable on the Bonds shall be paid to the Bondholders appearing on the Registry Book as of the relevant Record Date. No transfers of the Bonds may be made during the period intervening between the Record Date and any relevant date when payment of principal or interest is due.

Payment of Additional Amounts; Taxation

Interest income on the Bonds is subject to a final withholding tax at rates between twenty percent (20%) and thirty percent (30%) depending on the tax status of the Bondholder under relevant law, regulation, or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including, but not limited to, issue, registration, or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Issuer; provided, however, the Issuer shall not be liable for the following:

(a) The applicable final withholding tax applicable on interest earned on the Bonds prescribed under the Tax Reform Act of 1997, as amended, and its implementing rules and regulations as may be in effect from time to time. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Issuer as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling, or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Issuer and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided further that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties assessments, or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

(b) Gross Receipts Tax under Section 121 of the Tax Code;

(c) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and

(d) Value Added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337. Documentary stamp tax for the primary issue of the Bonds and the execution of the Bond Agreements, if any, shall be for the Issuer's account.

FINANCIAL COVENANTS

Until redemption or payment in full of the aggregate outstanding principal amount of the Bonds, the Issuer hereby covenants and agrees with the Trustee that, unless the Majority Bondholders shall otherwise consent in writing:

(a) its Debt to Equity Ratio shall not, at any time, exceed 1.5:1 as referenced from its balance sheet as at December 31 and June 30 of each year; and

(b) its Interest Coverage Ratio tested on December 31 and June 30 each year (commencing on December 31, 2009), by reference to the immediately preceding twelve (12) months, shall not be less than 1.5:1

based on the consolidated financial statements of the Issuer, where:

"Debt to Equity Ratio" means the ratio which Financial Indebtedness bears to Total Equity (equity attributable to equity holders of the Company and minority interest);

"Interest Coverage Ratio" means the ratio of Consolidated EBITDA, plus (to the extent of reducing net income) Consolidated Interest Expense and minus (to the extent increasing net income) Consolidated Interest Income, to Consolidated Net Interest Expense;

"Consolidated EBITDA" means consolidated income before income taxes, depreciation and amortization;

"Consolidated Interest Expense" means, for any period, the total interest expense of the Issuer and its Subsidiaries in respect of Financial Indebtedness;

"Consolidated Interest Income" means, for any period, the total interest income earned by the Issuer and its subsidiaries from interest-bearing assets such as cash in banks, marketable securities, and temporary cash investments; and

"Consolidated Net Interest Expense" means, for any period, the Consolidated Interest Expense minus the Consolidated Interest Income of the Issuer.

Since the adoption of PAS 39, the Issuer has been required to reclassify a portion of its revenues from the sale of its development projects on deferred cash or installment contract basis, as finance income, in addition to finance income from placements of its cash and cash equivalents. In the same manner, certain cost amounts that were previously classified as costs of sales or deposits have been re-classified as interest expenses, in such manner as to correspond with the revenue re-classification.

In the computation of the Issuer's interest coverage ratio for the Issue, the interest income and expense resulting from the adoption of PAS 39 is excluded. As such, interest income will include only income earned from placements of the Issuer's cash and cash equivalents, while interest expense will only cover interest expense on the Issuer's Financial Indebtedness. This is different from the interest coverage ratio covenant in the Issuer's existing loan agreements, which does not yet exclude the effects of PAS 39. The interest coverage ratio computation for the Issue is also different from existing loan agreements in that the interest expense being covered is computed net of interest income.

The Issuer believes that the revised computation of interest coverage ratio is more relevant in understanding the Issuer's ability to service its interest obligations, from its earnings before interest, taxes, depreciation, and amortization.

NEGATIVE PLEDGE

Until redemption or payment in full of the aggregate outstanding principal amount of the Bonds, the Issuer covenants and agrees that it shall not, without the prior written consent of the Majority Bondholders, directly or indirectly incur or suffer to exist any Security Interest other than any Permitted Security Interest upon any of its assets, or enter in to any loan facility agreement secured by or to be secured by a Security Interest other than a Permitted Security Interest upon any of its assets, unless it has made or will make effective provision, whereby the Security Interest thereby created will secure, on an equal first ranking and rateable basis, any and all the obligations of the Issuer hereunder and such other Financial Indebtedness which such Security Interest purports to secure.

Security Interest means a mortgage, charge, pledge, lien, encumbrance, or preferential arrangement creating preference in payment of any indebtedness whether or not creating or constituting a security interest on or with respect to any asset or revenue of the Issuer.

Financial Indebtedness means any outstanding indebtedness of the Issuer and/or any or all of its Subsidiaries for or in respect of:

(a) monies borrowed, which, in accordance with GAAP, shall be treated as loans payable, notes payable, bonds payable, or liabilities of the same nature;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any obligation in respect of a standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution;

(d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(e) any amount of any liability (other than trade accounts payable, accrued expenses, and unearned revenues) under an advance or deferred purchase agreement if one of the primary reasons behind entering into that agreement is to raise finances or if that agreement is in respect of the supply of assets or services;

(f) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(g) any currency swap, or interest rate swap, cap or collar arrangement or any other derivative instrument;

(h) any amount raised by the issue of redeemable shares or preferred shares;

(i) any amount raised under any other transaction having the commercial effect of a borrowing; and/or

(j) any guarantee or indemnity or other assurance against financial loss of any person.

Permitted Security Interest means the following:

(i) Any Security Interest over asset purchased, leased, or developed in the ordinary course of business to secure payment of the purchase price or cost of leasehold rights of such asset or the cost and expenses for the development of such asset pursuant to any development made or being made by the Issuer in the ordinary course of business;

(ii) Any Security Interest created for the purpose of paying current taxes, assessments, or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith by appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof;

(iii) Any Security Interest to secure: (1) statutory obligations; (2) surety or appeal bonds; (3) bonds for release of attachment, stay of execution or injunction; or (4) performance of bids, tenders, contracts (other than for the repayment of Financial Indebtedness) or leases in the normal course of the Issuer's business;

(iv) Any Security Interest: (I) imposed by Law, such as carrier's, warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (2) under the workmen's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits or similar legislation; or (3) arising out of set-off provisions in other agreements of the Issuer relating to its indebtedness; provided that the Bondholders shall also have, to the extent permitted by applicable Law, and upon notice to the Issuer, a similar right of set-off;

(v) Any Security Interest in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by the Issuer under a governmental program under which creation of a security is a prerequisite in order to obtain such financing, and which cover assets of the Issuer which have an aggregate appraised value, determined in accordance with GAAP not exceeding six percent (6%) of the Issuer's total assets based on the most recent interim financial statements;

(vi) Any Existing Security, as specified in Annex "D" of the Trust Agreement;

(vii) Any Security Interest constituted for the purpose of guaranteeing a Subsidiary's obligation in connection with any contract or agreement (other than for Financial Indebtedness) that has been assigned to such Subsidiary by the Issuer as part of the Issuer's ordinary course of business;

(viii) Any Security Interest to be constituted on the assets of the Issuer after the date of the Trust Agreement, which is disclosed in writing by the Issuer to the Bondholders prior to the execution of the Trust Agreement and with the aggregate loan accommodation not exceeding the equivalent of ten percent (10%) of the market value of the consolidated assets of the Issuer as reflected in the latest appraisal report submitted by an independent and reputable appraiser; and

(ix) In relation to any instances not covered above, Security Interest created with the prior consent of Majority Bondholders.

EVENTS OF DEFAULT

The Issuer shall be considered in default and the Trust Agreement in case any of the following events (each an "Event of Default") shall occur and is continuing (whether or not caused by any reason whatsoever outside the control of the Issuer):

(a) *Payment Default*

The Issuer fails to pay when due and payable any principal or interest in respect of the Bonds which the Issuer is obliged to pay to the Bondholders under the Trust Agreement and the Bonds in the manner, at the place, and in the currency in which it is expressed to be payable.

The Issuer fails to pay when due and payable any other amount payable by the Issuer in respect of the Bonds and under the Trust Agreement in the manner, at the place, and in the currency in which it is expressed to be payable, and such non-payment continues for thirty (30) days from the date such payment is due.

(b) *Representation/Warranty Default*

Any representation and warranty of the Issuer hereof and in the Trust Agreement or any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect, or misleading in any material respect as and when made or deemed repeated.

(c) *Other Default*

The Issuer is in breach, or fails to perform, or violates any other provision or term of the Trust Agreement and the Bonds, and such breach, failure, or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation.

(d) *Cross Default*

Any obligation of the Issuer under a contract executed by it with any bank, financial institution, or other person for the payment of Financial Indebtedness, with a principal amount of at least ₱500,000,000 (or its equivalent from time to time in other currencies), is not paid when due, except equipment purchases and contractor services and obligations that are subject to good faith dispute by the Issuer through appropriate proceedings and for which adequate reserves have been provided for the payment thereof, or a default shall have occurred in the performance or observance of any instrument or agreement pursuant to which the foregoing obligations were created, the effect of which is to cause, entitle, or permit such obligation to become due prior to its stated maturity.

(e) *Expropriation Default*

The Republic of the Philippines or any competent authority thereof takes any action to suspend all or substantially all of the operations of the Issuer and to condemn, seize, nationalize, or appropriate (either with or without compensation) the Issuer or all or substantially all its properties or assets, unless disputed by the Issuer in good faith through appropriate action or proceeding and such action or proceeding is dismissed or terminated within forty-five (45) calendar days from the filing thereof.

(f) *Insolvency Default*

(i) Any step is taken by any person to obtain an order (other than steps taken by a third party where such steps are frivolous or vexatious and the relevant application or petition is dismissed within ninety (90) days) or any order is made by any competent court or resolution passed by the Issuer for the appointment of a liquidator, receiver, or trustee of the Issuer or of all or a substantial part of its assets, save for the purposes of amalgamation or reorganization not involving insolvency the terms of which shall have received the prior written approval of the Majority Bondholders;

(ii) the Issuer admits in writing its inability to pay its Financial Indebtedness as they fall due or makes a general assignment for the benefit of or composition with its creditors or is adjudicated or found bankrupt or insolvent; and

(iii) the Issuer commences or concludes negotiations with any one or more of its creditors, with a view to a general adjustment or rescheduling of its Financial Indebtedness (being Financial Indebtedness which it will or might otherwise be unable to pay when due).

(g) *Judgment Default*

Any final judgment, decree or arbitral award for the sum of money, damages, or for a fine or penalty in excess of Five Hundred Million Pesos (₱500,000,000.00) or its equivalent in any other currency, to the extent not covered by adequate insurance, is entered against the Issuer and the enforcement of which is not stayed, and is not paid, discharged, or duly bonded within thirty (30) days after the date when payment of such judgment, decree, or award is due under the applicable law or agreement.

(h) *Writ and Similar Process Default*

Any writ, warrant of attachment, injunction, stay order, execution, or similar process shall be issued or levied against all or substantially all of the Issuer's assets, business or operations and such writ, warrant, or similar process shall not be released, vacated or fully bonded within sixty (60) days after its issue or levy.

(i) *Closure Default*

The Issuer ceases or has announced its intention to cease to carry on its business or disposes or indicates that it intends to dispose of a substantial part of its business, properties, or assets except in the case allowed in Section 4.2(j) of the Trust Agreement, or the Issuer changes or indicates that it intends to change the nature of its business in a way which in the reasonable opinion of the Trustee would have a Material Adverse Effect or would otherwise be materially prejudicial to the Bondholders in respect of any Bond.

(j) *Approvals and Permits Default*

(i) Any consent, license, authorization, registration, or approval required in relation to the performance by the Issuer of its payment or other obligations under, or for the validity or enforceability of, the Trust Agreement and the Bonds, is revoked, rescinded, suspended, withdrawn, withheld, modified in a manner which, in the reasonable opinion of the Trustee, shall affect the ability of the Issuer to comply with such obligations, or otherwise limited in effect, (notice of which shall be given by the Issuer to the Bondholders forthwith upon the Issuer becoming aware thereof), and such is not remedied by the Issuer within a period of fifteen (15) days from the date it became aware thereof;

(ii) Any concessions, permits, rights, franchises, or privileges required for the conduct of the business and operations of the Issuer (except for the concessions, privileges or rights granted to the Issuer pursuant to the Management Agreement dated 5 May 2003 by and between the Issuer and Holiday Inns (Philippines), Inc.) shall be revoked, canceled, or otherwise terminated or the free and continued use and exercise thereof shall be curtailed or prevented, in such manner as shall materially and adversely affect the financial condition or operations of the Issuer, and such action is not rectified or otherwise remedied within forty five (45) days from its occurrence or imposition, or within such longer period as may be granted by the Trustee at its sole discretion.

(k) *Performance Default*

Any event occurs or any circumstance arises which, in the reasonable determination of the Trustee, gives ground for believing that the Issuer may not (or may be unable to) perform or comply with any one or more of its obligations under the Trust Agreement or the Bonds, and such event or circumstance remains unremedied for a period thirty (30) days after written notice thereof shall have been received by the Issuer from the Trustee.

CONSEQUENCES OF DEFAULT

(a) If any one or more of the Events of Default shall have occurred and be continuing, and has not been waived by the Majority Bondholders (i) the Trustee shall, by notice in writing delivered to the Issuer, or upon the written direction of the Majority Bondholders whose written instructions/consents/letters shall be authenticated and summarized by the Registrar to the Trustee and by notice in writing delivered to the Issuer, or (ii) the Majority Bondholders may, by notice in writing delivered to the Issuer and the Trustee, declare the principal of the Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable, without presentment, demand, protest, or further notice of all kinds, all of which are hereby expressly waived by the Issuer.

(b) This provision, however, is subject to the condition that the Majority Bondholders may, by written notice to the Issuer and the Trustee, during the prescribed curing period, if any, rescind and annul such declaration made by the Trustee pursuant to paragraph (a) above, and the consequences of such declaration, upon such terms, conditions, and agreement, if any, as they may determine, provided that no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Notice of Default

The Trustee shall, through the Registrar, within thirty (30) days after the occurrence of an Event of Default under any of the Bonds, give to the Bondholders written notice of such default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default, as described in "Payment Default" above, the Trustee, through the Registrar, shall immediately notify the Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Bonds at the principal office of the Trustee upon presentment of sufficient and acceptable identification.

Penalty Interest

In case any amount payable by the Issuer under any of the Bonds, whether for principal, interest, or otherwise, is not paid when due, the Issuer shall, without prejudice to its obligations to pay the said principal, interest, and other amounts, pay penalty interest to the Bondholders on the defaulted amount(s) at the rate of twelve percent (12%) p.a. (the

“Penalty Interest”) from the time the amount falls due until it is fully paid.

Payment in the Event of Default

The Issuer covenants that if any Event of Default under any of the Bonds shall have occurred and be continuing, and has not been waived by the Majority Bondholders, the Issuer shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto, the Issuer shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee hereunder.

Application of Payments in the Event of Default

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds in the Event of Default, shall be applied by the Paying Agent in the order of preference as follows: (1) to the payment to the Trustee, the Paying Agent and the Registrar, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith, duly incurred or disbursed as of payment date in accordance with the Trust Agreement and the Registry and Paying Agency Agreement; (2) to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest, which payment shall be made *pro rata* among the Bondholders; (3) to the payment of the whole amount then due and unpaid upon the Bonds for principal and interest, with Penalty Interest, which payment shall be made *pro rata* among the Bondholders; and (4) the remainder, if any, shall be paid to the Issuer, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Bonds shall require the conformity of the Trustee.

Prescription

Claims in respect of principal and interest or other sums payable under the Bonds hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion below on “Ability to File Suit”.

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Issuer hereunder on account of principal, interest, and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit, or proceeding in the latter's name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit, or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb, or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable, and common benefit of all the Bondholders.

Waiver of Default by the Bondholders

The Trustee may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and in behalf of the Bondholders to waive any past default, except the events of default defined as a payment default, cross default, expropriation default, or insolvency default, and its consequences. In case of any such waiver, the Issuer, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder; provided, however, that no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

TRUSTEE; NOTICES

Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Agreement and the Prospectus and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	**Bank of the Philippine Islands-** **Asset Management and Trust Group** **Institutional Account Management 6**
Attention:	The Trust Account Officer
Subject:	Robinsons Land Corporation Fixed Rate Bonds Due 2014
Address:	17th Floor, BPI Building 6768 Ayala Avenue, Makati City

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

Notice to the Bondholders

The Trustee shall send, through the Registrar, all Notices to Bondholders to their mailing address as set forth in the Registry Book. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Registry Book. The Trustee and/or the Registrar shall rely on the Registry Book in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication; or (iv) on date of delivery, for personal delivery.

Binding and Conclusive Nature

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations, and decisions given, expressed, made, or obtained by the Trustee for the purposes of the provisions of the Trust Agreement shall (in the absence of willful default, bad faith, or manifest error) be binding on the Issuer, and all Bondholders and (in the absence as referred to above) no liability to the Issuer, the Paying Agent, or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties, and discretions under the Trust Agreement.

Reports to the Bondholders

(a) The Trustee shall submit to the Bondholders on or before 31 March of each year from the Issue Date until full payment of the Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

- (i) the property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report; and

- (ii) any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

(b) The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount, and the circumstances surrounding the making of such advance; provided that such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.

Inspection of Documents

The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

1. Trust Agreement

2. Registry and Paying Agency Agreement

3. Articles of Incorporation and By-Laws of the Issuer

4. Registration Statement of the Issuer

5. Opinions of the legal counsel indicated above

MEETINGS OF THE BONDHOLDERS

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or in behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders.

Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct in writing through the Registrar, the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to each of the registered Bondholders, through the Registrar, and to the Issuer, as may be necessary, at least fifteen (15) days prior to the date fixed for the meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

Failure of the Trustee to Call a Meeting

In case at any time the Issuer, pursuant to a resolution of its board of directors or executive committee, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Bonds shall have requested, through the Registrar, the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed in accordance with the notice requirements, the notice of such meeting, then the Issuer or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

Quorum

The Registrar shall determine and record the presence of the Majority Bondholders, personally or by proxy, necessary to constitute a quorum to do business at any meeting of the Bondholders.

Procedure for Meetings

(a) The Trustee shall preside at all the meetings of the Bondholders unless the meeting shall have been called by the Issuer or by the Bondholders, in which case the Issuer or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting. The Trustee and Registrar shall initially and continually preside as chairman and secretary, respectively, until a chairman and secretary are elected by the Majority Bondholders.

(b) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one year from the date for which the meeting shall originally have been called and the meeting so adjourned may be held without further notice to the Bondholders present or represented at the original meeting. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting. At least five days prior to the meeting to which the original meeting is adjourned, the Trustee, through the Registrar, shall send to all Bondholders not present or represented at the original meeting notice setting forth the time and the place of the meeting to which the original meeting was adjourned and indicating that the purpose of such meeting is the same as that of the original meeting. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000.00) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Issuer and its legal counsel.

Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement. Any resolution of the Bondholders, which has been duly approved with the required number of votes of the Bondholders as herein provided, shall be binding upon all the Bondholders.

Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by registered holders of the Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates, and other evidences of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem fit.

Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing, or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith, or (iii) a combination of such instrument and any such record of meeting of such Bondholders.

Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Issuer on the basis of such documents and information as it has deemed appropriate and that it has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee.

The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature against the Trustee in respect of its obligations hereunder, except for its gross negligence or wilful misconduct. None of the provisions contained in the Trust Agreement and Prospectus shall require or be interpreted as requiring the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

AMENDMENTS

The Issuer and the Trustee may amend these Terms and Conditions of the Bonds without prior notice to every Bondholder, but with the written consent of the Majority Bondholders. However, without the written consent of each Bondholder affected thereby, notwithstanding any meeting among such Bondholders, in accordance with the section “Meeting of the Bondholders” above, in case one is held for this purpose, an amendment may not:

1) reduce the number of Bondholders that must consent to an amendment or waiver;

2) reduce the rate of or extend the time for payment of interest on the Bonds;

3) reduce the principal of or extend the Maturity Date of the Bonds;

4) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder’s Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;

5) reduce the amount payable upon the redemption or repurchase of the Bonds under the Terms and Conditions or change the time at which any Bond may be redeemed;

6) make any Bond payable in money other than that stated in the Bond;

7) subordinate the Bonds to any other obligations of the Issuer;

8) release any security interest that may have been granted in favor of the Bondholders;

9) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default, or the Waiver of Default by the Bondholders in the Terms and Conditions; or

10) make any change or waiver of this condition.

It shall not be necessary for the consent of the Bondholders under this condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this condition becomes effective, the Issuer shall send a notice briefly describing such amendment to the Bondholders affected.

GOVERNING LAW

The agreements relating to the Bonds are governed by and are construed in accordance with

Philippine law.

CERTAIN DEFINED TERMS

Except as otherwise provided and where context indicates otherwise, defined terms in this Terms and Conditions of the Bonds have the meanings ascribed to them in the Trust Agreement.

INTERESTS OF NAMED EXPERTS

LEGAL MATTERS

All legal opinion / matters in connection with the issuance of the Bonds which are subject of this Offer shall be passed upon by Romulo Mabanta Buenaventura Sayoc & de los Angeles, for the Joint Lead Managers, and Bolos Reyes-Beltran and Associates for the Company.

INDEPENDENT AUDITORS

SyCip Gorres Velayo & Co, independent auditors, audited Robinsons Land's (1) comparative financial statements as of September 30, 2008 and 2007 and for the three years ended September 30, 2008; and (2) comparative financial statements as of September 30, 2007 and 2006 and for the three years ended September 30, 2007, included in this Prospectus.

DESCRIPTION OF BUSINESS

OVERVIEW

RLC is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size. It is engaged in the development and operation of shopping malls and hotels, and the development of mixed-use properties, office and residential buildings, , as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component, in which the Company develops, owns and operates commercial real estate projects (principally shopping malls, office buildings and hotels) and a "development" component, in which RLC develops residential real estate projects for sale (principally residential condominiums, upper-middle to high-end residential developments and low- and middle-cost lots and houses in its subdivision developments).

RLC was incorporated on June 4, 1980 as the real estate investment arm of JG Summit Holdings, Inc (JG Summit). Its shares were offered to the public in an initial public offering (IPO) and were subsequently listed in the Manila Stock Exchange and Makati Stock Exchange (predecessors of the Philippine Stock Exchange, Inc.) on October 16, 1989. The IPO reduced JG Summit's direct ownership in RLC to 72.2%. The Company had a follow-on offering of primary and secondary shares in October 2006 where a total of 932.8 million shares were offered to domestic and international investors. The additional shares were listed on October 4, 2006. The follow-on offering further reduced JG Summit's interest in RLC to 60.0% of the Company's outstanding shares. As at March 31, 2009, market capitalization based on RLC's common share closing price of ₱4.5 as of that date was ₱12.4 billion.

RLC reported total consolidated revenues for fiscal year 2008 of ₱11.2 billion, up by 25.8% year on year vs. 2007 revenues of ₱8.9 billion. Net income for the same period was ₱3.2 billion, or 28.8% higher than 2007 net income of ₱2.4 billion. The net income for fiscal year 2008 included an adjustment to reduce provision for deferred tax amounting to ₱253.1 million. For the six months ended March 31, 2009, RLC reported total consolidated revenues of ₱5.1 billion, down by 1.4% vs. previous year's revenues of ₱ 5.2 billion. Despite this, net income for the same period was ₱1.6 billion, or 10.8% higher than same period last year.

As at March 31, 2009, RLC has ₱41.5 billion in assets. Its total equity amounted to ₱24.6 billion, of which ₱24.5 billion was attributable to equity holders of the parent Company. Debt-to-equity ratio was at 26.2% while net debt-to-equity was at 24.1%.

RLC'S BUSINESSES

RLC's operations are divided into its five business divisions:

The Commercial Centers Division develops, leases and manages shopping malls throughout the Philippines. As of March 31, 2009, RLC operated 23 shopping malls throughout the Philippines, with 1.3 million square meters in total gross floor area and about 715,000 square meters in net leasable area.

The Office Buildings Division is involved in the development and lease of office buildings as well as fee-based management and operations of these office buildings. As of March 31, 2009, RLC had completed six (6) office buildings within Metro Manila, owning about 164,000 square meters in net leasable area.

The Residential Buildings Division develops and sells middle-cost to upscale residential developments. As of March 31, 2009, this division had 17 projects totaling 26 buildings, of which 11 have been turned over to buyers and 15 are in various stages of development.

The Housing and Land Development Division develops and sells low-and-middle-cost residential lots and houses aimed predominantly at the lower-to-middle-income market sector. Most of RLC's housing and land projects are set up as joint ventures with the owners of the land. As of March 31, 2009, RLC's Housing and Land Development Division had 33 ongoing projects, of which 11 have already been completed, 4 have been substantially completed, and the remaining projects are under various stages of development.

The Hotels Division owns and operates hotels within Metro Manila and Cebu City. RLC's Hotels Division currently has a portfolio of four hotels, the Crowne Plaza Galleria Manila, Holiday Inn Galleria Manila and Cebu Midtown Hotel, including the Summit Ridge Hotel in Tagaytay City, Cavite which began operations in June 2009. In addition, RLC has commenced the construction of its budget hotel chain, the GO hotels, with its pilot site in Robinsons Pioneer Cybergate Complex in Mandaluyong City, Metro Manila. Said hotel is targeted for completion in 2010.

RLC conducts its business operations principally in the Philippines. The percentage of gross international sales to total gross sales for 2006, 2007 and 2008 and for the six months ended 2009 are estimated as follows:

IN BILLION ₱	2006	2007	2008	AS OF MARCH 2009
Gross International Sales*	0.8	1.1	0.6	0.3
Total Gross Sales**	9.7	11.4	11.4	6.3
% to total	8%	10%	5%	4%

**Gross International Sales are gross sales (including both realized and unrealized portion) of the residential buildings and housing and land development divisions, which are directly attributable to international markets.*

***This includes both realized and unrealized portion of sales from residential buildings and housing and land development divisions, as well as the revenues from the commercial, office buildings and hotel divisions.*

VISION

RLC seeks to further improve on its financial and operational performance and continue its success in becoming the Philippines' leading property developer. To achieve this vision, the primary goals of each of its business divisions are as follows:

- Commercial Centers Division: To consistently create innovative and outstanding lifestyle products.
- Residential Buildings Division: To transform land into quality residential developments that create superior value for both customers and shareholders.
- Office Buildings Division: To provide business solutions that revolutionize the way people work and live.
- Housing and Land Development Division: To build communities that provide residents with a safe, comfortable and happy environment.
- Hotels Division: To provide excellent venues for accommodation and special events, with the highest standards of quality and service.

COMPETITIVE STRENGTHS

RLC remains to be one of the Philippines' leading property developers by consistently enhancing its core strengths:

1. Established Reputation and Brand Name

RLC has been in the Philippine real estate development business for more than 28 years. Over the years the Company has expanded its business portfolio from developing and operating shopping malls, to developing high-profile projects in complementary areas of real estate development, including office and residential buildings, housing and land developments, and hotel operations. Today, RLC is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size. The Company believes that it has developed a reputation for quality and reliability and for delivering projects on time, within budget and in accordance with or exceeding customers' expectations. RLC also believes that it is recognized in the real estate market for the convenient locations of its projects, the quality of amenities that it delivers and the affordability of its products.

2. Diversified Business Portfolio and Earnings Base

RLC has adopted a diversified business model with both an "investment" component and a "development" component. This broad business footprint provides RLC with a diversified earnings base. The "investment" component of the Company's business, principally its shopping malls, office buildings and hotels, provides the Company with steady, relatively predictable earnings and cash flow. On the other hand, the "development" component of the business, principally the residential condominiums and housing and land developments, provides significant business growth potential. The balanced mix of investment and development components ensures RLC of stable recurring revenues even during down cycles in the property industry. Another feature of this diverse earnings base is that RLC can leverage its strong cash flow to finance investment and growth on the development side of its business.

3. Strong Financial Position

The Company maintains a strong balance sheet position. Its diversified earnings mix provides a solid financial base for the Company, and a stable source of funds for business expansion and other capital. In part due to its strong cash flow, the Company does not have significant levels of outstanding indebtedness, meaning that it is in a strong position to access a variety of available funding sources. This financial strength, together with the reputation that the Company has earned over the years, provides a strong platform for business growth going forward.

4. Experienced Management Team

RLC has an experienced management team with a proven ability to execute the Company's business plan and achieve results. Some members of senior management have been with RLC since its inception. Mr. John Gokongwei, Jr., Chairman Emeritus, has extensive experience in real estate related businesses, as do the Chairman and Chief Executive Officer, Mr. James Go and the Company's President and Chief Operating Officer, Mr. Frederick Go. RLC's Vice-Chairman and Deputy Chief Executive Officer, Mr. Lance Gokongwei, meanwhile, has been involved in operating and managing JG Summit Group's businesses for over 20 years, and was the Company's President and Chief Operating Officer until August 28, 2006. In addition, RLC has been able to attract and retain a professional management team with significant experience in managing large-scale real estate development projects. Mr. Frederick Go, the President and Chief Operating Officer, Ms. Marilu Alferez, General Manager of the housing and land development division, Mr. Cornelio Mapa, Jr., General Manager of the commercial centers division, Mr. Henry Yap, General Manager of the office buildings division, Ms. Ma. Socorro Isabelle Aragon-Gobio, Vice President – Business Development (residential buildings division) and Mr. Kerwin Max Tan, Vice President – Operations (residential buildings division), all have extensive backgrounds in their respective areas of operation. The Company believes that the market experience and knowledge that these key members of management possess and the business relationships they have developed with industry players and customers have been an integral part of the Company's success in the past and will be a driving force for its success in the future.

5. Complementary and Value-enhancing Businesses of Affiliates

JG Summit, RLC's principal shareholder, is one of the largest conglomerates listed on the PSE in terms of total net sales. In addition to providing RLC with corporate support services including corporate finance, corporate planning, procurement, human resources, controller, treasury, legal and corporate communications services, the companies within the JG Summit Group and other companies controlled by the Gokongwei Family are some of the Company's most important customers. Companies such as Robinsons Department Stores and Robinsons Supermarket comprise the bulk of RLC's "anchor" tenants in its shopping malls, which RLC believes also enhances, in a complementary manner, the value of the "Robinsons" brand. Support from related companies is valuable to the Company in other respects as well. For example, when evaluating whether and where to invest in new projects, RLC is able to draw upon the experience and market data of the JG Summit Group and other related companies already operating in relevant markets to help it assess consumer spending and behavior patterns, infrastructure and support strengths and weakness and other important business information.

6. Synergy from mixed-use developments

RLC is the pioneer of fully integrated mixed-use developments in the Philippines. Currently, it has three highly successful mixed use developments in Ortigas Center, and in the cities of Manila and Mandaluyong. RLC recently acquired the former

Medical City property which is now called Sonata and the former Magnolia house property along Aurora Blvd., which shall be its fourth and fifth significant mixed use projects.

RLC continues to focus on mixed-use developments to take advantage of synergy among different business unit formats. By developing shopping malls, office buildings, residential buildings and/or hotels in close proximity to one another, RLC believes that it is able to enhance the attractiveness of each specific development, for example, residents shopping in malls, offices booking hotel accommodations, and commercial facilities increasing the value proposition of condominium prices and office rentals.

CORPORATE STRATEGY

To strengthen its market position as the Philippines' leading property developer, RLC intends to take advantage of its established reputation and brand name and its diversified earnings mix, as well as its strong balance sheet, to invest in its business and create growth for the Company. RLC intends to achieve this objective through the following strategies:

1. Maintain a balanced mix of investment properties and development properties, to ensure stable and sustainable value while benefiting from cyclical upswings in the industry.

Robinsons Land seeks to maintain its diverse revenue and earnings base with its malls, office buildings and hotels providing a steady stream of recurring rental revenues, and its residential buildings and housing projects providing developmental revenues to allow the company to ride on a property up cycle. In fiscal year 2008, investment properties contributed ₱5.7 billion or 51.2% of total consolidated revenues, while development properties contributed ₱5.5 billion or 48.8% of total consolidated revenues. During the same period, investment properties contributed ₱2.4 billion or 63.4% of consolidated income before income tax, while development properties contributed ₱1.4 billion or 36.6% of consolidated income before income tax. For the six months ended March 2009, investment properties contributed ₱3.0 billion or 59.2% of total consolidated revenues, while development properties contributed ₱2.2 billion or 40.8% of total consolidated revenues. During the same period, investment properties contributed ₱1.4 billion or 64.0% of consolidated income before income tax, while development properties contributed ₱766.0 million or 36.0% of consolidated income before income tax. By maintaining a diversified business mix strategy, RLC believes it is insulated from down cycles in the property industry, but is poised to benefit from a market upswing.

2. Retain its leading position in the mall industry by capitalizing on the economic and social trends in the Philippines.

RLC believes that it has been a leader in developing and introducing new formats into commercial real estate market and expects to continue to be at the forefront of market changes. For instance, RLC has introduced innovations such as themed retail spaces and has selectively managed its tenant mix to address changing consumer trends. More recently, RLC has allocated office space for business process outsourcing (BPO) and call center businesses as part of its mixed-use concept of developments. It now houses BPO operations in 7 of its existing malls.

3. Capitalize on the growth cycles of the office and residential buildings sectors.

The Company seeks to sustain growth in the office buildings division by taking advantage of market opportunities, such as the growth of business process outsourcing (BPO) and call center businesses. In the same manner, the Company seeks to take advantage of demand from both domestic sales, which constitute about 96% of RLC's total gross sales, and international sales, primarily from overseas Filipino workers and migrant Filipinos. While RLC expects margins and rental rates to be under pressure with the increase in supply from major and new developers, the Company believes it will maintain the strong demand and high occupancy rates in these divisions because of better locations, geographic spread and its mixed use development concept. RLC is also continually expanding its land bank for future condominium projects by acquiring choice properties in Metro Manila.

4. Focus on mixed use developments to take advantage of synergy among different business formats.

The Company has and will continue to increase its focus on mixed-use developments, to take advantage of synergy among different business formats. By developing shopping malls, office and residential developments and hotels in close proximity to one another, RLC believes that it is able to enhance the attractiveness of each specific development, for example, the commercial centers spending of its condominium residents and office tenants and the hotel business of its office tenants.

5. Support the growth of its hotel and land and housing development businesses by expanding both market and geographical coverage.

RLC likewise seeks to sustain its occupancy rates in the Hotels Division through the promotion of leisure and business travels to the Philippines, and expanding both its market and geographical coverage. The Company has commenced operations of the Summit Ridge Hotel Complex in Tagaytay, a favorite weekend destination of Metro Manila residents, in June of 2009. In addition, the company recently launched the GO Hotels, a budget hotel chain. The Company believes these projects open areas of growth in the future.

Under the Housing and Land Development Division, RLC will maintain its focus of selling subdivision lots with housing options within the price range of ₱750,000 to ₱2.0 million, where the market remains robust, particularly in the various regions outside of Metro Manila. It will continue its efforts to acquire properties via joint ventures in key cities where there is big potential for mid-market residential property sales, and will continue to tap the overseas Filipino market.

6. Leverage its reputation and strong financial position to grow its business

RLC intends to take advantage of its established reputation and brand name and its diversified earnings mix, as well as its strong balance sheet, to invest in its business and create growth for the Company. RLC's diversified earnings mix provides a solid financial base for the Company, and a stable source of funds for business expansion and other capital investment. In part due to its strong cash flow, the Company does not have significant levels of outstanding indebtedness, meaning that it is in a strong position to obtain debt financing, should it choose to do so, for future growth. This financial strength, together with the reputation that the Company has earned over the years, provides a strong platform for business growth going forward.

BUSINESS OPERATIONS

For the fiscal year ended September 30, 2008, revenues from investment properties accounted for approximately 51% of the Company's consolidated revenues. These revenues were derived from the lease of commercial centers in the various Robinsons malls, the lease of space from RLC's office buildings, and the revenues from hotel operations. Approximately 49% are from development properties, which are derived from the sale of residential units from the Company's various housing projects. For the six months ended March 31, 2009, revenues from investment properties accounted for approximately 59.2% of total revenues while development properties contributed 39.8%.

1. Commercial Centers Division

The Commercial Centers Division develops, leases, and manages shopping malls throughout the Philippines. The Division's main revenue stream is derived from the lease of commercial spaces and represents recurring lease rentals. In fiscal year 2008, the commercial centers division accounted for ₱3.7 billion or 33.1% of the Company's consolidated gross revenues and ₱ 1.6 billion or 41.9% of the Company's consolidated income before income tax. For the six months ended March 31, 2009, the division accounted for ₱2.0 billion or 39.6% of the Company's consolidated gross revenues, and ₱ 974.9 million, or 45.9% of the Company's consolidated income before income tax.

For fiscal year 2008, the Company opened the Midtown (an expansion of the Robinsons Place Manila), Robinsons Place Otis which is situated beside Otis 888 Residences, and Robinsons Place Cabanatuan. For the six months ended March 31, 2009, RLC opened two new malls, namely, Robinsons Pulilan and Summit Ridge Tagaytay, and also completed the first phase of the Robinsons Luisita redevelopment. This brings a total of 23 shopping malls, comprising 6 malls in Metro Manila and 17 malls in other urban areas throughout the Philippines, with a gross floor area of approximately 1.33 million square meters and net leasable area of about 715,000 square meters as of March 31, 2009, with an average occupancy rate of 94.2%. The table below shows the approximate gross floor area per mall as of March 31, 2009.

List of RLC Commercial Centers

NAME	LOCATION	APPROXGROSS FLOOR AREA[1] (IN '000 SQ. M.)
Metro Manila		
Robinsons Galleria	Edsa-Ortigas Avenue, Quezon City	216
Robinsons Place Manila	Ermita, Manila	241
Robinsons Metro East	Dela Paz, Pasig City	121
Robinsons Nova Market	Novaliches, Quezon City	56
Forum Robinsons	Edsa-Pioneer, Mandaluyong City	56
Robinsons Otis	Paco, Manila	33
Outside Metro Manila		
Robinsons Place Bacolod	Mandalagan, Bacolod City	48
Robinsons Place Imus	Imus, Cavite	65
Robinsons Place Cebu	Fuente Osmeña, Cebu City	18
Robinsons Town Mall, Laguna	Los Baños, Laguna	10
Robinsons Place Iloilo[2]	Rojas Village, Iloilo City	75
Robinsons Starmills Pampanga	San Fernando, Pampanga	62
Robinsons Santa Rosa Market	Santa Rosa, Laguna	37
Robinsons Cagayan de Oro[3]	Lapasan, Cagayan De Oro City	18
Robinsons Cainta[4]	Cainta, Rizal	31
Robinsons Place Dasmariñas	Dasmariñas, Cavite	78
Robinsons Place Lipa	Lipa City, Batangas	59
Robinsons Place Angeles, Pampanga	Angeles City, Pampanga	30
Cybergate Bacolod	National Road, Bacolod City	18
Robinsons Luisita	Tarlac City, Tarlac	17
Summit Ridge Tagaytay	Tagaytay City, Cavite	12
Robinsons Cabanatuan	Cabanatuan City, Nueva Ecija	18
Robinsons Pulilan[5]	Pulilan, Bulacan	12
TOTAL[6]		**1,330**

(1) Gross floor area means the total floor area of a mall, including parking area within the building's footprint.

(2) This site is being leased by RLC under a 50 year lease which commenced in October 2001

(3) This site is being leased by RLC under a 50 year lease which commenced in December 2002

(4) This site is being leased by RLC under a 25 year lease which commenced in December 2003

(5) This site is being leased by RLC under a 25 year lease which commenced in January 2008

(6) As of June 30, 2009, malls in Davao and Tacloban have been opened, bringing total number of malls to 25 with a gross floor area of approximately 1.38 million square meters.

RLC is known for its mixed-use developments with affiliated retail businesses such as Robinsons Department Store, Robinsons Supermarket, Handyman Home Center and Robinsons Appliances as anchor tenants. It has always been supportive of budding entrepreneurs by providing not just a space for their businesses but also entrepreneurial training programs in partnership with existing mall tenants, schools and other organizations.

RLC proactively manages tenant selection to ensure that the appropriate tenant mix is achieved to maintain its market position and meet consumer demand in the communities in which the shopping mall is located. This is done by conducting market research and keeping up with new trends. In addition, in line with its mixed use development concept, this division has about 55,000 square meters in gross floor area leased to BPO offices.

Tenants enter into short- to medium-term leases with RLC, typically for a period of two to five years. The majority of tenants pay rent that is either entirely variable or comprised of a fixed or base portion plus a variable portion of rent that is indexed to the tenants' sales revenues. The fixed or base portion of rental fees is primarily determined by the specific location in the mall and size of space being leased, and is typically subject to a pre-determined annual escalation. Only a small number of RLC's tenants are on a fixed-rate basis. These arrangements are generally with tenants that sell services rather than goods (such as banks, foreign exchange centers and medical service providers) and do not typically generate high turnover. Common area-related costs, including security, janitorial and other maintenance services and utilities are charged to tenants separately. Tenants are required to put down a security deposit equal to six months' rent and pay rent to RLC on a monthly basis.

2. Office Buildings Division

The Office Buildings Division develops and leases office buildings located within Metro Manila. For fiscal year 2008, the division accounted for ₱883.4 million or 7.9% of the Company's consolidated gross revenues, and ₱615.6 million or 16.4% of the Company's consolidated income before income tax. For the first six months ending March 31, 2009, the division accounted for ₱503.1 million or 9.9% of the Company's consolidated gross revenues and ₱336.1 million or 15.8% of the Company's consolidated income before income tax.

Today, RLC is a leading provider of BPO and call center office space in the Philippines. The Company has secured a number of major customer call centers and BPO's as long-term tenants in its office building space and has focused on attracting their business, including custom-designing its office space with call center and BPO design requirements in mind. As of March 31, 2009, the Office Buildings Division had completed six office building projects. Except for Robinsons Cybergate Tower 3 which was completed in April 2008, all of its office buildings enjoy high occupancy rates. Lease terms range from one to five years, with options to renew for another equivalent term.

For marketing purposes, RLC designates its office buildings as either "first-class" or "prime," based on the quality of furnishings, such as floors, walls and fixtures. The table below describes the completed projects.

List of RLC Office Buildings

NAME	LOCATION	SIZE & DESIGNATION	APPROX. NET LEASABLE AREA	OCCUPANCY RATE [1]
Galleria Corporate Center	Along EDSA, corner Ortigas Ave, Quezon City	30-storey "prime" office tower	3,000 sqm	100.0%
Robinsons-Equitable Tower	Corner of ADB and Poveda Streets, Pasig City	45-storey "first-class" office tower	15,000 sqm	91.6%
Robinsons Summit Center	Ayala Avenue, Makati	37-storey "first-class" office tower	31,000 sqm	90.6%
Robinsons Cybergate Center Tower 1	Pioneer Street, Mandaluyong	18-storey "prime" office tower	27,000 sqm	100.0%
Robinsons Cybergate Center Tower 2	Pioneer Street, Mandaluyong	27-storey "prime" office tower	44,000 sqm	100.0%
Robinsons Cybergate Center Tower 3	Pioneer Street, Mandaluyong	27-storey "prime" office tower	44,000 sqm	47.3%

(1) As of March 31, 2009

3. Residential Buildings Division

The Residential Buildings Division develops mid-range residential condominiums and upper-middle to high-end residential developments for sale. For fiscal year 2008, the division accounted for ₱4.8 billion or 42.5% of the Company's consolidated gross revenues, and ₱1.1 billion or 29.7% of the Company's consolidated income before income tax. For the six months ended March 31, 2009, this division accounted for ₱1.7 billion or 34.3% of the Company's consolidated gross revenues, and ₱640.4 million or 30.1% of the Company's consolidated income before income tax.

As of March 31, 2009, RLC's Residential Buildings Division had a portfolio of 26 buildings, of which 11 have been turned over to buyers and 15 are under various stages of development. Approximately 87.7% of units have been sold or pre-sold. As of March 31, 2009, the division had approximately ₱8.5 billion of unrealized revenues and reservations which are expected to be realized in the next three years. The Company's "mid-range" properties are typically priced at ₱2.5 million to ₱4 million per unit, and represent the majority of its properties, and its "upper-middle to high-end" properties are typically priced from ₱5 million to ₱9 million per unit.

RLC's focus on mixed use developments enhances the attractiveness and capitalizes upon synergies among its shopping mall, residential buildings, office buildings and hotel developments. As of March 31, 2009, 21 of the Company's residential buildings were classified as mixed use by virtue of their proximity to the Company's commercial mixed use developments. Twenty-four (24) of the Company's high-rise residential buildings are located in Metro Manila and two (2) buildings, namely Amisa Tower 1 and Amisa Tower 2, are located in Cebu.

Key operating statistics of Company's hi-rise residential projects as of March 31, 2009 are set forth in the table below.

List of RLC Residential Building Projects

LOCATION	NO. OF UNITS	% COMPLETED[1]	% SOLD
Robinsons Place Residences 1	436	100%	100%
Robinsons Place Residences 2	340	100%	100%
Galleria Regency	107	100%	100%
Bloomfields	461	100%	99%
One Gateway Place	459	100%	92%
Fifth Avenue Place	695	100%	99%
One Adriatico Place	594	100%	99%
Two Adriatico Place	589	100%	99%
Gateway Garden Ridge	379	100%	93%
Gateway Garden Heights	554	81%	89%
McKinley Park Residences	394	65%	97%
Three Adriatico Place	591	85%	97%
East of Galleria	745	60%	95%
Otis 888	195	64%	98%
Woodsville Phase 1- bldg 1	72	100%	94%
Woodsville Phase 1- bldg 2	96	100%	89%
Woodsville Phase 1- bldg 3	90	94%	81%
Woodsville Phase 1- bldg 4	108	92%	72%
Woodsville Phase1- bldg 5	72	23%	96%
Woodsville Phase1- bldg 8	72	0%	61%
The Fort Residences	243	0%	65%
Trion Towers- Tower 1	736	0%	62%
Gateway Regency	396	0%	21%
Sonata Private Residence 1	270	0%	86%
Amisa- Tower 1	134	1%	69%
Amisa- Tower 2	155	0%	25%

(1) pertains to turned over units

In addition to the above, RLC owns approximately 11 hectares of land, and has about 2.7 hectares of property under joint venture arrangements, which are allocated for the development of new projects in the residential buildings division. As of June 30, 2009, the following additional projects were launched: Woodsville Phase 1-building 6, the 2nd tower of Sonata Private Residences, and the 1st tower of the Magnolia Residences.

4. **Housing and Land Development Division**

The Housing and Land Development Division develops and sells low- and middle-cost residential lots and houses aimed predominantly at the lower- to middle-income market sector. The division accounted for ₱704.3 million or 6.3% of RLC's consolidated gross revenues and ₱259.2 million or 6.9% of the Company's consolidated income before income tax in fiscal year 2008. For the six months ended March 31, 2009, division accounted for ₱334.2 million or 6.6% of RLC's consolidated gross revenues and ₱125.6 million or 5.9% of the Company's consolidated income before income tax.

Most of RLC's housing and land projects are set up as joint ventures with the owners of the land. As of March 31, 2009, RLC's housing and land development division had 33 on-going projects, of which eleven have been completed, four have been substantially completed and 18 are in various stages of development. These projects generate a total of 21,879 units, of which 54.4% of which have already been sold or pre-sold. In addition, as of March 31, 2009, the division had unrealized sales and reservations of ₱1.1 billion. The Company's projects are typically priced at ₱600,000 to ₱1.2 million for a lot only, and ₱2.0 million to ₱5.0 million for a lot and house.

Key details of Company's projects in its housing and land development division as of March 31, 2009 are set forth in the table below:

List of Housing and Land Development Projects

NAME	LOCATION	APPROX. AREA (IN HA.)	NUMBER OF LOTS	% SOLD	% COMPLETED
Robinsons Home East	Antipolo	39.1	3,170	99.6%	100.0%
Robinsons Vineyard I,II & III	Cavite	82.4	2,953	63.5%	99.3%
Centennial Place	Quezon City	0.5	50	96.0%	100.0%
Robinsons Highlands	Davao	46.0	817	99.4%	100.0%
Southsquare Village	Cavite	35.0	3,951	60.4%	78.8%
San Lorenzo Homes	Antipolo	2.8	372	99.7%	100.0%
Grosvenor Place	Cavite	13.9	999	20.6%	95.6%
Hillsbourough Pointe	Cagayan de Oro	20.0	320	97.8%	100.0%
Forest Parkhomes	Pampanga	8.9	319	91.5%	100.0%
San Jose Estates	Antipolo	1.9	80	90.0%	97.0%
Residenza Milano	Batangas	7.3	356	95.8%	100.0%
Fernwood Parkhomes	Pampanga	14.5	675	56.3%	100.0%
Bloomfields Davao	Davao	10.5	318	98.4%	100.0%
Bloomfields Tagaytay	Cavite	4.4	107	95.3%	100.0%
Rosewood Parkhomes	Pampanga	2.9	121	89.3%	100.0%
Richmond Hills	Cagayan de Oro	8.3	321	73.5%	68.6%

Monte Del Sol	Cagayan de Oro	3.3	280	-------	2.6%
Mirada Dos	Pampanga	4.5	210	44.3%	82.9%
Costa Verde	Davao	15.0	814	-------	2.5%
Forest Parkhomes North	Pampanga	7.0	303	--------	12.7%
Hanalei Heights	Laoag	22.2	1,158	-------	1.2%
Wellington Courtyard	Cavite	0.7	170	39.4%	75.1%
Brighton Parkplace	Laoag	5.0	172	82.6%	90.0%
Blue Coast Residences	Cebu	3.4	91	37.4%	85.4%
Brighton Parkplace North	Laoag	3.8	121	--------	21.3%
Montclair Highlands	Davao	15.3	414	--------	1.1%
Aspen Heights	Cebu	25.0	709	--------	4.7%
Fresno Parkview	Cagayan de Oro	15.0	569	5.8%	6.7%
Sitio Andalucia	Ilocos Sur	7.5	239	--------	0.0%
St. Bernice Estates	Antipolo	3.5	206	--------	1.6%
Nizanta Gardens	Davao	12.9	702	--------	0.0%
Escalades @ 20th Avenue	Quezon City	1.7	720	--------	8.3%
Vimana Private Villas	Pasig City	0.5	72	--------	0.0%

As of March 31, 2009, the Company was awaiting the receipt of final construction permits and licenses to launch twelve (12) new projects in its housing and land development division, namely, Monte Del Sol, Costa Verde, Forest Parkhomes North, Hanalei Heights, Brighton Parkplace North, Montclair Highlands, Aspen Heights, Sitio Andalucia, St. Bernice Estates, Escalades at 20th Avenue, Nizanta Gardens and Vimana Private Villas..

The Company continues to expand the geographic region in which it seeks land by pursuing joint venture opportunities in selected regional areas. In April, 2009, the Company signed a joint venture agreement with the landowners of a 15-hectare property in Capas, Tarlac. It is also in various stages of negotiations for the development of other properties in key regional cities throughout the Philippines.

5. Hotels Division

RLC's Hotels Division owns and operates hotels within Metro Manila and Cebu City. This division accounted for ₱1.1 billion or 10.2% of RLC's consolidated gross revenues and ₱192.3 million or 5.1% of the Company's consolidated income before income tax in fiscal year 2008. For the six months ended March 31, 2009, this division accounted for ₱491.0 million or 9.6% of RLC's consolidated gross revenues and ₱48.4 million or 2.3% of the Company's consolidated income before income tax.

RLC's hotels division had a portfolio of three hotels as of March 31, 2009. The table below sets out key details of RLC's hotel portfolio as of March 31, 2009:

List of Hotels

HOTEL[1]	LOCATION	CLASSIFICATION	NO. OF ROOMS	OCCUPANCY RATE[2]
Crowne Plaza Galleria Manila	Ortigas Center, Pasig City	Deluxe	263	71%
Holiday Inn Galleria Manila	Ortigas Center, Pasig City	Deluxe	285	79%
Cebu Midtown Hotel	Bo. Capitol, Cebu City	Standard	210	56%

(1) RLC commenced operations of Summit Ridge Hotel in Tagaytay City in June of 2009.

(2) As of March 31, 2009.

RLC's Crowne Plaza and Holiday Inn Galleria hotels are managed by Holiday Inn (Philippines), Inc., a subsidiary of the InterContinental Hotels Group ("InterContinental"), pursuant to a long-term management contract signed in 2003. The contract has a term of ten years and is extendible at the option of RLC for a further ten years. RLC manages the Cebu Midtown as well as the recently-opened Summit Ridge Hotels directly.

VARIOUS DIVERSIFICATION/ NEW PRODUCT LINES INTRODUCED BY THE COMPANY DURING THE LAST THREE YEARS

In November 2008, RLC launched the AmiSa project, a development that is its initial foray into the underserved leisure and retirement market. AmiSa is a resort community and will be comprised of several hotels and residential buildings located in Mactan, Cebu. The Company believes the leisure and retirement market offers another area of growth in the future.

DISTRIBUTION

For the Residential Buildings Division, properties are distributed to clients primarily through its own in-house sales team, consisting of about 300 commission and allowance-based sales agents that exclusively sell RLC's projects. In addition, it has built a network of accredited external brokers and sales agents that have been tapped to further expand RLC's marketing reach.

On the other hand, for the Housing Division, properties are distributed to clients through a network of sales groups nationwide, generally categorized into in-house broker groups and general agencies that went through an established accreditation process. This network consists of about seventeen (17) in-house broker groups and sixty-nine (69) general agencies paid commission.

The overseas Filipino market is being pursued through websites, regular roadshows and tie-ups with foreign brokers and agents.

RLC also has regional offices, primarily for housing and land development projects located outside of Metro Manila.

Robinsons Properties Marketing and Management Corporation ("RPMMC"), a 100% owned subsidiary of RLC, and part of the Company's high-rise buildings division, manages the marketing of the portfolio of residential and office building units that are available for sale through the high-rise buildings division.

Robinsons (Cayman) Limited ("RCL"), another 100% owned subsidiary of RLC, also acts a real estate agent on the international market, among others, for the High Rise and Housing Divisions.

SUPPLIERS AND SOURCES AND AVAILABILITY OF RAW MATERIALS

Construction and development of malls, high-rise office and condominium units as well as land and housing construction are awarded to various reputable construction firms subject to a bidding process and management's evaluation of the price and qualifications of and its relationship with the relevant contractor. Most of the materials used for construction are provided by the contractors themselves in accordance with the underlying agreements, although sometimes the Company will undertake to procure the construction materials when it believes that it has an advantage in doing so. The Company typically will require the contractor to bid for a project on an itemized basis, including separating the costs for project materials that it intends to charge the Company. If the Company believes that it is able to acquire any of these materials (such as cement or steel) at a more competitive cost than is being quoted to it, it may remove these materials from the project bid and enter into a separate purchase order for the materials itself, to reduce project costs.

The essential raw materials used in the business of the Company are widely available both locally and internationally, and the Company has a broad base of both local and foreign suppliers. The Company is not dependent on one or a limited number of suppliers for its materials.

CUSTOMERS

RLC has a broad base of customers, comprised of both local and foreign individuals and institutional clients. The Company is not dependent on a single or a few customers, the loss or any of which would have a material adverse effect on the business taken as a whole. RLC has no single customer that accounts for 20% or more of its revenues.

EMPLOYEES

As of March 31, 2009, RLC and its subsidiaries had a total of 3,959 employees, including 1,454 permanent employees and approximately 2,505 contractual and agency employees, grouped by business divisions as follows:

DIVISIONS/BUSINESS UNITS	NUMBER OF EMPLOYEES
Residential Buildings Division	218
Office Buildings Division	272
Housing and Land Development	262
Commercial Centers Division	2,310
Hotels Division	897
TOTAL	**3,959**

The 1,454 permanent employees of RLC and its subsidiaries can be broken down by function as follows:

FUNCTION	NUMBER OF EMPLOYEES
Operational	866
Administrative	374
Technical	214
TOTAL	**1,454**

The Company foresees an increase in its manpower complement to 2,129 employees by the end of fiscal year 2009.

Almost all of the Company's hotels division employees are covered by a collective bargaining agreement which matures on September 30, 2011 for the Cebu Midtown Hotel and September 30, 2010 for the Holiday Inn Galleria Manila. The Company's other employees are not unionized or party to collective bargaining agreements with the Company.

There has been no strike of RLC employees over the last three years, nor a threat of one. There are no supplemental benefits or incentive arrangements RLC has or will have with its employees.

RESEARCH AND DEVELOPMENT

The Company incurs minimal amounts for research and development activities which do not amount to a significant percentage of revenues.

FUTURE PROJECTS AND CAPITAL EXPENDITURES

For fiscal 2008, the Company spent about ₱9.5 billion, the highest ever for the Company in the last five years. Of this amount, approximately 25.9% was spent on land bank, 27.6% on commercial centers, 38.0% on residential buildings, 7.9% on office buildings, 0.5% on hotels and 0.1% on housing.

The projected capital expenditure for fiscal year 2009 is ₱8.7 billion, with approximately 37.7% earmarked for commercial centers division, 14.4% for office buildings, 38.0% for residential buildings, 6.0% for housing and land development, and 3.9% for hotels. Projects and capital expenditures will be funded from existing cash, cash generated from operations, pre-selling and additional borrowings.

Future plans and projects for each of the divisions are described below. However, the Company may adjust its budgeted projects and capital expenditures in response to prevailing and anticipated economic conditions, as well as competition.

1. **Commercial Centers Division**

   The Company expects to complete three more new malls in 2009 located in Davao, Tacloban and General Santos which will increase net leasable area by 71,000 square meters or 10% from previous year. As of March 31, 2009, Davao was already 99% leased out (excluding office space), Tacloban 90% and General Santos 78%. For fiscal year 2010, the Company plans to complete another three malls located in Cebu, Dumaguete and Laoag, to increase net leasable area by another 7%. The upcoming shopping malls in Davao, Dumaguete and General Santos are all intended to be mixed-use developments.

2. **Office Buildings Division**

As of March 31, 2009, the Office Buildings Division had approximately 164,000 square meters of net leasable area, 65% of which were leased to BPO and call centers. While demand for BPO and call center office space is still strong, RLC expects rental rates to be under pressure in coming fiscal year with the increase in office space supply from major and new developers. However, RLC believes that it will maintain high occupancy rates due to better locations, geographic spread and its mixed use development concept. RLC has started construction of Cybergate Plaza, the fourth office building within the Robinsons Cybergate Center complex, which will have approximately 25,000 square meters in net leasable area.

3. **Residential Buildings Division**

The Company's business plan for its Residential Buildings Division is to develop new projects in response to actual and anticipated market demand. The Company believes that the potential for growth is in the affordable mid-to high-rise condominium developments and in the middle to high-end horizontal residential segments of the market, and the Company intends to take advantage of these opportunities. For fiscal year 2009, RLC plans to launch five new projects, namely, the first tower of the Security Land joint venture in Ayala Avenue, the 2nd tower of Sonata Private Residences, the 2nd tower of Trion Towers, an additional building in Woodsville, and the 1st tower of the Magnolia Residences, the recently acquired property in Aurora, Quezon City. For fiscal years 2010 and 2011, additional capital expenditure requirements of approximately ₱5 billion per year will be required for the construction of ongoing as well as the above-mentioned future projects.

4. **Housing and Land Development Division**

The pipeline of projects for the Housing and Land Development Division for fiscal year 2009 includes the launching of the Wellington Courtyard - Phase II in Tagaytay City, the 15-hectare project in Capas, Tarlac; re-launching of the Vimana Private Villas, after having been re-conceptualized, re-designed and re-planned; and the pre-selling of the Escalades at 20th Avenue – Tower II. Subject to market conditions, the division plans to begin development of at least three new and expansion projects per year, with a focus on affordable subdivision lots with housing options in seven regional capitals, and select low rise projects in highly urbanized centers.

5. **Hotels Division**

RLC's future development in the Hotels Division will include developing hotels in key cities around the country to complement its mixed-use development projects. One such hotel, the 108-room Summit Ridge Hotel Complex in Tagaytay City, commenced operations in June 2009. In addition, RLC has commenced the construction of its budget hotel chain, the GO hotels, with its pilot site in Robinsons Pioneer Cybergate complex. The Company is also looking at three other sites in key cities in the provinces.

COMPETITION

1. **Commercial Centers Division**

RLC believes that it has two major competitors in its commercial centers division: Ayala Land, Inc. (Ayala Land) and SM Prime Holdings, Inc. (SM Prime). There are a number of other players in the shopping mall business in the Philippines, but they are significantly smaller and, because of the high barriers to entry into the business (which include cost, branding, reputation, scale and access to prime real estate), RLC expects that it will continue to compete principally with Ayala Land and SM Prime in this market sector in the foreseeable future.

Both Ayala Land and SM Prime are positioned differently from RLC. Ayala Land operates less than ten shopping malls, all of which are located within Metro Manila, Cebu or Laguna. Ayala Land's major mall developments tend to be part of a larger urban development (for example, Alabang, Fort Bonifacio and Makati), which caters to the upscale market. SM Prime, on the other hand, focuses on capturing the broad-based retail market segment through its large shopping malls and anchor tenants.

RLC has recently seen an increase in the development of specialty malls by companies that are not traditional players in the industry, and it is unclear whether or how this trend might affect the competitive landscape. Shopping mall operators also face competition from specialty stores, general merchandise stores, discount stores, warehouse outlets and street markets.

RLC believes its strength is in its mixed-use, retail, commercial and residential developments. RLC operates on the basis of its flexibility in developing malls with different sizes depending on the retail appetite of the market per location. It is focused on balancing its core tenant mix and providing a more distinctive shopping mall experience to its loyal customers, as well as its availability to leverage the brand equity drawing power of its affiliated companies in the retail trade business.

2. Office Buildings and Residential Buildings Divisions

RLC believes that it has two major competitors in the office and residential buildings divisions: Ayala Land and Megaworld Corporation (Megaworld). Ayala Land is positioned differently from RLC in that it has more of a focus on the luxury market segment. Megaworld targets the same general market segment and offers a similar range of products. Recently, DMCI Holdings Inc. (DMCI) has become a more aggressive player, particularly in the middle rise buildings segment, while more players, e.g. Vista Land and Lifescapes, Inc., Filinvest Land, Inc. and a number of other smaller players in the condominium development business are likewise joining in the foray. There is a trend towards pursuing more township developments versus stand alone projects. There are very low barriers to entry but because of scale, brand name, the reputation needed to be able to adopt a pre-sale model, the requirement of a large and experienced sales and distribution network and the availability of bank financing, RLC believes that it will continue to compete principally with Ayala Land and Megaworld in these market segments for the foreseeable future. There is also competition primarily among RLC, Ayala Land and Megaworld for commercial and residential real estate brokers.

The Company believes that competition for office space is primarily on the basis of location, availability of space and quality of office space. As such, while RLC expects pressure with the increase in office supply from major and new developers, the Company believes it will maintain its high occupancy rates. The Company competes in this market on the basis of it being one of the largest office providers in the country and strategic locations of its buildings, including their proximity to the Company's malls and residences as part of mixed-use developers, and has also began to design its office space with BPO- and call-center specific requirements in mind, in order to better serve that market and make its office buildings more attractive to those potential tenants. The Company also believes established reputation for completing projects on time and at the committed specifications, as well as delivering quality products at good value has contributed to its ability to remain the services of its exclusive and non-exclusive brokers and to its overall success. RLC also offers wide range of location with 23 malls in key areas in the country.

3. **Housing and Land Development Division**

   RLC also has numerous competitors in its Housing and Land Development Division. This is in part a function of the fact that, as compared to the other business areas, RLC does not enjoy the same “early mover” advantage. In addition, in comparison to the commercial centers, office buildings and residential condominium divisions, which require the resources to acquire land in expensive urban areas and the experience to manage these projects through unit pre-sales, it is relatively easy for smaller players to enter into this business. There is also competition among these players for residential real estate brokers.

   Currently, RLC’s competitors in the housing and land division include companies such as Filinvest Land Inc., Vista Land and Lifescapes, Inc., and Extraordinary Development Corporation. Based on public records, independent industry reports and its own market knowledge, the Company believes that it is among the top five housing and land project developers in the Philippines in terms of revenues from sales. The Company believes that it is able to offer competitive commission and incentives for brokers, and that it is able to successfully compete on the basis of its brand name and its track record of successful completed quality projects.

   RLC competes on the basis of price and the location of its properties (including their proximity to the Company’s other developments). The Company believes that its reputation for reliability and delivering quality products on schedule and at good value has contributed to its ability to retain the services of its exclusive and non-exclusive brokers and to its overall success.

4. **Hotels Division**

   The country’s domestic hotel sector is composed of many major regional and global hotel players, including the Shangri-la Hotels, The Peninsula, Mandarin Oriental, Accor, Marriott and Hyatt hotel brands. Competition within the industry is based on a number of factors, including price, quality and location of accommodation. RLC has entered into marketing tie-ups such as with its affiliated airline Cebu Pacific to boost its market share and promote domestic tourism.

SUBSIDIARIES

As of March 31, 2009, RLC had four wholly-owned subsidiaries and a 51%-owned subsidiary, all of which are consolidated with the Company’s financial statement. Key details of each of RLC’s subsidiaries are as follows:

1. **Robinsons Inn, Inc.**

   Robinson’s Inn, Inc. (RII) was incorporated on October 19, 1988, has a registered share capital of 25,000,000 and is 100% owned by RLC. RII’s principal business is to engage in the development and operation of apartelles, inns, motels, condominiums, apartments and other allied business, and to acquire, purchase, sell, assign or lease land, buildings and other improvements. RII is part of the Company’s hotels division, and runs the Robinsons Apartelle which closed operations effective August 31, 2007.

2. **Robinsons Properties Marketing and Management Corporation**

Robinsons Properties Marketing and Management Corporation (RPMMC) was incorporated on November 25,1998, has a registered share capital of 1,000,000 and is 100% owned by RLC. RPMMC is part of the Company's high-rise buildings division. RPMMC manages the marketing of the portfolio of residential and office building units that are available for sale through the high-rise buildings division. RPMMC's primary purpose is to acquire, own, use, sell, exchange, lease and develop real property of all kinds, and to market, manage or otherwise sell and convey buildings, houses, apartments and other structures of whatever kind together with their appurtenances.

3. **Robinsons (Cayman) Limited**

Robinsons (Cayman) Limited (RCL) was incorporated in Cayman Islands, British West Indies on March 25, 1997 with a registered authorized capital stock of US$50,000.00 at $1.00 per share, 1,000 shares of which is subscribed and paid up by Robinsons Land Corporation. The company acts a real estate agent on the international market, among others, for the High Rise and Housing Divisions.

4. **Robinsons Realty and Management Corporation**

Robinsons Realty and Management Corporation (RRMC) was registered with the Philippine Securities and Exchange Commission on May 16, 1988 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds.

5. **Altus Angeles, Inc.**

Altus Angeles, Inc. ("AAI") was incorporated on October 30, 2002, has a registered share capital of 400,000 and is 51% owned by RLC. AAI is a joint venture within the Company's commercial centers division. AAI's principal business is to establish, manage and maintain commercial complexes, offer such services and merchandise of all kinds and to do and perform such acts as necessary or incidental to the accomplishment of the foregoing corporate business objects insofar as may be allowed by applicable rules and regulations.

RECENT MERGER

On March 4, 2009, the Securities and Exchange Commission approved the plan of merger of the Parent Company with wholly owned subsidiaries Robinsons Homes Inc. (RHI), Trion Homes Development Corporation (THDC) and Manila Midtown Hotels and Land Corporation (MMHLC). Key details of these subsidiaries are as follows:

1. **Robinsons Homes Inc.**

RHI was incorporated on September 30, 1994 and has a registered share capital of 100,000,000. RHI is part of the Company's housing and land development division. RHI's principal business is the acquisition of undeveloped lands, the development of these lands into residential subdivisions, and the sale of subdivision lots, the sale of the housing units constructed on the subdivision lots and the provision for in-house financing for the sales as a last-resort alternative to financing offered by banks and government financial institutions. RHI focuses mainly on the mid-cost and upscale residential developments.

2. **Trion Homes Development Corporation**

   THDC was incorporated on October 26, 1994 and has a registered share capital of 100,000,000. THDC is part of the Company's housing and land development division. THDC's principal business is the acquisition of undeveloped lands, the development of these lands into residential subdivisions, the sale of subdivision lots, the sale of the housing units constructed on the subdivision lots and the provision for in-house financing for the sales as a last-resort alternative to financing offered by banks and government financial institutions. Unlike RHI, THDC focuses mainly on the economic and socialized housing developments.

3. **Manila Midtown Hotels and Land Corporation**

   MMHLC owned the land on which the Manila Midtown Hotel was formerly located.

   The merger resulted to enhanced operating efficiencies and economies, increased financial strength through pooling of resources and more favorable financing and credit facilities. No Parent Company shares were issued in exchange for the net assets of RHI, THDC and MMHLC.

PURCHASE OR SALE OF A SIGNIFICANT AMOUNT OF ASSETS

In 2008, RLC sold ₱18.4 million of its receivables from the sale of residential condominium units to Home Funding, Inc. No other sales or disposals of any assets other than inventories and accounts receivables have been made in the past three years.

RECLASSIFICATION, MERGER, CONSOLIDATION OR PURCHASE OR SALE OF A SIGNIFICANT AMOUNT OF ASSETS

Apart from the sale of receivables in 2008 and the March 4, 2009 merger, there has been no other material reclassification, merger, consolidation or purchase or sale of a significant amount of assets (not ordinary) in the last three years.

PURCHASE OR SALE OF UNREGISTERED SECURITIES

In fiscal year 2007, RLC issued a ₱3.0 billion 5-year and one day fixed corporate note. In fiscal year 2008, RLC issued a ₱2.0 billion, 5-year and one day inverse floating rate corporate note. These debt issues are considered as unregistered securities. Further information may be found in the Description of certain other debt section of this Prospectus.

INTELLECTUAL PROPERTY AND LICENSES

RLC relies on trade marks to establish and protect its business interests and it believes that its trade marks and intellectual property rights are important to its success and competitive position. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

On February 4, 2008, the Company received approval for the registration of the intellectual property rights of the "R" logo. In addition, the Company has a number of applications for the registration of various trademarks of its property developments pending with the Philippine Intellectual Property Office, including the intellectual property rights for the "Robinsons" name, as well as the names of its other property developments. Although these registrations are not complete, the Company believes it has sufficient protection over the “Robinsons” name in particular from long-term use and wide-spread recognition of the name in the market. There can be no assurance, however, that the actions RLC has taken will be adequate to prevent imitation by others or to prevent others from using the “Robinsons” name as a violation of its intellectual property rights.

The Company has also registered a number of the business names it uses for its property developments with the Department of Trade and Industry. Registering a business name with the Department of Trade and Industry precludes another entity engaged in the same or similar business from using the same business name as one that has been registered. A registration of a business name shall be effective for five years from the initial date of registration and must be renewed within the first three months following the expiration of the five-year period from the date of the original registration.

INSURANCE

RLC has insurance coverage that is required in the Philippines for real and personal property. This includes coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public, construction works and loss of income.

REGULATORY AND ENVIRONMENTAL MATTERS

1. Shopping Malls

Shopping mall centers are regulated by the local government unit of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor’s permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of the fire code and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial wastewater to apply for a wastewater discharge permit from the DENR and to pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the Department of Tourism. A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the Department of Tourism.

2. Residential buildings and housing and land projects

Presidential Decree No. 957 as amended, is the principal statute which regulates the development and sale of real property as part of a condominium project or subdivision. Presidential Decree No. 957 covers subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes as well as condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board (HLURB) is the administrative agency of the Government which, together with local government units, enforces this decree and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are subject to approval by the relevant local government unit in which the project is situated. The development of subdivision and condominium projects can commence only after the relevant government body has issued the development permit. The issuance of a development permit is dependent on compliance with required project standards and technical requirements which may differ depending on the nature of the project. A bond equivalent to 10% of the total project cost is required to be posted by the project developer to ensure commencement of the project within one year from issuance of the development permit.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the HLURB. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant local government unit. Owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers and salesmen are also required to register with the HLURB. Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB by itself or upon a verified complaint from an interested party for reasons such as non-delivery of title to fully-paid buyers or deviation from approved plans. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the HLURB. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction of the subdivision or condominium project and compliance with applicable laws and regulations. All documents evidencing conveyances of subdivision and condominium units should be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six months from the delivery of title.

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the HLURB. The first type of subdivision, aimed at low-cost housing, must comply with Batas Pambansa Blg. 220, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with Presidential Decree 957, which set out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction.

Under current regulations, a developer of a residential subdivision is required to reserve at least 30% of the gross land area of such subdivision for open space for common uses, which include roads and recreational facilities. A developer of a commercial subdivision is required to reserve at least 3.5% of the gross project area for parking and pedestrian malls.

Further, Republic Act No. 7279 requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 20% of the total subdivision area or total subdivision project cost, at the option of the developer, within the same or adjacent regions, whenever feasible, and in accordance with the standards set by the HLURB. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development. The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the government. These policies and programs may be modified or discontinued in the future. The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under current law, income derived by domestic corporations from the development and sale of socialized housing which currently, among other things, must have a basic selling price of no more than ₱ 300,000, is exempt from project related income taxes. Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

There is generally no prohibition against foreigners owning building and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

3. Hotels

The Philippine Department of Tourism promulgated the Hotel Code of 1987 (the "Hotel Code") in order to govern the business and operation of all hotels in the Philippines. Investors that wish to operate a hotel must first register and apply for a license with the local government of the city or municipality where the hotel is located. For purposes of registration and licensing, hotels are classified into four groups: De Luxe Class, First Class, Standard Class and Economy Class. The Hotel Code provides minimum standards for the establishment, operation and maintenance of hotels depending on the hotel's classification.

A certificate of registration and license as a hotel will not be granted unless the relevant establishment has passed all the conditions of the Hotel Code, the Fire and Building Codes, Zoning Regulations and other municipal ordinances. Furthermore, hotels can only be opened for public patronage upon securing of a sanitary permit from the city or municipal health office having jurisdiction over the establishment. The Department of Tourism is the government agency which is tasked with the accreditation of hotels. The Department promulgates the minimum standards and procedures for hotel accreditation. While accreditation is non-compulsory, accredited hotels are given incentives by the Department of Tourism.

4. Land Registration, Zoning and Land Use

The Philippines has adopted a system of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to the registered land can no longer be challenged except with respect to claims notes on the certificate of title. Title to registered lands cannot be lost through possession or prescription.

Unregistered land may be brought under the system if, after proper surveying, application, publication, service of notice and hearing, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment within 15 days to the Court of Appeals or the Supreme Court. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after 15 June 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Land use may be also limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

5. Special Economic Zone

The Philippine Economic Zone Authority (PEZA) is a government corporation that operates, administers and manages designated special economic zones ("Ecozones") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA registered enterprises locating in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

Information technology ("IT") enterprises offering IT services (such as call centers, and business process outsourcing using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR.

The Company actively seeks PEZA registration of its buildings, as this provides significant benefits to the Company's tenants. PEZA registration provides significant tax incentives to those of the Company's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or 5% gross income taxation), thereby making tenancy in the Company's PEZA-registered buildings potentially more attractive to them. As of fiscal September

2008, the Robinsons Pioneer mixed-use complex was in a PEZA Ecozone, the Robinsons Equitable Tower and Robinsons Summit Center were PEZA-registered buildings. A number of malls are also PEZA-registered.

6. **Environmental Laws**

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate (ECC) prior to commencement. As a requisite for the issuance of an ECC, an environmentally critical project must prepare an Environmental Impact Statement (EIS), while a project in an environmentally critical area must prepare an Initial Environmental Examination (IEE). The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are required.

The EIS or IEE contains all relevant information regarding the environmental effects of the projects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The issuance of an ECC is a Government certification that the proposed project ahs complied with the requirements of the EIS System, among other requirements.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund (EGF), and Environmental Monitoring Fund (EMF) when the ECC is issued to projects determined by the DENR to pose significant risk to life, health, property and the environment. The EGF and EMF are intended to answer for damages caused by a project, rehabilitation and restoration measures, and monitor for compliance with the ECC and applicable laws, rules and regulations.

The costs of compliance with such environmental laws and regulations varies on a case to case basis depending on the location of the project, the type of project and the extent of environmental impact as determined in the EIS.

GOVERNMENT APPROVALS AND PERMITS

As a property developer, RLC recognizes the effect of the nature and extent of regulations on the results of its operations. Consequently, in conducting its businesses, RLC and each of its subsidiaries, has secured or seeks to secure all relevant and applicable government approvals at both the national and local levels.

RLC obtained or will promptly obtain all such necessary and desirable government permits, consents, and authorizations that may be required for the conduct and continuance of its business, except for any failure to possess any license, certificate, permit, or other authorization that would not be expected to have a material adverse effect on (a) the ability of RLC to perform or comply with any one or more of its obligations under the Bonds or this Agreement; or (b) the business, operations, assets, liabilities, or financial condition of RLC.

These permits and approvals include but are not limited to the environmental compliance certificates or certificates of non-coverage, development permits, and licenses to sell. In addition, the Company and its subsidiaries intend to continue to comply, in all material respects, with applicable regulations and law which govern its various businesses.

DESCRIPTION OF PROPERTIES

Over the years, the Company has invested in a number of properties located across the Philippines for existing and future development projects. All of these properties are fully owned by the Company and none of which are subject to any mortgage, lien or any form of encumbrance. The Company also enters into joint venture arrangements with land owners in order to optimize their capital resources. Not only does this encourage raw land development for future projects but it also provides them exclusive development and marketing rights.

The following table provides information on RLC-owned properties as of March 31, 2009. This list excludes properties that have already been launched or completed as development projects, specifically residential building projects and housing projects, as the title to the property in these projects were already sold or are intended to be sold to the unit buyers.

List of RLC Properties

LOCATION	DESCRIPTION & USE
Land, Building & Improvements	
Metro Manila	
Aurora Boulevard, Quezon City	Land bank
Ayala Avenue, Makati City	Office
EDSA, Mandaluyong City	Mixed-use (mall/hotel/office)
Galleria Complex ,along Ortigas, Quezon City and Pasig City	Mixed-use (mall/hotel/office)
Ortigas Center, Pasig City	Mixed-use (mall/office/hotel)
Ermita, Manila	Mixed-use (mall/office)
Fort Bonifacio, Taguig	Land bank
Novaliches, Quezon City	Mixed use (mall/land bank)
Paco, Manila	Mixed use (mall)
Pasig (formerly Uniwide)	Mall
Merville, Parañaque City	Land bank
Sucat, Muntinlupa City	Land bank

LOCATION	DESCRIPTION & USE
Luzon	
Calasiao, Pangasinan	Land bank
Cabanatuan , Nueva Ecija	Mall
Dasmariñas, Cavite	Mall
General Trias, Cavite (Saria & Portugal)	Land bank
Imus, Cavite	Mall
Lipa City, Batangas	Mall
Los Baños, Laguna	Mall
Luisita , Tarlac City	Mall
Malolos, Bulacan	Land bank
Naga City, Camarines Sur	Land bank
Pinamucan, Ibaba, Batangas	Land bank
San Fernando, Pampanga	Mall & Land bank
Santa Rosa, Laguna	Mall
Soro-soro, Batangas	Land bank
Tanauan, Batangas	Land bank
Tagaytay City, Cavite	Mixed-use (mall/hotel)
Taytay, Rizal	Land bank
Cainta, Rizal	Mall (land under lease)
Pulilan, Bulacan	Mall (land under lease)
Angeles City, Pampanga	Mall (under joint venture)
Visayas	
Bacolod City	Mall
Cebu	Mixed-use (mall/hotel/land bank)
Dumaguete City	Land bank
Iloilo City	Land bank
Iloilo City	Mall (land under lease)
Tacloban City	Mall
Mindanao	
Davao City, Davao del Sur	Land bank
General Santos City, South Cotabato	Land bank
Cagayan De Oro City, Misamis Oriental	Mall (land under lease)

The Company owns all of the properties upon which all of its existing commercial centers are located, except for the following: (i) Robinsons Place, Iloilo, (ii) Robinsons-Cagayan de Oro, (iii) Robinsons Place, Cainta, and (iv) Robinsons Pulilan, Bulacan. The leases for the Iloilo and Cagayan de Oro properties are for 50 years each and commenced in October 2001 and December 2002, respectively. The leases for the Cainta and Pulilan properties are for 25 years each and commenced on December 2003 and January 2008, respectively. Robinsons Place Angeles, Pampanga, is owned by Altus Angeles Inc, a joint venture within the Company's commercial centers division which is 51% owned by RLC.

Rent expense amounted to ₱149.7 million, ₱ 142.8 million and ₱ 142.8 million for the fiscal years ended September 30, 2008, September 30, 2007 and September 30, 2006. For the six months ended March 31, 2009, rent expense was ₱72.2 million.

RLC's current land bank from the properties listed above total approximately 203 hectares and is intended for future development and investment projects. In addition, to optimize its capital resources, the Company has adopted a strategy of entering into joint venture arrangements with land owners for the development of raw land into future project sites for housing development projects. These joint venture arrangements provide the Company exclusive development and marketing rights with the concerned land owners. As of March 31, 2009, RLC has approximately 72 hectares of property which are under joint venture agreements. Details of RLC's land bank under joint venture and the Company's intended use for each parcel are set out below.

List of RLC Properties Under Joint Venture

LOCATION	INTENDED USE	APPROXIMATE GLOSS LAND AREA[1] (IN HA.)
Makati City	Residential buildings	0.6
San Nicolas, Laoag, Ilocos Norte	Commercial	2.0
Bantay, Ilocos Sur	Housing	37.0
Pioneer, Mandaluyong	Residential buildings	2.1
Baliuag, Bulacan	Housing	30.2
TOTAL		**71.8**

While no new property is specifically identified for acquisition within the next twelve months, the Company continuously explores land acquisition and land banking opportunities, and may acquire suitable properties for its expansion and growth, if and when the opportunity arises.

CERTAIN LEGAL PROCEEDINGS

RLC and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. In the opinion of RLC's management, none of the lawsuits or legal actions, to which RLC, its subsidiaries or any of their properties are currently subject, will materially affect the daily operations of its business nor will they have a material effect on the Company's consolidated financial position.

MARKET PRICE OF AND DIVIDENDS ON ROBINSONS LAND'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

CAPITALIZATION AND OWNERSHIP

RLC was incorporated on June 4, 1980 as the real estate investment arm of JG Summit Holdings Inc, (JG Summit), and its shares were offered to the public in an initial public offering and were subsequently listed in the Manila Stock Exchange and Makati Stock Exchange (predecessors of the Philippine Stock Exchange) on October 16, 1989. The Company had successful follow-on offering of primary and secondary shares in October 2006 where a total of 932.8 million shares were offered to domestic and international investors, generating USD 223 million or ₱10.9 billion in proceeds. Of this amount, approximately ₱5.3 billion was raised from the primary portion, intended to be used to fund its capital expenditure programs for fiscal year 2007. The additional shares were listed on October 4, 2006. JG Summit, RLC's controlling shareholder, owns approximately 60.0% of RLC's outstanding shares.

JG Summit was incorporated in November 1990 as the holding company for a group of companies with substantial business interests in branded consumer foods, agro-industrial and commodity food products, real property development, hotel management, banking and financial services, telecommunications, petrochemicals, air transportation and power generation. In addition, JG Summit has business interests in other sectors, including packaging and insurance.

JG Summit became a publicly-listed corporation in 1993 when it listed its common shares with the then Makati Stock Exchange. Members of the Gokongwei family beneficially own approximately 26.0% of the outstanding share capital of JG Summit. In addition, certain members of the Gokongwei family are trustees of the Gokongwei Brothers Foundation, which holds interest in approximately 29.4% of the outstanding share capital of JG Summit.

As of end March 2009, RLC's market capitalization stood at ₱12.4 billion based on the ₱4.5 per share closing price on 2.75 billion Common Shares issued and outstanding as at that date. As at August 7, 2009, market capitalization based on RLC's common shares closing price of ₱9.00 as of that date was ₱24.7 billion. Following is the top 20 stockholders of RLC and their corresponding interests in shares of the company as of March 31, 2009.

List of Major RLC Shareholders as of March 31, 2009

	NAME OF SHAREHOLDER	NO. OF SHARES SUBSCRIBED	% OF TOTAL OUTSTANDING SHARES
1.	JG Summit Holdings, Inc.	1,648,417,051	60.01
2.	PCD Nominee Corporation (Non-Filipino)	807,248,914	29.39
3.	PCD Nominee Corporation (Filipino)	245,645,610	8.94
4.	Elizabeth Yu	8,737,200	0.32
5.	John Gokongwei, Jr.	8,124,721	0.30
6.	Jennifer C. Lim &/or Jeffrey C. Lim	2,900,000	0.11
7.	R. Coyiuto Securities, Inc.	2,875,000	0.10
8.	Cebu Liberty Lumber	2,203,200	0.08
9.	Quality Investments & Sec. Corp.	1,208,000	0.04
10.	James L. Go	1,123,996	0.04
11.	Elizabeth Y. Gokongwei &/or John Gokongwei, Jr.	988,000	0.04
12.	Catalino S. Ngochua	720,000	0.03
12.	Lily Cristina Ngochua	720,000	0.03
13.	Lance Gokongwei	536,000	0.02
14.	Alberto Mendoza &/or Jeanie Mendoza	532,800	0.02
15.	Mariano K. Tan	360,000	0.01
15.	Robina Yu Gokongwei	360,000	0.01
16.	Dee Kwan Yan	326,189	0.01
17.	Samuel C. Uy	324,000	0.01
18.	John L. Gokongwei, Jr.	300,000	0.01
19.	Sy Ha	228,600	0.01
20.	Frederick D. Go	225,001	0.01
	TOTAL	**2,734,104,282**	**99.54**

DIVIDENDS

RLC declared cash dividends for each of the fiscal years 2009, 2008, 2007 and 2006.

For fiscal year 2009, the Company declared a cash dividend of ₱0.25 per share from unrestricted retained earnings as of September 30, 2008, to all stockholders on record as of May 15, 2009. The cash dividends were paid out on June 10, 2009.

For fiscal year 2008, the Company declared a cash dividend of ₱0.53 per share from unrestricted Retained Earnings as of September 30, 2007 to all stockholders on record as of May 16, 2008. The cash dividends were paid out on June 12, 2008.

For fiscal year 2007, the Company declared a cash dividend of ₱0.37 per share from unrestricted Retained Earnings as of September 30, 2006 to all stockholders on record as of

May 18, 2007. The cash dividends were paid out on June 14, 2007.

For fiscal year 2006, the Company declared a cash dividend of ₱0.32 per share from unrestricted Retained Earnings as of September 30, 2005 to all stockholders on record as of May 19, 2006. The cash dividends were paid out on June 15, 2006.

Consolidated retained earnings as reflected in the consolidated financial statements include retained earnings of subsidiaries amounting to ₱348.2 million, ₱242.7 million, ₱163.7 million and P336.2 million as of fiscal year 2008, 2007 and 2006 and as of March 31, 2009, respectively. These amounts are not available for dividend declaration until received by the parent company, RLC, in the form of dividends.

On May 14, 2003, the BOD approved the appropriation of ₱ 3.5 billion, out of the Company's retained earnings, for future expansion.

The Company is not subject to any restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future.

STOCK PRICE HISTORY

Data on the quarterly price movement of its shares for the past three fiscal years are set forth below.

	2008			2007			2006		
QUARTER	**High**	**Low**	**Close**	**High**	**Low**	**Close**	**High**	**Low**	**Close**
1	16.50	16.00	16.50	16.25	15.75	16.25	5.70	5.70	5.70
2	10.75	10.25	10.25	20.00	19.00	19.50	8.00	7.90	7.90
3	7.70	7.40	7.40	19.75	19.50	19.50	10.25	9.90	10.25
4	7.70	7.50	7.60	16.50	16.00	16.50	13.00	13.00	13.00

Additional information for the fiscal year 2009 is as follows:

QUARTER	2009		
	High	**Low**	**Close**
1	7.90	4.65	4.90
2	5.50	3.60	4.50

As of August 7, 2009 RLC's share price was at ₱9.00 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RLC derives its revenues from real estate operations and hotel operations. Revenues from real estate operations account for approximately 90% of the Company's total revenues and are derived from the lease of commercial spaces in the various Robinsons malls, the lease of space from RLC's office buildings, and the sale of residential units from the Company's various housing projects. Approximately 10% of total revenues are derived from hotel operations.

Six-month period ended March 31, 2009 versus same period in 2008

Despite the worldwide economic crisis, Robinsons Land Corporation posted a ₱1.62 billion net income for the first six months of fiscal year 2009. Realized revenues stood at ₱5.1 billion while Earnings before Income taxes, depreciation and amortization (EBITDA) and Earnings before Income taxes (EBIT) amounted to ₱2.9 billion and ₱2.1 billion, respectively.

The Commercial Centers Division contributed 40% or ₱2.0 billion of the Company's gross revenues, posting a 10% growth. Significant growth contributors are the Metro Manila malls led by the Midtown Mall of Robinsons Place Manila. Other provincial malls also posted decent growth in rental revenues while significant rental increment was also contributed by the newly opened mall in Cabanatuan City, Nueva Ecija.

RLC's Residential Buildings Division's accounted for 34% of the Company's revenues. Its six months' performance resulted in realized revenues amounting to ₱1.74 billion. Significant revenues were realized from recently launched projects such as East of Galleria, Gateway Garden Heights and Woodsville Viverde. Otis 888, Gateway Garden Ridge, Fifth Avenue Place, and Bloomfields, projects launched earlier, have lower realized revenues since these are nearing completion.

The Office Buildings Division contributed 10% or ₱503.1 million of the Company's revenues, up by 33% from last year's ₱379.3 million. The increase in office rentals was due to rentals from Cybergate Centers 2 and 3. Lease income is derived from six office buildings, Galleria Corporate Center, Robinsons Equitable Tower, Robinsons Summit Center and Robinsons Cybergate Center Towers 1, 2 and 3.

The Hotels Division showed a decline in revenue by 16%, from ₱581.3 million last year to ₱ 491.0 million this year. Occupancy rates for the three hotels, Crowne Plaza Galleria Manila, Holiday Inn Galleria Manila and Cebu Midtown Hotel, stood at 71%, 79% and 56%, respectively.

The Housing and Land Development Division reported realized revenues amounting to ₱334.2 million, against last year's ₱319.5 million, posting a steady 5% growth. This was brought about by higher percentage completion of various ongoing projects.

Real Estate cost and expenses decreased by 5% from ₱1.94 billion last year to ₱1.84 billion this year mainly due to lower level of project completion of several residential condominium projects.

Interest income decreased by 23% to ₱198 million due to lower level of interest amortization on installment contracts arising from sales of condo and housing units.

Interest expense went up by ₱3.4 million due to higher level of mall tenant deposits classified as financial instruments. Hotel costs decreased by 10% due to lower utility costs brought about by lower room occupancy. General and administrative expenses went up by 3% due to higher operating expenses.

Increase in Subdivision Land and Condominium and Residential Units for sale is due to inventories from projects launched in second half of last fiscal year such as East of Galleria and Gateway Garden Heights. The increase in Property and Equipment was due to expenditures for various ongoing constructions of mall building projects. Receivables decreased by 8% to ₱ 4.0 billion due to higher collections of installment contract receivable arising from sale of condo and housing units. The higher level of prepaid expenses this year compared to last year brought about the increase in Other Assets. Loans Payable went up by 7% due to additional short-term borrowings from a local bank. Deposits and Other Liabilities decreased by 15% due to payment of advances from an affiliate.

As of March 31, 2009, total assets of the Company stood at ₱42 billion while total equity amounted to ₱25 billion.

RLC's key performance indicators are Gross Revenues, EBIT (Income Before Income Tax), EBITDA, Net Income and Debt to Equity Ratio. RLC's financial position remains solid, with a financial debt to equity ratio of 0.26:1 as of March 31, 2009 vis-à-vis 0.15:1 as of March 31, 2008 and 0.26:1 as of September 30, 2008. As of March 31, 2009, net debt to equity ratio is 0.24:1 while cash to equity ratio is 0.02:1. Earnings per share for the first two quarters amounted to ₱0.59 per share. Net book value excluding minority interest in consolidated subsidiary stood at ₱8.91 per share as of March 31, 2009 compared to ₱8.33 per share as of September 30, 2008.

Year ended September 30, 2008 versus same period in 2007

RLC generated total gross revenues of ₱11.18 billion for fiscal year 2008, an increase of 25.8% from ₱8.89 billion of total gross revenues for fiscal year 2007. RLC's Commercial Centers Division contributed 33.06% while its High Rise Division accounted for 50.44% of the Company's gross revenues. Income Before Income Tax for the year was ₱3.76 billion, an increase of 10.2% from ₱3.42 billion the previous year. The Company's EBITDA of ₱ 5.32 billion for fiscal year 2008 has shown a positive variance of 10.4% from last year's ₱ 4.82 billion mainly due to higher revenues. RLC's Net Income increased by 29% to ₱3.15 billion compared to ₱2.45 billion last year. In 2008, the income includes an adjustment to reduce provision for deferred income tax amounting to about ₱253.1 million. The adjustment was necessitated by the reduction of the legislated corporate income tax rate starting January 2009.

The Commercial Centers Division accounted for ₱3.697 billion of the real estate revenues for the year versus ₱ 3.539 billion last year. The 4.5% increase in revenues of the Commercial Centers Division was principally due to rental escalations, and strong take up of leased areas of the Company's mall space after renovation and expansion work. Significant rental contribution came from Robinsons Place Manila, Galleria mall, Robinsons Place Novaliches, Otis mall and Luisita mall in Tarlac City, among others. The Division's Earnings before Income taxes (EBIT) and EBITDA have shown positive variances of 9.4% and 8.3%, respectively.

The Company's High Rise Buildings Division realized gross revenues of ₱5.640 billion, up by 60% from ₱3.525 billion last year due to initial take up of realized revenues from its ongoing residential condominium properties, specifically, East of Galleria, Gateway Garden

Ridge, Otis 888 Residences, and Gateway Garden Heights. Likewise, the Division continues to enjoy stable recurring lease income from six of its office buildings, which have become the choice corporate addresses of reputable multinational companies as well as BPO companies; Galleria Corporate Center, Robinsons Equitable Tower, Robinsons Summit Center and Robinsons Cybergate Center Towers 1, 2 and 3. Total revenues from Office Buildings Division amounted to ₱883.4 million compared to ₱714.5 million over the same period last year. This 24% increase in lease income was largely attributable to the opening of the Company's new Cybergate Center Tower 3 during the year as well as increased occupancy rates and generally higher rental rates of its office buildings.

High Rise Buildings Division Income Before Income Tax (EBIT) has shown a positive variance of 13.0%, while EBITDA showed a positive variance of 15.3% from last year's figures due to higher revenues and increase in financing income.

The Housing and Land Development Division reported total realized gross revenues of ₱ 704.3 Million as against ₱715.8 million for the same period last year or a slight decrease of 1.6%. The decrease in realized revenues can be attributed to lower project completion. The Division's Income Before Income Tax (EBIT), however, has shown a positive variance of 2.4%, while EBITDA showed an increase of 2.9% due to lower operating costs.

The Hotels Division, a major contributor to the Company's recurring revenues, registered gross revenues of ₱1.139 billion as against last year's ₱1.108 billion. The 2.8% increase in hotel revenues was principally due to revenue growth attributable to Crowne Plaza Hotel. The Company's two other hotels continue to register satisfactory occupancy rates. The average occupancy rates of the Company's hotels are 76.65% for Crowne Plaza Galleria Regency, 79.54% for Holiday Inn Galleria Manila (HIGM), and 64.57% for Cebu Midtown Hotel. Hotels Division Income Before Income Tax (EBIT) has shown a positive variance of 3.2%, while EBITDA has shown a positive variance of 7.1%, from last year's figures mainly due to lower operating costs.

Real Estate cost and expenses increased by 60.2% from ₱3.18 billion last year to ₱5.09 billion this year due to higher units sold and to higher project completion at High Rise Division, particularly East of Galleria, Gateway Garden Ridge, Otis 888 Residences, and Gateway Garden Heights. Hotel expenses increased to ₱947.9 million or 2.8% as compared to last year of ₱922.02 million due to higher depreciation. General and administrative expenses slightly increased by 5.1% from ₱1.25 billion to ₱1.32 billion, due to higher advertising and promotional expense.

Interest income decreased from ₱710.4 million last year to ₱494.7 million due to lower level of discount amortization of installment contract receivables and lower level of interest from money market placements.

Total assets of the Company stood at ₱40.3 billion, a growth of 9.6% from total assets of ₱ 36.8 billion in 2007. Cash and Cash Equivalents decreased by 66.63% to ₱519.08 million due to higher level of cash last year brought about by proceeds from equity offering. Increase in Receivables of 48.4% to ₱4.4 billion is due to higher installment sales of High Rise Division. Decrease in Subdivision Land and Condominium and Residential Units For Sale of 14.4% was due to higher level of realized cost of condominium and housing units sold. Acquisition of land for future development and completion of Robinsons Midtown - Malate, Robinsons Place-Otis, and Robinsons Cybergate Center Tower 3 located beside the Robinsons mall in Pioneer, raised the level of Investment by 15.2% from ₱23.9 billion last year to ₱27.5 billion this year. Other Assets increased by 6.1% to ₱1.3 billion due to higher level of input tax.

Increase in level of Accounts Payable and Accrued Expenses of 24.5% was due to the accrual of construction cost for various ongoing projects. Loans Payable went up to ₱ 6 billion due to additional bank borrowings. Deposits and Other liabilities went down by 12.1% to ₱4.3 billion due to lower deposits from real estate buyers whose accounts were offset against related receivables in line with realized sales recognition. Deferred tax liabilities decreased from ₱1.8 billion to ₱1.7 billion due to partial reversal of deferred taxes due in turn to lower income tax rate, from 35% to 30% starting January 2009.

Stockholder's Equity for the period was ₱22.9 billion, up by 8.0% from ₱21.2 billion last year due to current earnings of ₱3.2 billion, net of declaration of cash dividends of ₱1.5 billion.

RLC's key performance indicators are Gross Revenues, EBIT (Income Before Income Tax), EBITDA, Net Income and Debt to Equity Ratio. The Company's financial position remains solid, with a total debt to equity ratio of 0.26:1 vis-à-vis last year's 0.21:1. Net debt to equity ratio is 0.24:1 while cash to equity ratio is 0.02:1. Earnings per share for the year amounted to ₱1.15 per share this year compared to ₱0.89 per share last year. Net Book Value per share for the years September 30, 2008 and 2007 amounted to ₱8.37 and ₱7.75, respectively.

Capital expenditures used in investments in real properties including capitalized interest amounted to ₱9.5 billion for the fiscal year 2008. Funding for the capital expenditures was sourced from long-term borrowings and internally generated funds.

Year ended September 30, 2007 versus same period in 2006

RLC generated total gross revenues of ₱8.888 billion for fiscal year 2007, an increase of 29% from ₱6.883 billion of total gross revenues for fiscal year 2006. RLC's Commercial Centers Division contributed 39.8% while its High Rise Division accounted for 39.7% of the Company's gross revenues. Income Before Income Tax for the year was ₱3.415 billion, an increase of 40.9% from ₱2.424 billion the previous year. The Company's EBITDA of ₱4.819 billion for fiscal year 2007 has shown a positive variance of 30.6% from last year's of ₱3.69 billion mainly due to higher revenues. RLC's Net Income increased by 41.9% to ₱2.447 billion compared to ₱1.725 billion last year.

The Commercial Centers Division accounted for ₱3.539 billion of the real estate revenues for the year versus ₱3.284 billion last year. The 7.8% increase in revenues of the Commercial Centers Division was principally due to rental escalations and strong take up of leased areas of the Company's mall space after renovation and expansion work. Significant rental contribution came from Galleria mall, Robinsons Place Manila, Robinsons Place Pioneer, and Robinsons Metro Bacolod, among others.

The Division's EBIT and EBITDA have shown a positive variance of 9%, excluding ₱150.9 million income from Meralco refund and gain on exchange in land property in fiscal year 2006.

The Company's High Rise Buildings Division realized gross revenues of ₱3.526 billion, up by 61.9% from ₱2.177 billion last year due to initial take up of realized revenues from three of its ongoing residential condominium properties, Adriatico Places Two and Three, and Mckinley Park Residences. Likewise, the Division continues to enjoy stable recurring lease income from five of its office buildings, which have become the choice corporate addresses of reputable multinational companies as well as BPO companies, Galleria Corporate Center, Robinsons Equitable Tower, Robinsons Summit Center and Robinsons Cybergate Center Towers 1 and 2. Rental income from these five office buildings amounted to ₱570.63 million compared to ₱322.9 million over the same period last year. This 77% increase in lease income was largely attributable to the opening of the Company's new Cybergate Center

Tower 2 in October 2006 as well as increased occupancy rates and generally higher rental rates of its office buildings.

High Rise Buildings Division Income Before Income Tax (EBIT) has shown a positive variance of 129%, while EBITDA showed a positive variance of 112% from last year's figures due to higher revenues and increase in financing income.

The Housing and Land Development Division reported realized gross revenues of ₱715.8 million as against ₱514.9 million for the same period last year or an increase of 39%. The increase in realized revenues can be attributed to higher units sold, higher project completion and higher financing income. The Division's Income Before Income Tax (EBIT) has shown a positive variance of 27.3%, while EBITDA showed an increase of 27.9%.

The Hotels Division, a major contributor to the Company's recurring revenues, registered gross revenues of ₱1.108 billion as against last year's ₱907.3 million. The 22.2% increase in hotel revenues was principally due to revenue growth attributable to Crowne Plaza Hotel. The Company's two other hotels and apartelle[1] continue to register satisfactory occupancy rates. The average occupancy rates of the Company's hotels are 78.57% for Crowne Plaza Galleria Regency, 79.89% for Holiday Inn Galleria Manila (HIGM), and 64.86% for Cebu Midtown Hotel. Hotels Division Income Before Income Tax (EBIT) has shown a positive variance of 116.1%, while EBITDA has shown a positive variance of 45.5%, from last year's figures mainly due to higher revenues.

Real Estate cost and expenses increased by 34.9% from ₱2.357 billion last year to ₱3.180 billion this year due to higher units sold and to higher project completion at High Rise Division, particularly Adriatico Places Two and Three, and Mckinley Park Residences. Hotel expenses increased to ₱922.03 million or 12.3% as compared to last year of ₱821.08 million due to higher occupancy at Crowne Plaza Hotel.

Total assets of the Company stood at ₱36.8 billion, a growth of 29% from total assets of ₱ 28.6 billion in 2006. Cash and Cash Equivalents increased by 175.3% to ₱1.56 billion due to receipt of proceeds from long-term debt. Increase in Receivables of 57% to ₱2.9 billion is due to higher installment sales of High Rise and Housing Divisions. Acquisition of land for future development and completion of Robinsons Place-Dasmarinas, Robinsons Place-Lipa, and Robinsons Cybergate Center located beside the Robinsons mall in Pioneer raised the level of Investment from ₱18.5 billion last year to ₱23.9 billion this year. Increase in Property and Equipment from ₱4.6 billion to ₱5.2 billion or 12.3% is mainly due to construction works at Robinsons Place-Manila, Robinsons Otis, Robinsons Dumaguete, and Robinsons Cybergate Tower 3.

Deposits and Other liabilities went down by 27.9% to ₱4.9 billion due to payment of loan from JG Summit. Long-term debt went up to ₱4.56 billion due issuance of a ₱3 billion Fixed rate Corporate Note Facility. Deferred Tax Liabilities went up to ₱1.8 billion due to increase in unamortized capitalized interest during the year. Stockholder's Equity for the period was ₱21.3 billion, up by 45.9% from ₱14.6 billion last year due to ₱5.3 billion proceeds from primary offering of the Company shares, and due to current earnings of ₱2.4 billion, net of declaration of cash dividends of ₱1.02 billion.

RLC's key performance indicators are Gross Revenues, EBIT (Income Before Income Tax), EBITDA, Net Income and Debt to Equity Ratio. The Company's financial position remains solid, with a total debt to equity ratio of 0.21:1 vis-à-vis last year's 0.11:1. Net debt to equity ratio is 0.14:1 while cash to equity ratio is 0.07:1. Earnings per share for the year amounted

[1] *Closed operations effective August 31, 2007*

to ₱0.89 per share this year compared to ₱0.75 per share last year. Net Book Value per share for the years September 30, 2007 and 2006 amounted to ₱7.75 and ₱6.37, respectively.

Capital expenditures used in investments in real properties including capitalized interest amounted to ₱8.88 billion for the fiscal year 2007. Funding for the capital expenditures was sourced from primary offering of RLC shares, long-term borrowings and internally generated funds.

Year ended September 30, 2006 versus same period in 2005

RLC generated total gross revenues of ₱6.883 billion for fiscal year 2006, an increase of 28% from ₱5.374 billion of total gross revenues for fiscal year 2005. RLC's Commercial Centers Division contributed 47.1% to the Company's gross revenues. Income Before Income Tax for the year was ₱2.424 billion, an increase of 51% from ₱1.602 billion the previous year. RLC's Net Income increased by 40% to ₱1.725 billion compared to ₱1.232 billion last year.

The Commercial Centers Division accounted for ₱3.284 billion of the real estate revenues for the year versus ₱3.136 billion last year. The 4.7% increase in revenues of the Commercial Centers Division was principally due to rental escalations, in part offset by the temporary closure of certain of the Company's mall space for renovation and expansion work. In particular, RLC's flagship mall, Robinsons Place Manila, continued to generate strong rental income, while the Company's newer malls, including Robinsons Place Pioneer and Robinsons Place Angeles and the redeveloped Robinsons Place Novaliches became increasingly important contributors to revenue as their businesses matured. The Division's EBITDA and Income Before Income Tax (EBIT) have shown positive variances of 15.8% and 38.7%, respectively, from last year's figures mainly due to higher revenues.

The Company's High Rise Buildings Division realized gross revenues of ₱2.177 billion, up by 77% from ₱1.217 billion last year due to recognition of increased revenues from its projects, particularly One Adriatico Place and One Gateway Place, neither of which contributed any revenue in year ended September 30, 2005. Likewise, the Division continues to enjoy stable recurring lease income from four of its office buildings, which have become the choice corporate addresses of reputable multinational and domestic companies, Galleria Corporate Center, Robinsons Equitable Tower, Robinsons Summit Center and Robinsons Cybergate Center Tower 1. Rental income from these four buildings amounted to ₱231.6 million compared to ₱155.6 million over the same period last year. This 48.8% increase in lease income was largely attributable to the opening of the Company's new Cybergate Center Tower 1 in June 2005 as well as increased occupancy rates and generally higher rental rates at its office buildings. An additional residential condominium project, Woodsville, was recently launched in September 2006. High Rise Buildings Division EBITDA and Income Before Income Tax (EBIT) have shown positive variances of 59.4% and 70.1%, respectively, from last year's figures mainly due to higher revenues.

The Housing and Land Development Division reported gross revenues of ₱514.9 million as against ₱518.6 million for the same period last year or a decrease of 0.7% brought about by the increase in real estate revenue of 8.9% attributable to higher units sold and to higher project completion offset by lower financing income under PAS 39 during 2006. The Division's EBITDA and Income Before Income Tax (EBIT) all showed an increase of 14%.

The Hotels Division, a major contributor to the Company's recurring revenues, registered gross revenues of ₱907.3 million as against last year's ₱502.1 million. The 81% increase in hotel revenues was principally due to revenue attributable to Crowne Plaza Hotel, which opened in July 2005. The Company's two other hotels and apartelle continue to register satisfactory occupancy rates. The average occupancy rates of the Company's hotels are 49% for Crowne Plaza Galleria Regency, 79% for Holiday Inn Galleria Manila (HIGM), 77% for Cebu Midtown Hotel and 69% for Robinsons Apartelle. Hotels Division EBITDA and Income Before Income Tax (EBIT) have shown positive variances of 278% and 447%, respectively, from last year's figures mainly due to opening of Crowne Plaza Hotel.

Real Estate cost and expenses increased by 10.5% from ₱2.134 billion last year to ₱2.357 billion this year due to higher units sold and to higher project completion at High Rise Division, particularly Fifth Avenue Place, One Adriatico Place and One Gateway Place. Hotel expenses increased to ₱821.08 Million or 56% as compared to last year of ₱526.97 Million due to opening of Crowne Plaza Hotel in July 2005.

Total assets of the Company stood at ₱28.6 billion, a growth of 23% from total assets of ₱ 23.2 billion in 2005. Cash and Cash Equivalents decreased by 26.5% to ₱565 million due to payment of long-term debt. Increase in Receivables of 60.3% to ₱1.9 billion is due to higher installment sales of High Rise and Housing Divisions. Acquisition of land for future development raised the level of Investment from ₱17.1 billion last year to ₱18.5 billion this year. Increase in Property and Equipment from ₱2.9 billion to ₱4.6 billion is mainly due to construction works at Robinsons Place-Dasmarinas, Robinsons Place-Lipa, Robinsons Place-Manila and Robinsons Cybergate Tower 1. Other Assets increased by 103 % to ₱1.2 billion due to higher level of input tax and deposits in escrow account for various land acquisition.

Increase in level of Accounts Payable and Accrued Expenses by 40.5% was due to the accrual of cost of ongoing expansions and acquisitions of land for future development. Long-term debt went down to ₱1.7 billion due to payment, while Deposits and Other liabilities went up by 88.6% to ₱6.8 billion due to additional ₱2.5 billion loan from JG Summit. Stockholder's Equity for the period was ₱14.6 billion, up by ₱1.0 billion from last year due to current earnings of ₱1.7 billion, net of declaration of cash dividends of ₱735 million.

RLC's key performance indicators are Gross Revenues, EBIT (Income Before Income Tax), EBITDA, Net Income and Debt to Equity Ratio. The Company's financial position remains solid, with a total debt to equity ratio of 0.11:1 vis-à-vis last year's 0.15:1. Net debt to equity ratio is 0.08:1 while cash to equity ratio is 0.04:1. Earnings per share for the year amounted to ₱0.75 per share this year compared to ₱0.54 per share last year. Net Book Value per share for the years September 30, 2006 and 2005 amounted to ₱6.37 and ₱5.94, respectively.

Capital expenditures including capitalized interest amounted to ₱6.32 Billion for the fiscal year. Funding for the capital expenditures was sourced from internally generated funds and long-term borrowings.

There are no events that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the period.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

External Audit Fees and Services

Audit and Audit-Related Fees

The table below sets forth the aggregate fees billed to the company for each of the last two (2) years for professional services rendered by SyCip, Gorres Velayo & Co.:

Name	2008	2007
Audit and Audit-Related Fees		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 2,028,495	₱ 1,909,621
All Other Fees	-	-
TOTAL	₱ 2,028,495	₱ 1,909,621

No other service was provided by external auditors to the Company for the fiscal years 2008 and 2007.

Audit Committee's approval policies and procedures for the services rendered by the external auditors

The Corporate Governance Manual of RLC provides that the audit committee shall, among others:

1. Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company.
2. Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.
3. Ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

FUTURE CHANGES IN ACCOUNTING POLICIES

The Group has not applied the following and new amended PFRS and Philippine Interpretation which are not yet effective for the fiscal year ended September 30, 2008:

Effective in 2009

PFRS 1, First-time Adoption of Philippine Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for annual periods beginning on or after January 1, 2009). The amended PFRS 1 allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: (a) cost determined in accordance with PAS 27; (b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39; or (c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS.

PFRS 2, Share-based Payment - Vesting Condition and Cancellations (effective for annual periods beginning on or after January 1, 2009). The standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. This Standard will not have any effect on the consolidated financial statements as no events occurred that this amendments relates to.

PFRS 8, Operating Segments, (effective for annual periods beginning on or after January 1, 2009). This new standard replaces PAS 14, Segment Reporting and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the consolidated balance sheet and consolidated statement of income and entities will need to provide explanations and reconciliations of the differences. As the information required to be disclosed will likely be readily available as it is already used internally, the Group will reassess whether additional processes should be put in place to reconcile information to the consolidated balance sheet and consolidated statement of income.

PAS 1 (Revised), Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2009). The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one (1) single statement, or in two (2) linked statements. The Group is still evaluating whether it will have one or two statements.

PAS 23 (Revised), Borrowing Costs (effective for annual periods beginning on or after January 1, 2009). The definition of borrowing costs is revised to consolidate the two types of items that are considered components of ‘borrowing costs’ into one - the interest expense calculated using the effective interest rate method calculated in accordance with PAS 39, Financial Instruments: Recognition and Measurement. This Amendment will not have any effect in the consolidated financial statements as no change will be made on the accounting policy for borrowing costs.

Amendments to PAS 27, Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for annual periods beginning on or after January 1, 2009). This Amendment introduces changes in respect of the holding companies' separate financial statements including: (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in profit or loss. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. The Group expects significant changes in its accounting policies when it adopts the foregoing accounting changes effective January 1, 2009.

Amendment to PAS 32, Financial Instruments: Presentation, and PAS 1, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after January 1, 2009). The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfill a number of specified features. These Amendments to the standards will have no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

Philippine Interpretation IFRIC-16, Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after January 1, 2009). This Philippine Interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of a net investment; where within the group the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Philippine Interpretation IFRIC-17, Distribution of Non-cash Assets to Owners (effective for annual periods beginning on or after July 1, 2009). This Philippine Interpretation applies to all non-reciprocal distribution of non-cash assets. It provides guidance on when to recognize a liability, how to measure it and the associated assets, and when to recognize the asset and liability and the consequence of doing so. It will affect the accounting for future property dividends.

Philippine Interpretation IFRIC-18, Transfers of Assets from Customers (effective for annual periods beginning on or after July 1, 2009). This Philippine Interpretation covers accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. Agreements within the scope of this Philippine Interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access agreements to a supply of goods or services, or to do both. This Philippine Interpretation also applies to in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

Improvements to PFRS

The first omnibus of amendments to PFRS was issued primarily with a view to removing inconsistencies and clarifying wording. The following are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

PAS 1, Presentation of Financial Statements - Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated balance sheet. The Group amended its accounting policy accordingly and analyzed whether Management's expectation of the period of realization of financial assets and liabilities differed from the classification of the instrument. This will not result in any re-classification of financial instruments between current and noncurrent in the balance sheet.

PAS 16, Property, Plant and Equipment - Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

PAS 19, Employee Benefits - Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.

The reference to the recognition of contingent liabilities to ensure consistency with PAS 37, Provisions, Contingent Liabilities and Contingent Assets was deleted.

PAS 23, Borrowing Costs - The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with PAS 39. The Group has amended its accounting policy accordingly which will not result in any change in its financial position.

PAS 40, Investment Properties - The scope such that property under construction or development for future use as an investment property is classified as investment property was revised. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised the conditions for a voluntary change in accounting policy to be consistent with PAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability. The Group will amend its accounting policy accordingly which will not result to any change in its financial position.

The amendments to the following standards below did not have any impact on the accounting policies, financial position or performance of the Group:

PAS 20, Accounting for Government Grants and Disclosures of Government Assistance
PAS 28, Investment in Associates
PAS 31, Interest in Joint Ventures
PAS 36, Impairment of Assets
PAS 38, Intangible Assets
PAS 39, Financial Instruments: Recognition and Measurement

Effective in 2010

Revised PFRS 3, Business Combinations, and PAS 27, Consolidated and Separate Financial Statements (effective for annual periods beginning on or after January 1, 2009). The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes will affect future acquisitions transactions with non-controlling interests.

Amendment to PAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods beginning on or after July 1, 2009). This amendment addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

Effective 2012

Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after January 1, 2012). This Interpretation, which may be early applied, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This 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 Interpretation will be accounted for retrospectively and will result to the restatement of prior period consolidated financial statements. The adoption of this Interpretation may significantly affect the determination of the net income and the related Real estate receivables, Unearned revenue, Deferred tax liabilities and Retained earnings accounts.

DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS

Board of Directors

The overall management and supervision of RLC is undertaken by the Board of Directors. RLC's executive officers and management team cooperate with RLC's Board of Directors by preparing appropriate information and documents concerning RLC's business operations, financial condition and results of operations for its review. Currently, the Board consists of ten members, of which three are independent directors.

The table below sets forth the Company's Board as of March 31, 2009:

RLC Board of Directors

NAME	POSITION	CITIZENSHIP
John L. Gokongwei, Jr.	Chairman Emeritus	Filipino
James L. Go	Director, Chairman & Chief Executive Officer	Filipino
Lance Y. Gokongwei	Director, Vice-Chairman & Deputy Chief Executive Officer	Filipino
Frederick D. Go	Director, President & Chief Operating Officer	Filipino
Patrick Henry C. Go	Director	Filipino
Johnson Robert G. Go, Jr.	Director	Filipino
Robina Y. Gokongwei-Pe	Director	Filipino
Ret. Chief Justice Artemio V. Panganiban	Independent Director	Filipino
Emmanuel C. Rojas, Jr.	Independent Director	Filipino
Roberto F. de Ocampo	Independent Director	Filipino

Executive Officers

The table below sets forth the Company's executive officers as of March 31, 2009.

RLC Executive Officers

NAME	POSITION	CITIZENSHIP
James L. Go	Director, Chairman & Chief Executive Officer	Filipino
Lance Y. Gokongwei	Director, Vice-Chairman & Deputy Chief Executive Officer	Filipino
Frederick D. Go	Director, President & Chief Operating Officer	Filipino
Cornelio S. Mapa, Jr.	General Manager, Commercial Centers Division	Filipino
Marilu M. Alferez	General Manager, Housing and Land Development Division	Filipino
Henry L. Yap	General Manager, Office Buildings Division	Filipino
Raoul E. Littaua	Senior Vice President – Sales & Marketing, Residential Buildings Division	Filipino
Constante T. Santos	Senior Vice President – Corporate Controller	Filipino
Bach Johann M. Sebastian	Senior Vice President – Corporate Planning	Filipino
Rodolfo T. Malit	First Vice President – Controller	Filipino
Thomas Lee O	VP – Complex Administration, Commercial Centers Division	Filipino
Constantino C. Felipe	VP/ Group Head for Human Resources	Filipino
Anicio G. Villanueva	VP – Technical Planning, Commercial Centers Division	Filipino
Ma. Socorro Isabelle V. Aragon-Gobio	VP – Business Development, Residential Buildings Division	Filipino
Kerwin Max S. Tan	VP – Operations, Residential Buildings Division	Filipino
Teresita H. Vasay	Treasurer	Filipino
Rosalinda F. Rivera	Corporate Secretary	Filipino

The business experience of each of the Company's directors and key executive officers is set forth below.

John Gokongwei Jr., 82, founded RLC in 1980 and has been the Chairman Emeritus of RLC effective January 1, 2002. He had been Chairman of the Board of Directors until his retirement and resignation from this position effective December 31, 2001. He continues to be a member of RLC's Board and is the Chairman Emeritus of JG Summit and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JG Summit. He is currently Chairman of Gokongwei Brothers Foundation, Inc., Deputy Chairman and Director of United Industrial Corporation, Ltd. and Singapore Land Ltd., and a director of JG Summit Capital Markets Corporation, Digital Telecommunications Phils., Inc., Oriental Petroleum and Minerals Corporation, First Private Power Corporation and Bauang Private Power Corporation. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received a Master's degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

James L. Go, 69, is the Chairman and Chief Executive Officer of RLC. He had been President and Chief Executive Officer and was elected to his current position effective January 1, 2002. He is currently the Chairman and Chief Executive Officer of JG Summit and as such, he heads the Executive Committee of JG Summit. He is currently the Chairman and Chief Executive Officer of URC, JG Summit Petrochemical Corporation, CFC Corporation, Robinsons, Inc., and Oriental Petroleum and Minerals Corporation. In addition, he is the President and a Trustee of Gokongwei Brothers Foundation, Inc. and the Vice Chairman, President and Chief Executive Officer of Digital Telecommunications Phils., Inc. effective May 28, 2007. He is also a director of First Private Power Corporation, Bauang Private Power Corporation, Cebu Air, Inc., Panay Electric Co., United Industrial Corporation Ltd., Singapore Land Ltd., Marina Center Holdings, Inc. and JG Summit Capital Markets Corporation. He received a Bachelor of Science and a Master of Science in Chemical Engineering from the Massachusetts Institute of Technology. He is the brother of Mr. John Gokongwei, Jr.

Lance Y. Gokongwei, 42, is the Vice-Chairman and Deputy Chief Executive Officer of RLC. He has been a director of the Company since 1988 and was elected Vice-Chairman and Deputy Chief Executive Officer effective August 28, 2006. He is currently President and Chief Operating Officer of JG Summit, URC and JG Summit Petrochemical Corporation. In addition, he is the President and Chief Executive Officer of Cebu Air, Inc., Chairman of Robinsons Savings Bank, Vice Chairman of JG Summit Capital Markets Corporation, and a director of Digital Telecommunications Phils., Inc., Oriental Petroleum and Minerals Corporation, United Industrial Corporation Ltd., and Singapore Land Ltd. He is a trustee, secretary and treasurer of Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science in Finance and a Bachelor of Science in Applied Science from the University of Pennsylvania. He is the son of Mr. John Gokongwei, Jr.

Frederick D. Go, 39, is the President and Chief Operating Officer of RLC. He has been a director of the Company since May 6, 1999 and was elected President and Chief Operating Officer effective August 28, 2006. He is an alternate director of United Industrial Corporation Limited and Singapore Land Limited. He is the President and director of Robinsons Recreation Corporation, Vice Chairman and director of Robinsons Savings Bank, director of URC, Cebu Air, Inc., Robinsons Handyman, Inc., Robinsons-Abenson Appliances Corporation, Robinsons Convenience Stores, Inc., JG Summit Petrochemical Corporation, Robinsons Distribution Center, Inc., CFC Corporation, North City Properties, Inc., Robinsons Ventures Corporation, Waltermart-Handyman, Inc., Handyman Express Mart, Inc., Cebu Light Industrial Park, Philippine Hotels Federation and Philippine Retailers Association. He received a Bachelor of Science degree in Management Engineering from the Ateneo De Manila University. Mr. Frederick D. Go is the nephew of Mr. John Gokongwei, Jr.

Patrick Henry C. Go, 38, was elected as a director of RLC on January 17, 2000. He is currently a director and Vice President of URC and the Business Unit General Manager of URC Packaging Division. In addition, he is a director of JG Summit, CFC Corporation, Robinsons Savings Bank and JG Summit Petrochemical Corporation where he is also Business Unit General Manager. He is also a trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science Degree in Management from the Ateneo De Manila University and attended a General Manager Program at Harvard Business School. Mr. Patrick Henry C. Go is the nephew of Mr. John Gokongwei, Jr.

Johnson Robert G. Go, Jr., 43, was elected as a director of RLC on May 29, 2001. He is currently a director of JG Summit, URC, Robinsons Savings Bank and CFC Corporation. He is also the President of Robinsons Convenience Stores, Inc. and general manager of Robinsons Cinemas. He is also a trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Arts in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University. He is a nephew of Mr. John Gokongwei, Jr.

Robina Y. Gokongwei-Pe, 47, was elected as a director of RLC on May 5, 2005. She is also a director of Cebu Air, Inc. and Robinsons Savings Bank. She is currently the Senior Vice President and Group General Manager of the Robinsons Retail Group consisting of Robinsons Department Store, Robinsons Supermarket, Handyman, True Value, Robinsons Specialty Stores, Robinsons Appliances and Toys R Us. She obtained her Bachelor of Arts in Journalism from the New York University. She is the daughter of Mr. John Gokongwei, Jr.

Retired Chief Justice Artemio V. Panganiban, 72, was elected as an independent director of RLC on May 14, 2008. He is currently an adviser, consultant and/or independent director of several business, civic, non-government and religious groups. He was formerly the Chief Justice of the Philippines and previously held positions in government as Chairperson of the Presidential Electoral Tribunal, the Judicial and Bar Council and the Philippine Judicial Academy. Prior to becoming Chief Justice, he was Justice of the Supreme Court of the Philippines (1995-2005), Chairperson of the Third Division of the Supreme Court (2004-2005), Chairperson of the House of Representatives Electoral Tribunal (2004-2005), Consultant of the Judicial and Bar Council (2004-2005) and Chairperson of eight Supreme Court Committees (1998-2005). He obtained his Bachelor of Laws degree, cum laude, from the Far Eastern University. He was conferred the title Doctor of Laws (Honoris Causa) by the University of Iloilo in 1997, the Far Eastern University in 2002, the University of Cebu in 2006, the Angeles University in 2006, and the Bulacan State University in 2006.

Emmanuel C. Rojas, Jr., 73, was elected as a director of RLC on September 28, 2005 and is presently an independent director of the Company. He had been a Consultant and Corporate Secretary of RLC until May 27, 2003. He was also a Consultant and Corporate Secretary of JG Summit, URC, CFC Corporation and JG Summit Petrochemical Corporation. Mr. Rojas retired from his position as First Vice President for Tax Administration under the compulsory retirement policy of the Company upon reaching the age of 60. He also served in various other head positions in the administration, including in the offices of audit, the controller and the treasurer for the various companies in the Group. A Certified Public Accountant, Mr. Rojas practiced with Fleming and Williamson and SGV & Co. prior to joining the Group in 1962.

Roberto F. de Ocampo, 63, was elected as an independent director of RLC on May 28, 2003. He is the immediate past President of the Asian Insitute of Management (AIM), one of Asia's leading international business and management schools based in the Philippines. He is currently a member of the AIM Board of Trustees and is Chairman of the Board of Advisors of the RFO Center for Public Finance and Regional Economic Cooperation (recently designated as an ADB Regional Knowledge Hub). He served as Secretary of

Finance of the Republic of the Philippines from 1994 to 1998 during the presidency of Fidel V. Ramos, and was previously Chairman and Chief Executive Officer of the Development Bank of the Philippines during the presidency of Cory Aquino. Dr. de Ocampo graduated from De La Salle College and Ateneo University in Manila, received an MBA from the University of Michigan, holds a post-graduate diploma from the London School of Economics, and has four doctorate degrees (Honoris Causa). He was a member of the Board of Governors of the World Bank, IMF, and ADB and was Chairman of the APEC and ASEAN Finance Ministers in 1997-98. He is the recipient of many international awards including Finance Minister of the Year, Philippine Legion of Honor, ADFIAP Man of the Year, Chevalier of the Legion of Honor of France, Ten Outstanding Young Men Award (TOYM), several Who's Who Awards and the 2006 Asian HRD Award for Outstanding Contribution to Society. He is also a Member/Advisory Board member of a number of important global institutions including The Conference Board, the Trilateral Commission, the BOAO Forum for Asia and the Emerging Markets Forum.

Cornelio S. Mapa, Jr., 42, is the General Manager of the Commercial Centers Division of the Company. Prior to joining the Company, he was Senior Vice President and Chief Financial Officer of the Coca Cola Bottlers Philippines including its subsidiaries, Cosmos Bottling and Philippine Beverage Partners. He was also formerly Senior Vice President and Chief Financial Officer of La Tondena Distillers, Inc. He earned his Bachelor of Science with degrees in Economics and International Finance from New York University and obtained his Masters in Business Administration from the International Institute for Management Development in Lausanne, Switzerland.

Marilu M. Alferez, 57, is the General Manager of the Housing and Land Development Division of RLC. She is responsible for overseeing the technical and marketing operations of the three housing subsidiaries of the Company. She has eighteen years of experience in government housing regulations and finance. She had been Associate Planner of the County of San Diego, California from February to December 2000. She obtained her Bachelor of Arts in Sociology from the Mindanao State University and Masters Degree in Environmental Planning and a Doctorate in Urban and Regional Planning (Candidate) from the University of the Philippines. In addition, she pursued Post Graduate Studies from the University College of London and from the Catholic University of Leuven, Belgium. Ms. Alferez is a licensed Environmental Planner and a licensed Real Estate Broker.

Henry L. Yap, 44, is the General Manager of the Office Buildings Division and concurrently Vice President, Design and Planning Department of the Company. Prior to joining RLC, he served as Head of the Property Planning and Design Group of Fort Bonifacio Development Corporation and on the Boards of seven subsidiaries, affiliates and foundations of FBDC. He worked as Manager for Metro Manila Camps of the Bases Conversion and Development Authority where he was involved in the planning, design, privatization and implementation of the Bonifacio Global City, among others. Today, he lends his expertise to Government by serving as the Head of the National Committee on Architecture and the Allied Arts and is member of the Sub-committee on the Arts of the National Commission for Culture and the Arts. He is a Senior Lecturer of architecture and urban planning at the University of the Philippines (UP). He holds a Master's of Science in Urban Planning in Developing Countries from the University of Wales College of Cardiff (UK), Bachelor of Science in Architecture, cum laude, and had earned units for his Ph.D. in Environmental Planning, both from UP. Henry Yap is a Philippine-licensed Architect and Environmental Planner.

Raoul E. Littaua, 45, is the Senior Vice President for Sales and Marketing of RLC – Residential Buildings Division effective May 5, 2008. Prior to joining RLC, he was the Senior Vice-President for Marketing of Sun Life of Canada (Phils.), Inc., and a member of the Board of Directors of Sun Life Prosperity Bond Fund, the Sun Life Prosperity Money Market Fund, Sun Life Financial Plans, Inc. and the Sun Life Foundation. Except for a short stint as

Regional Manager, National Capital Region at East Asiatic Co., Ltd in 1993, Mr. Littaua held the following positions at various times in Sun Life Assurance Company of Canada since 1991: Training Manager; Manager, Training, Benefits Administration and Special Projects; Senior Manager, Administration; Customer Service Officer; Director, Individual Insurance; Assistant Vice-President, Individual Insurance; and Assistant Vice-President, Sales and Marketing. Prior to his employment with Sun Life of Canada, Mr. Littaua was connected with San Miguel Corporation, Beer Marketing Division. He received his Bachelor of Arts in Psychology from De La Salle University.

Constante T. Santos, 60, is the Senior Vice President and Corporate Controller of RLC. He is also the Senior Vice President and Corporate Controller of JG Summit and URC. Prior to joining RLC in 1986, he practiced public accounting with SGV & Co. in the Philippines and Ernst & Whinney in the United States. He is a member of the Philippine Institute of Certified Public Accountants. Mr. Santos obtained his Bachelor of Science in Business Administration from the University of the East and attended the Management Development Program at the Asian Institute of Management.

Bach Johann M. Sebastian, 47, is the Senior Vice President for Corporate Planning of RLC effective May 24, 2007. He is also the Senior Vice President and Head of Corporate Planning of JG Summit. Prior to joining RLC in 2002, he was Senior Vice President and Chief Corporate Strategist at PSI Technologies and RFM Corporation. He was also Chief Economist, Director of the Policy and Planning Group at the Department of Trade and Industry. He received a Bachelor of Arts in Economics from the University of the Philippines and his Master in Business Management degree from the Asian Institute of Management.

Rodolfo T. Malit, 54, joined RLC in 1996. He is currently the First Vice President-Controller of the Company. He also served as the Vice President and Controller of MMHLC and as Assistant Vice President- Controller of CFC Corporation. He holds a degree of Bachelor of Science (Accounting Major) which he earned from the University of Santo Tomas. He is a Certified Public Accountant and practiced public accounting with SGV & Co. prior to joining the Gokongwei group of companies in 1984.

Thomas Lee O, 58, joined RLC in 1998. He was formerly the Corporate Control Head of RLC. Prior to joining RLC, he was connected with URC as Thailand Country Manager and Malaysia Country Manager. He was also formerly the Area Manager of the Dairy Products Division, Manager of the Biscuit Plant and I/E Cost Head of CFC Corporation.

Constantino C. Felipe, 45, Vice President, was designated as Group Head for Human Resources of RLC on April 17, 2008. Prior to joining RLC, he was a Director of Human Resources, Philippines and Performance and Capability, Asia Pacific. With almost two decades in HR, he is experienced in team and change management processes, employee counseling and training program development. He received a bachelor degree in Psychology from the University of the Philippines and was trained in competency based assessments with Egon Zehnder International and Watson Wyatt.

Anicio G. Villanueva, 56, has been with the Property Planning Department of RLC since 1989. He handles the Project Management Division and Mall Operations Division of RLC and acts as the project manager in the design and construction of RLC’s shopping centers.

Ma. Socorro Isabelle V. Aragon-Gobio, 35, is currently the Vice-President for Business Development of the Residential Buildings Division. Prior to her present position, she was the Vice-President for Business Development for the High-Rise Buildings Division since March 1, 2007. She has been with RLC for 15 years and concurrently holds directorships in the various condominium corporations of the Company's projects. She received a degree in Bachelor of Science in Management Engineering from the Ateneo de Manila University.

Kerwin Max S. Tan, 38, is currently the Vice President for Operations of the Residential Buildings Division. Prior to his current position, he was the Vice President of Operations of the High Rise Buildings Division since March 1, 2007. Prior to working in RLC, he worked in various divisions of Citibank N.A. for nine (9) years. His last position at Citibank N.A. was Head of Cash Management Operations. He received a degree in Bachelor of Science in Industrial Engineering from the University of the Philippines, Diliman.

Teresita H. Vasay, 54, was appointed Treasurer of the Company effective July 1, 2003. Ms. Vasay is a Certified Public Accountant and was formerly the Vice President-Controller of the Robinsons Retail Group. She had experience in consumer financing from Filinvest Credit Corporation and public accounting from SGV & Co. prior to joining the Gokongwei group of companies.

Rosalinda F. Rivera, 38, was appointed Corporate Secretary of RLC on May 28, 2003 and has been Assistant Corporate Secretary since May 2002. She is also Corporate Secretary of JG Summit, URC, Cebu Air, Inc., JG Summit Petrochemical Corporation, CFC Corporation and JG Cement Corporation. Prior to joining the Company, she was a Senior Associate in Puno and Puno Law Offices. She received a degree of Juris Doctor from the Ateneo de Manila University School of Law and a Masters of Law in International Banking from the Boston University School of Law.

OTHER KEY PERSONNEL

All employees, whether executive officers, directors or rank and file, are considered important and as a lean organization, each employee makes a significant contribution to the business.

FAMILY RELATIONSHIPS

James L. Go is the brother of John Gokongwei, Jr.
Lance Y. Gokongwei is the son of John Gokongwei, Jr.
Frederick D. Go is the nephew of John Gokongwei, Jr.
Patrick Henry C. Go is the nephew of John Gokongwei, Jr.
Johnson Robert G. Go, Jr. is the nephew of John Gokongwei, Jr.
Robina Y. Gokongwei-Pe is the daughter of John Gokongwei, Jr.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS (OVER THE PAST 5 YEARS)

None of the members of RLC's Board nor its executive officers are involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past five (5) years.

EXECUTIVE COMPENSATION

The following table identifies RLC's Chief Executive Officer and the six most highly compensated executive officers and summarizes their aggregate compensation for the two most recent fiscal years and the ensuing year:

		Fiscal Year 2008			
		Salary	*Bonus*	**Others*	*Total*
A. CEO and six (6) most highly compensated executive officers		P 21,691,781	P 200,000	P 20,000	P 21,911,781
Name	*Position*				
1. James L. Go	Director, Chairman and Chief Executive Officer				
2. Frederick D.Go	Director, President and Chief Operating Officer				
3. Cornelio S. Mapa Jr.	GM - Commercial Centers Division				
4. Henry L. Yap	GM - Office Buildings Division				
5. Anicio G. Villanueva	Vice President - Technical Planning (CCD)				
6. Thomas Lee O	Vice-President - Complex Administration, Commercial Centers Division (CCD)				
7. Malou M. Alferez	GM - Housing & Land Development Division				
B. All other officers and directors as a group unnamed		P 33,839,866	P 1,100,000	P 100,000	P 35,039,866

		Fiscal Year 2007			
		Salary	*Bonus*	**Others*	*Total*
A. CEO and six (6) most highly compensated executive officers		P 19,306,198	P 200,000	P 20,000	P 19,526,198
Name	*Position*				
1. James L. Go	Director, Chairman and Chief Executive Officer				
2. Frederick D.Go	Director, President and Chief Operating Officer				
3. Cornelio S. Mapa Jr.	GM - Commercial Centers Division				
4. Malou M. Alferez	GM - Housing & Land Development Division				
5. Anicio G. Villanueva	Vice President - Technical Planning (CCD)				
6. Thomas Lee O	Vice-President - Complex Administration, Commercial Centers Division (CCD)				
7. Luzviminda V. Carpio	Vice President - Leasing (CCD)				
B. All other officers and directors as a group unnamed		P 30,409,134	P 1,100,000	P 100,000	P 31,609,134

* Per diem

The following table lists the name of the Company's Chief Executive Officer and the six most highly compensated executive officers and summarized their aggregate compensation for the ensuing year:

			Estimated FY 2009		
Name	*Position*	*Salary*	*Bonus*	***Others*	*Total*
A. CEO and six (6) most highly compensated executive officers		P 23,008,662	P 200,000	P 20,000	P 23,228,662
1. James L. Go	Director, Chairman and Chief Executive Officer				
2. Frederick D.Go	Director, President and Chief Operating Officer				
3. Cornelio S. Mapa Jr.	GM - Commercial Centers Division				
4. Henry L. Yap	GM - Office Buildings Division				
5. Anicio G. Villanueva	Vice President - Technical Planning (CCD)				
6. Thomas Lee O	Vice-President - Complex Administration, Commercial Centers Division (CCD)				
7. Malou M. Alferez	GM - Housing & Land Development Division				
B. All other officers and directors as a group unnamed		P 36,130,401	P 900,000	P 80,000	P 37,110,401 *

** Estimated*
*** Per diem*

Other than payment of reasonable per diem, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and the ensuing year.

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

There are no special employment contracts between the registrant and the named executive officers.

STOCK OPTIONS PLANS FOR KEY OFFICERS

There are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a Group.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN RECORD AND BENEFICIAL OWNERS

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

As of March 31, 2009, the Company knows no one who beneficially owns in excess of 5% of the Corporation's common stock except as set forth in the table below.

TITLE OF CLASS	NAME AND ADDRESSES OF RECORD OWNERS AND RELATIONSHIP WITH CORPORATION	NAMES OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER	CITIZEN-SHIP	NO. OF SHARES HELD	% OF TOTAL O/S
Common	JG Summit Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City (stockholder)	Same as record owner (see note [1])	Filipino	1,648,417,051	60.01%
Common	PCD Nominee Corporation (Non-Filipino) G/F Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City (stockholder)	PCD Participants and their clients (see note [2])	Non-Filipino	807,248,914	29.39%
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City (stockholder)	PCD Participants and their clients	Filipino	245,645,610	8.94%

Notes:

As of March 31, 2009, Mr. John Gokongwei, Jr., Chairman Emeritus of JG Summit Holdings, Inc. (JGSHI), held 1,009,339,915 shares representing 14.85% of the total outstanding shares of JGSHI. The Chairman and the President of 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.

PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc.

("PCD"), is the registered owner of the shares in the books of the Corporation's transfer agent in the Philippines. The beneficial owners of such shares are PCD Participants, who hold the shares on their behalf, and their clients. PCD is a private corporation organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. Out of this account, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Deutsche Bank Manila hold for various trust accounts the following shares of the Corporation as of February 27, 2009:

	No. of shares held	% to total outstanding
The Hongkong and Shanghai Banking Corporation Limited – Clients' Acct.	405,838,552	14.77%
Standard Chartered Bank	226,634,759	8.25%
Deutsche Bank Manila – Clients' A/C	143,309,106	5.22%

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

SECURITY OWNERSHIP OF MANAGEMENT

TITLE OF CLASS		NAME OF BENEFICIAL OWNER	POSITION	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP (DIRECT)	CITIZEN-SHIP	% TO TOTAL OUTSTAND-ING
A. Executive Officers (see note 1)						
Common	1	James L. Go	Chairman & CEO	1,123,996	Filipino	0.04%
Common	2	Frederick D. Go	President and Chief Operating Officer, Director	225,001	Filipino	0.01%
Common	3	Henry L. Yap	GM – Office Buildings Div.	47,000	Filipino	*
	Sub-Total			1,395,997		0.05%
B. Other Directors, Executive Officers and Nominees						
Common	4	John L. Gokongwei, Jr.	Chairman Emeritus	9,412,721 (see note 2)	Filipino	0.34%
Common	5	Lance Y. Gokongwei	Vice Chairman and Deputy Chief Executive Officer	536,000	Filipino	0.02%
Common	6	Patrick Henry C. Go	Director	10,000	Filipino	*
Common	7	Robina Y. Gokongwei-Pe	Director	360,000	Filipino	0.01%
Common	8	Johnson Robert G. Go, Jr.	Director	1	Filipino	*
Common	9	Artemio V. Panganiban	Independent Director	1	Filipino	*
Common	10	Roberto F. de Ocampo	Independent Director	1	Filipino	*

Common	11	Emmanuel C. Rojas, Jr.	Independent Director	601	Filipino	*
		Sub-Total		10,319,325		0.37%
C. All directors and executive officers & nominees as a group unnamed				11,715,322		0.42%

Notes:

(1) 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 September 30, 2008

(2) 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, Jr.” for 988,000.

* less than 0.01%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RLC is a member of the JG Summit Group. As of March 31, 2009, JG Summit and other companies within the JG Summit Group held 60% of the outstanding shares of the Company. In their ordinary course of business, transactions are usually led by the Gokongwei family. The most significant of these transactions include tenancy by various retail-related companies controlled by the Gokongwei family in RLC's shopping malls as well as substantial intercompany loans, principally for working capital, including construction costs. RLC's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

RLC leases significant portions of its commercial centers and office buildings to companies controlled by the Gokongwei family, including Robinsons Department Store, Robinsons Supermarket and Handyman Do-It-Best. Other affiliates from whom RLC earns rental income include Top Shop, Robinsons Savings Bank and Cebu Pacific. Rental income arising from the lease of commercial properties to affiliated companies amounted to ₱ 865 million, ₱ 799.0 million and ₱720.0 million for fiscal years 2008, 2007 and 2006, respectively. For the six months ended March 31, 2009, rental income from affiliates amounted to ₱498.0 million.

RLC and its subsidiaries also maintain savings and current accounts and time deposits with Robinsons Savings Bank, an affiliated commercial bank. These balances amounted to ₱317.9 million as of September 30 2008 and ₱209.7 million as of March 31, 2009.

In addition to the foregoing transactions, JG Summit also provides RLC with certain corporate services including debt management, corporate finance, corporate planning, procurement, human resources, controllership and treasury services, legal and corporate communications.

As of March 31, 2009, RLC had a net payable to its affiliated companies amounting to ₱121.9 million.

DESCRIPTION OF CERTAIN OTHER DEBT

As of March 31, 2009, RLC had ₱6.5 billion of outstanding debt, none of which are secured. As of the same date, ₱ 5.1 billion of RLC's outstanding debt was evidenced by a debt instrument that was acknowledged by both the creditor and RLC before a notary public. Debts appearing in public instruments may, by mandatory provision of law, rank ahead of the Bonds in the event of the insolvency or liquidation of Robinsons Land. Nevertheless, Robinsons Land has obtained, from all creditors under any such loans or facilities, waivers of the right to the benefit of any such preference or priority.

The following table sets forth the outstanding long and short term debt of RLC as of March 31, 2009:

NOTES		PRINCIPAL AMOUNT OUTSTANDING (₱)
	Long-term	
1	Loan from ING Manila and SBC under the DBP-JBIC - 5 loan facility	**115,000,000**
2	5-year and one-day Fixed Rate Corporate Notes	**3,000,000,000**
3	Notes subscribed by LBP, CBC, HSBC and SBC under the Inverse Floating Rate Notes Facility Agreement – with Interest Rate Swap	**2,000,000,000**
	Total[1]	**5,230,000,000**
	Short term loans – with BDO, BPI and RCBC, with interest at "prime" rates, payable semi-annually.	**1,338,700,000**
	Total	**6,453,700,000**

(1) Total indebtedness does not yet include the ₱5 billion, 8.5% Bonds due 2014, which were issued by RLC on July 13, 2009.

Details of RLC's long term debt are as follows:

1. Loan from ING. Manila and SBC under the DBP-JBIC-5 loan facility due in October 2009

On October 6, 2004, RLC obtained unsecured loans each amounting to ₱500 million from ING Bank N.V. and from Security Bank Corporation (collectively, the "Lenders") under the Omnibus Facility Agreement (the "Agreement") constituting direct and unconditional obligation of RLC ranking *pari passu* with all present and future unsecured and unsubordinated obligations, other than obligations in respect of which a statutory preference is established solely by operation of law. Development Bank of the Philippines advanced the loan granted by the Lenders to RLC by virtue of various agreements. The loan is payable in nine (9) semi-annual installments beginning October 2005.

Interest on the outstanding principal amount of the loans shall be paid at each interest payment date, as follow: (i) the interest rate shall be fixed at 9.2% per annum plus an interest margin of 1.5% per annum; (ii) RLC will have a one-time option throughout the life of the loan to switch from the fixed rate of 9.2% per annum to a floating rate equivalent to the applicable Development Bank of the Philippines pass-on-rate plus an interest margin of 1.5% per annum, subject to the provision by RLC of one-week prior written notice for the exercise of such option; and (iii) in case RLC opts for a floating interest rate, the setting of rates shall be in accordance with the policies of DBP which, as of the date of Agreement, fixes January 1, April 1, July 1, and October 1 of every year as the interest setting dates. Interest shall accrue from and include the first day of an interest period, up to, and including, the last day of such interest period.

Interest period shall mean the period of six months of each year; provided, however, that in the event RLC shall have exercised its option under (ii) above to switch to a floating interest rate, interest period shall mean the period of three months of each year.

2. ₱3 Billion Fixed Rate Corporate Notes due in May 2012

On May 24, 2007, RLC issued ₱3 billion Fixed rate Corporate Note Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of RLC ranking at least *pari passu* in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of RLC) with all other outstanding unsecured and unsubordinated obligations of RLC. The term of the notes is five (5) years and one (1) day from Issue Date to be issued in one tranche.

The interest rate shall be 6.375% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the Issue Date and ending on the Maturity Date.

3. ₱2 Billion Inverse Floating Rate Notes due in June 2013

On June 4, 2008, RLC issued ₱2,000 million Inverse Floating Rate Notes Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of RLC ranking at least *pari passu* in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of RLC) with all other outstanding unsecured and unsubordinated obligations of RLC with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of RLC. The term of the notes is five (5) years and one (1) day from issue date.

The floating interest rate is at 15.70% less the 3-month Benchmark Rate on an interest determination date rounded off to the nearest 1/100 or 1% per annum. However, the floating nature of these Notes was simultaneously swapped out transforming the notes into a liability bearing a fixed interest rate of 8.75% over its life. Interest shall be payable quarterly, in arrears, on the last day of each 3-month interest period.

Debt Covenants

RLC is required to maintain a debt to equity ratio of not exceeding 1.5:1.0 and interest coverage ratio of not less that 1.5:1. RLC has complied with the debt covenants. RLC must also ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. RLC has complied with the debt covenants.

Details of loan payable by maturity follow:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total

As of March 2009	**₱1,453,700,000**	**₱–**	**₱–**	**₱3,000,000,000**	**₱2,000,000,000**	**₱6,453,700,000**

CORPORATE GOVERNANCE

Adherence to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, has been reinforced by continuous improvement by the Company in order to implement good governance and management practices.

The Board of Directors has approved its Corporate Governance Compliance Evaluation System in late 2003 in order to monitor and assess the level of compliance of the Company with leading practices on good corporate governance as specified in its Corporate Governance Manual and pertinent SEC Circulars. The System likewise highlights areas for compliance improvement and actions to be taken. One of the system's output is the Annual Corporate Governance Compliance Evaluation Form submitted to the SEC and PSE on or before January 30 of every year. RLC began making such submission of the Annual Corporate Governance Compliance Evaluation Form covering the previous calendar year to the SEC and PSE in 2004.

Likewise, RLC has consistently striven to raise its level of reporting to adopt and implement prescribed Philippine Financial Reporting Standards (PFRS).

FINANCIAL INFORMATION

The following pages set forth Robinsons Land's (1) audited comparative consolidated financial statements as of September 30, 2008 and 2007 and for the three years ended September 30, 2008; (2) audited comparative consolidated financial statements as of September 30, 2007 and 2006 for the three years ended September 30, 2007 and (3) unaudited consolidated financial statements as of March 31, 2009.

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INDEPENDENT AUDITORS

SYCIP, GORRES, VELAYO & CO.
6760 Ayala Avenue, 1226 Makati City, Philippines

Robinsons Land Corporation and Subsidiaries

Consolidated Financial Statements
September 30, 2008 and 2007
and Years Ended September 30, 2008, 2007 and 2006

and

Independent Auditors' Report

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BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-1

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Robinsons Land Corporation

We have audited the accompanying consolidated financial statements of Robinsons Land Corporation and Subsidiaries, which comprise the consolidated balance sheets as at September 30, 2008 and 2007, and the consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2008, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Land Corporation and Subsidiaries as of September 30, 2008 and 2007, and their financial performance and their cash flows for each of the three years in the period ended September 30, 2008 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-A
Tax Identification No. 160-302-865
PTR No. 1566464, January 5, 2009, Makati City

January 13, 2009

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30	
	2008	2007
ASSETS		
Cash and cash equivalents (Notes 7, 18, 29 and 30)	**₱519,080,453**	₱1,555,623,418
Receivables - net (Notes 8, 18, 29 and 30)	**4,352,991,997**	2,932,643,996
Subdivision land, condominium and residential units for sale - at cost (Note 9)	**1,683,394,162**	1,966,786,592
Investment properties and other investments - net (Note 10)	**27,515,824,240**	23,895,179,679
Property and equipment - net (Note 11)	**4,916,967,177**	5,189,570,520
Other assets (Notes 12, 29 and 30)	**1,322,302,757**	1,245,974,070
	₱40,310,560,786	₱36,785,778,275
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses (Notes 13, 18, 27, 29 and 30)	**₱5,082,110,853**	₱4,081,871,018
Income tax payable	**268,136,171**	180,817,533
Deposits and other liabilities (Notes 14, 18, 29 and 30)	**4,278,019,722**	4,868,976,063
Loans payable (Notes 10, 11, 15, 29 and 30)	**6,017,000,000**	4,560,000,000
Deferred tax liabilities - net (Note 25)	**1,678,324,516**	1,804,017,921
	17,323,591,262	15,495,682,535
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 17)	**2,746,918,457**	2,746,918,457
Additional paid-in capital (Note 17)	**8,181,576,147**	8,181,576,147
Retained earnings (Note 16)		
Unappropriated	**8,440,392,907**	6,746,220,504
Appropriated	**3,500,000,000**	3,500,000,000
	22,868,887,511	21,174,715,108
Minority Interest in a Consolidated Subsidiary	**118,082,013**	115,380,632
	22,986,969,524	21,290,095,740
	₱40,310,560,786	₱36,785,778,275

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2008	2007	2006
REVENUE			
Real estate (Notes 18 and 19)	**₱9,551,500,240**	₱7,071,996,579	₱5,648,237,924
Hotel operations (Note 19)	**1,135,820,627**	1,106,213,500	903,538,725
Interest income (Note 24)	**494,732,616**	710,366,315	331,670,643
	11,182,053,483	8,888,576,394	6,883,447,292
COSTS AND EXPENSES			
Real estate (Notes 10, 11, 20 and 22)	**5,095,048,762**	3,180,439,198	2,356,934,651
Hotel operations (Notes 10, 11, 20, 22 and 23)	**947,524,345**	922,025,081	821,079,872
General and administrative (Notes 18, 21, 23, 27 and 28)	**1,315,483,830**	1,251,391,875	1,086,303,533
Interest expense (Note 24)	**60,603,120**	119,030,864	195,210,319
	7,418,660,057	5,472,887,018	4,459,528,375
INCOME BEFORE INCOME TAX	**3,763,393,426**	3,415,689,376	2,423,918,917
PROVISION FOR INCOME TAX (Note 25)			
Current	**586,346,265**	464,057,510	413,179,468
Deferred	**24,306,595**	504,595,109	285,743,298
	610,652,860	968,652,619	698,922,766
NET INCOME	**₱3,152,740,566**	₱2,447,036,757	₱1,724,996,151
Attributable to:			
Equity holders of Parent Company	**₱3,150,039,185**	₱2,441,338,382	₱1,718,966,320
Minority interest in a Consolidated Subsidiary	**2,701,381**	5,698,375	6,029,831
	₱3,152,740,566	₱2,447,036,757	₱1,724,996,151
Earnings Per Share (Note 26)			
Basic, profit for the year attributable to equity holders of the Parent Company	**₱1.15**	₱0.89	₱0.75
Diluted, profit for the year attributable to equity holders of the Parent Company	**₱1.15**	₱0.89	₱0.75

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company					
	Common Stock (Note 17)	Additional Paid-in Capital (Note 17)	Unappropriated Retained Earnings (Note 16)	Appropriated Retained Earnings (Note 16)	Attributable to Minority Interest Equity	Total Equity
As of October 1, 2007	**₱2,746,918,457**	**₱8,181,576,147**	**₱6,746,220,504**	**₱3,500,000,000**	**₱115,380,632**	**₱21,290,095,740**
Net income for the year	**–**	**–**	**3,150,039,185**	**–**	**2,701,381**	**3,152,740,566**
Cash dividends	**–**	**–**	**(1,455,866,782)**	**–**	**–**	**(1,455,866,782)**
Balances at September 30, 2008	**₱2,746,918,457**	**₱8,181,576,147**	**₱8,440,392,907**	**₱3,500,000,000**	**₱118,082,013**	**₱22,986,969,524**
As of October 1, 2006	₱2,296,918,457	₱3,397,915,263	₱5,321,241,952	₱3,500,000,000	₱109,682,257	₱14,625,757,929
Additional subscription (Note 17)	450,000,000	4,783,660,884	–	–	–	5,233,660,884
Net income for the year	–	–	2,441,338,382	–	5,698,375	2,447,036,757
Cash dividends	–	–	(1,016,359,830)	–	–	(1,016,359,830)
Balances at September 30, 2007	₱2,746,918,457	₱8,181,576,147	₱6,746,220,504	₱3,500,000,000	₱115,380,632	₱21,290,095,740
As of October 1, 2005	₱2,296,918,457	₱3,397,915,263	₱4,337,289,538	₱3,500,000,000	₱103,652,426	₱13,635,775,684
Net income for the year	–	–	1,718,966,320	–	6,029,831	1,724,996,151
Cash dividends	–	–	(735,013,906)	–	–	(735,013,906)
Balances at September 30, 2006	₱2,296,918,457	₱3,397,915,263	₱5,321,241,952	₱3,500,000,000	₱109,682,257	₱14,625,757,929

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,763,393,426**	₱3,415,689,376	₱2,423,918,917
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 20 and 22)	**1,557,862,231**	1,402,911,884	1,265,809,016
Provision for impairment losses (Note 8)	**18,982,104**	16,299,444	4,869,390
Cost of sales of investment properties and other investments and property and equipment (Notes 10 and 11)	**27,111,946**	55,685,524	43,487,586
Interest expense (Notes 10, 11 and 24)	**60,603,120**	119,030,864	195,210,319
Interest income (Note 24)	**(494,732,616)**	(710,366,315)	(331,670,643)
Operating income before working capital changes	**4,933,220,211**	4,299,250,777	3,601,624,585
Decrease (increase) in:			
Receivables (Note 8)	**(1,064,729,477)**	(856,389,200)	(471,996,752)
Subdivision land, condominium and residential units for sale (Note 9)	**4,838,542,915**	1,200,659,576	545,650,611
Receivable from Meralco (Notes 12 and 28)	**22,194,535**	24,018,987	(89,486,447)
Prepaid expenses and value-added input tax (Note 12)	**(190,692,976)**	(214,783,848)	(269,199,818)
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 13)	**1,077,650,474**	230,517,969	1,552,693,011
Net pension liabilities (Notes 13 and 27)	**(15,263,254)**	(16,407,913)	13,352,658
Customers' deposits (Note 14)	**(571,754,832)**	142,710,149	753,607,444
Cash generated from operations	**9,029,167,596**	4,809,576,497	5,636,245,292
Income taxes paid	**(499,027,627)**	(452,535,841)	(327,102,457)
Net cash provided by operating activities	**8,530,139,969**	4,357,040,656	5,309,142,835
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**151,944,497**	479,007,332	101,881,660
Decrease (increase) in:			
Advances to lot owners (Note 12)	**(19,366,080)**	177,886,141	(250,144,403)
Advances to suppliers and contractors (Note 12)	**554,148**	166,580,641	52,428,709
Other assets (Note 12)	**110,981,686**	(166,397,319)	(69,284,601)
Receivables from affiliated companies (Notes 8 and 18)	**(31,812,509)**	6,703,810	(6,023,979)
Additions to:			
Investment properties and other investments (Note 10)	**(2,677,568,097)**	(4,638,551,015)	(2,721,182,557)
Property and equipment (Note 11)	**(6,810,597,783)**	(4,245,656,752)	(3,596,507,425)
Net cash used in investing activities	**(9,275,864,138)**	(8,220,427,162)	(6,488,832,596)

(Forward)

	Years Ended September 30		
	2008	2007	2006
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of loans payable (Note 15)	**₱2,677,000,000**	₱3,000,000,000	₱–
Interest paid	**(274,079,654)**	(220,402,589)	(382,221,450)
Payments of loans payable (Note 15)	**(1,220,000,000)**	(110,000,000)	(330,000,000)
Increase (decrease) in payable to affiliated companies and other liabilities (Note 14)	**(19,201,509)**	(2,033,296,106)	2,421,365,892
Payments of cash dividends (Note 16)	**(1,454,537,633)**	(1,015,923,850)	(732,830,804)
Capital stock subscriptions (Note 17)	**–**	450,000,000	–
Additional paid-in capital arising from capital stock subscriptions (Note 17)	**–**	4,783,660,884	–
Net cash provided by (used in) financing activities	**(290,818,796)**	4,854,038,339	976,313,638
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,036,542,965)**	990,651,833	(203,376,123)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,555,623,418**	564,971,585	768,347,708
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱519,080,453**	₱1,555,623,418	₱564,971,585

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized under the laws of the Philippines and has seven wholly-owned subsidiaries, namely: Robinsons Homes, Inc. (RHI); Trion Homes Development Corporation (THDC); Manila Midtown Hotels and Land Corporation (MMHLC); Robinsons Inn, Inc. (RII); Robinsons Realty and Management Corporation (RRMC); Robinsons (Cayman) Limited (RCL); and Robinsons Properties Marketing and Management Corporation (RPMMC); and a 51%-owned subsidiary, Altus Angeles, Inc. (AAI) (collectively known as the "Group").

The Group is engaged in the business of selling, acquiring, constructing, developing, 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 60.01% owned by JG Summit Holdings, Inc. (JGSHI), the Group's 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, textile, telecommunications, petrochemicals, air transportation and financial services.

The Parent Company's principal executive office is located at 43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City.

2. Basis of Preparation

The 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.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Robinsons Land Corporation and its subsidiaries (see Note 1) as at September 30, 2008 and 2007 and for each of the three (3) years in the period ended September 30, 2008. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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.

3. **Changes in Accounting Policies**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new accounting standards and amendments adopted in 2008 that are discussed below. The adoption of the new and amended standards did not have any effect on the consolidated financial statements of the Group. They did, however, give rise to additional disclosures.

- PFRS 7, *Financial Instruments - Disclosures (effective for annual periods beginning on or after January 1, 2007).* PFRS 7 includes all of the disclosure requirements relating to financial instruments and replaces the disclosures under PAS 32, *Financial Instruments: Disclosure and Presentation* and PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*. The most significant additional disclosure requirements of PFRS 7 are as follows: (a) qualitative risk disclosures are to include information on the processes that an entity uses to manage and measure its risks; (b) quantitative data about the exposure to each type of risk (including credit risk, liquidity risk and market risk) arising from financial instruments; (c) information about the credit quality of financial assets that are neither past due nor impaired; (d) an analysis of financial assets that are past due or impaired, including a description of collateral held as security and its fair value; and (e) a market risk sensitivity analysis which includes the effect of a reasonably possible change in the risk variables, along with the methods and assumptions used in preparing the analysis. The adoption of this standard resulted in the inclusion of additional disclosures such as market risk sensitivity analysis (see Note 29), contractual maturity analysis of financial liabilities for liquidity risk (see Note 29) and aging analysis on financial assets that are either past due or impaired (see Note 8).

  The Group adopted the amendment to the transitional provisions of PFRS 7 as approved by the Financial Reporting Standards Council of the Philippines, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Group did not present comparative information for the new risk disclosures of PFRS 7, unless the disclosure was previously required.

- Amendments to PAS 1, *Presentation of Financial Statements - Capital Disclosure (effective for annual periods beginning on or after January 1, 2007).* This amendment requires entities to disclose information that enables readers to evaluate the entity's objectives, policies and processes for managing capital. The disclosures are based on information provided internally to key management personnel, and will include: (a) the objectives, procedures and policies used to manage capital; (b) a description of what the entity manages as capital, the nature of any externally imposed capital requirements (if any) and how it meets objectives for managing capital; (c) quantitative information about what the entity manages as capital and any changes from the prior period; and (d) whether the entity complied with externally imposed capital requirements and the consequences of any non-compliance, (if applicable). The required new disclosures are reflected in the consolidated financial statements where applicable (see Note 17).

Future Changes in Accounting Policies
The Group has not applied the following new and amended PFRS and Philippine Interpretation which are not yet effective for the fiscal year ended September 30, 2008:

Effective in 2009

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards* and PAS 27, *Consolidated and Separate Financial Statements (effective for annual periods beginning on or after January 1, 2009).* The amendments to PFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening PFRS financial statements in accordance with PAS 27 or using a deemed cost. The amendment to PAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statement. The revision to PAS 27 will have to be applied prospectively. The new requirements will affect only the parent's separate financial statement and do not have an impact on the consolidated financial statements.

- PFRS 2, *Share-based Payment - Vesting Condition and Cancellations (effective for annual periods beginning on or after January 1, 2009).* The standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. This Standard will not have any effect on the consolidated financial statements as no events occurred that this amendments relates to.

- PFRS 8, *Operating Segments, (effective for annual periods beginning on or after January 1, 2009).* This new standard replaces PAS 14, *Segment Reporting* and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the consolidated balance sheet and consolidated statement of income and entities will need to provide explanations and reconciliations of the differences. As the information required to be disclosed will likely be readily available as it is already used internally, the Group will reassess whether additional processes should be put in place to reconcile information to the consolidated balance sheet and consolidated statement of income.

- PAS 1 (Revised), *Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2009).* The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one (1) single statement, or in two (2) linked statements. The Group is still evaluating whether it will have one or two statements.

- PAS 23 (Revised), *Borrowing Costs (effective for annual periods beginning on or after January 1, 2009)*. The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*. This Amendment will not have any effect in the consolidated financial statements as no change will be made on the accounting policy for borrowing costs.

- Amendment to PAS 32, *Financial Instruments: Presentation* and PAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after January 1, 2009).* The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. These Amendments to the standards will have no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after October 1, 2008).* This Interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. This Philippine Interpretation will have no impact on the consolidated financial statements, the Group has no foreign operations.

- Philippine Interpretation IFRIC 11, *PRFS 2 - Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007).* This Philippine Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the Company even if: (a) the entity chooses or is required to buy those equity instruments (e.g. treasury shares) from another party; or (b) the shareholders of the entity provide the equity instruments needed. This Interpretation will have no impact on the consolidated financial statements, as no such scheme currently exists.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property and equipment, but recognize a financial asset and/or an intangible asset. This Philippine Interpretation covers contractual arrangements arising from private entities providing public services and is not relevant to the Group since it is not engaged in any service concession arrangements within the scope of the Interpretation.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008).* This Philippine Interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. This Interpretation will have no impact on the consolidated financial statements, as no such scheme currently exists.

- Philippine Interpretation IFRIC 14, PAS 19, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. This Interpretation will not have any effect on the consolidated financial statements.

Improvements to PFRSs
The first omnibus of amendments to PFRSs was issued primarily with a view to removing inconsistencies and clarifying wording. The following are separate transitional provisions for each standard:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
  When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

- PAS 1, *Presentation of Financial Statements*
  Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated balance sheet. The Group amended its accounting policy accordingly and analyzed whether Management's expectation of the period of realization of financial assets and liabilities differed from the classification of the instrument. This will not result in any re-classification of financial instruments between current and noncurrent in the balance sheet.

- PAS 16, *Property, Plant and Equipment*
  Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

- PAS 19, *Employee Benefits*
  Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.

  The reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* was deleted.

- PAS 20, *Accounting for Government Grants and Disclosures of Government Assistance*
  Loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Also, revised various terms used to be consistent with other PFRS.

- PAS 23, *Borrowing Costs*
  The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with PAS 39. The Group has amended its accounting policy accordingly which will not result in any change in its financial position.

- PAS 28, *Investment in Associates*
  If an associate is accounted for at fair value in accordance with PAS 39, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment has no impact on the Group as it does not account for its associates at fair value in accordance with PAS 39.

  An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance. This amendment has no impact on the Group because this policy was already applied.

- PAS 29, *Financial Reporting in Hyperinflationary Economies*
  The reference to the exception that assets and liabilities should be measured at historical cost, such that it notes property and equipment as being an example, rather than implying that it is a definitive list was revised. Also, revised various terms used to be consistent with other PFRS.

- PAS 31, *Interest in Joint ventures*
  If a joint venture is accounted for at fair value, in accordance with PAS 39, only the requirements of PAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply. This amendment has no impact on the Group because it does not account for its joint ventures at fair value in accordance with PAS 39.

- PAS 36, *Impairment of Assets*
  When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment has no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

- PAS 38, *Intangible Assets*
  Expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the services. This amendment has no impact on the Group because it does not enter into such promotional activities.

  The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed. This Amendment has no impact on the Group because it does not have intangible assets.

- PAS 39, *Financial Instruments: Recognition and Measurement*
  Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. The reference in PAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge was removed. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting.

- PAS 40, *Investment Properties*
  The scope such that property under construction or development for future use as an investment property is classified as investment property was revised. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised of the conditions for a voluntary change in accounting policy to be consistent with PAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability.

- PAS 41, *Agriculture*
  The reference to the use of a pre-tax discount rate to determine fair value was removed. The prohibition to take into account cash flows resulting from any additional transformations when estimating fair value was removed. The term 'point-of-sale costs' with 'costs to sell' was also replaced.

Effective in 2010

- Revised PFRS 3, *Business Combinations* and PAS 27, *Consolidated and Separate Financial Statements (effective for annual periods beginning on or after January 1, 2009.)* The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to PAS 7, *Statement of Cash Flows*, PAS 12, *Income Taxes*, PAS 21, *The Effects of Changes in Foreign Exchange Rates*, PAS 28, *Investment in Associates* and PAS 31, *Interests in Joint Ventures*. The changes by PFRS 3 and PAS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to take advantage of this possibility.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after July 1, 2009).* This amendment addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate (effective for annual periods beginning on or after January 1, 2012).* This Interpretation, which may be early applied, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This

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 Interpretation will be accounted for retrospectively and will result to the restatement of prior period financial statements. The adoption of this Interpretation may significantly affect the determination of the net income and the related Real estate receivables, Unearned revenue, Deferred tax liabilities and Retained earnings accounts.

4. **Summary of Significant Accounting Policies**

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales

Real estate sales are accounted for under the percentage-of-completion method when: (a) equitable interest and/or legal title to the subject properties is transferred to the buyer; (b) the seller is obliged to perform significant acts after the subject properties are sold; (c) the amount of revenue can be measured realiably; (d) the costs incurred or to be incurred can be measured realiably; and (e) it is probable that the economic benefits will flow to the entity. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If any of the criteria under the percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the “Deposits from real estate buyers” account which is shown as part of the “Deposits and other liabilities” account in the liabilities section of the consolidated balance sheet.

Rental income

The Parent Company leases its commercial real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue from hotel operations

Revenue from hotel operations are recognized when services are rendered. Revenue from banquets and other special events are recognized when the events take place. Rental income on leased areas of the hotel is recognized on a straight-line basis over the lease term.

Interest income
Interest income is recognized as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income
Dividend income is recognized when the Group's right to receive the payment is established.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments
Financial instruments are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The financial assets of the Group consist of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
Financial assets within the scope of PAS 39 are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held to maturity investments and available for sale financial assets (AFS), as appropriate. The Group determines the classification of the financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets are recognized initially at fair value of the consideration given. The fair values of the consideration given are determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at FVPL, includes transaction costs.

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when liabilities are derecognized as well as through amortization process under the "Interest expense" account.

The Groups financial asset are if the nature of loans and receivables; whereas, financial liabilities are of the nature of other financial liabilities.

The subsequent measurement bases for financial assets depend on the classification. Financial assets that are classified as loans and receivables are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount, premium and transaction costs on acquisition, over the period to maturity. Amortization of discounts, premiums and transaction costs are taken directly to the consolidated statement of income.

Determination of fair value
The fair value for financial instruments traded in active markets at the consolidated balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value technique, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Day 1 profit
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 profit) in the consolidated statement of income.

In cases where variables used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

<u>Loans and Receivables</u>
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

The Group's loans and receivables include Cash and cash equivalents, Receivables, Utility deposits, Advances to lot owners and Receivables from Meralco.

Other Financial Liabilities
All financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, loans payable are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

Customers' Deposits
Deposits from lessees
Deposits from lessees are measured initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using effective interest method.

The difference between the cash received and its fair value is deferred (included in the "Deposits and other liabilities" in the consolidated balance sheet) and amortized using the straight-line method.

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in the consolidated statement of income as the related obligations are fulfilled to the real estate buyers.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Derecognition of Financial Assets and Liabilities
A financial asset (or where applicable, a part of a group of financial assets) is derecognized when:
- the rights to receive cash flows from the assets have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or

- the Group has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of Financial Assets
The Group assesses at each balance sheet date whether a financial or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance for impairment loss account. The amount of the loss shall be recognized in the consolidated statement of income. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed the amortized cost at the reversal date.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated balance sheet.

Free Standing and Embedded Derivatives

An embedded derivative is separated from the host financial or non-financial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets at FVPL. Changes in fair values are included in the consolidated statement of income.

As of September 30, 2008, the Group has a free standing derivatives required for bifurcation. There has been no free standing derivatives and embedded deviation as of September 30, 2007.

Subdivision Land, Condominium and Residential Units for Sale

Subdivision land, condominium and residential units for sale are carried at the lower of cost or net realizable value (NRV). Cost includes costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction. NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. The land improvements, buildings, building improvements and theater furniture and equipment are depreciated and amortized using the straight-line method over their estimated useful lives as follow:

	Years
Land improvements	10
Buildings	20
Building improvements	10
Theater furniture and equipment	5

The useful life and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investments in land improvements, buildings and building improvements and theater furniture and equipment.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

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

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property and equipment" account up to the date of change in use. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and the previous carrying amount is recognized in the consolidated statement of income.

Property and Equipment
Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to the intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the acquisition or construction of property and equipment to the extent incurred during the period of construction and installation.

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

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of five (5) years.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are transferred to the investment properties account or reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the properties for their intended use are completed and the properties are available for service.

Other equipment includes china, glassware, silver and linen on stock are valued at cost less accumulated depreciation.

The useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of income in the year the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed and adjusted, if appropriate, at each financial year-end.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's investment properties and property and equipment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the assets in prior years.

Income Tax

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized except: (1) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

Pension Expense

Pension expense is actuarially determined using the projected unit credit (PUC) valuation method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension expense includes current service cost, interest cost and a portion of the net cumulative unrecognized actuarial gains and losses.

The liability recognized by the Group in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The present value of the defined benefit obligation is determined by discounting the estimated future cash inflows using long term government bond risk-free interest rates that have terms to maturity approximating the terms of the related pension liability.

The Group applies the corridor method whereby actuarial gains and losses are recognized as income or expenses when the cumulative unrecognized actuarial gains or losses of the plan exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employee participating in the plan.

Commission Expense

The Group recognizes commission expense when services are rendered by the broker. The commission expense is recognized upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one (1) of the following applies:

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

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

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based the terms of the leased contract.

Group as a lessor
Leases where the Group retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Borrowing Costs</u>
Borrowing costs generally are expensed as incurred. Interest and other related financing charges on borrowed funds used to finance the acquisition and construction of a qualifying asset (included under Subdivision land, condominium and residential units for sale, Investment properties and Property and equipment accounts) are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress. It is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization is based on the weighted average borrowing cost.

The borrowing costs capitalized as part of investment properties and property and equipment are amortized using the straight-line method over the estimated useful lives of the assets. The borrowing cost capitalized as part of subdivision land, condominium and residential units for sale are expensed when the related assets are sold.

If after capitalization of the borrowing costs, the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income.

Interest expense on loans and borrowings is recognized using the effective interest method over the term of the loans and borrowings.

<u>Provisions</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Foreign Currency Transactions and Translations
Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Earnings Per Share (EPS)
Basic earnings per share is calculated by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

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

Subsequent Events
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the 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.

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

Revenue and cost recognition
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

The related balances from real estate transactions follow:

	2008	2007	2006
Revenue (Note 19)	**₱9,551,500,240**	₱7,071,996,579	₱5,648,237,924
Costs and expenses (Note 20)	**5,095,048,762**	3,180,439,198	2,356,934,651

Operating leases commitments - Group as lessee
The Group has entered into commercial property leases. Substantially, all the risks and benefits incidental to ownership of the leased item are not transferred to the Group. The future minimum rentals under non-cancelable operating lease amounted to ₱6,600 million and ₱6,351 million as of September 30, 2008 and 2007, respectively (see Note 32).

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on the investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. The future minimum rentals under non-cancelable operating lease amounted to ₱2,956 million and ₱4,111 million as of September 30, 2008 and 2007, respectively (see Note 32).

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the supply process.

Some properties are held to earn rentals or for capital appreciation and other properties are held for use in rendering of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in providing services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Distinction between subdivision land and land and land improvements
The Group determines whether a property will be classified as Subdivision land or Land and land improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Subdivision land) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (Land and land improvements).

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense on these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 32).

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

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate sales are recognized based on the percentage-of-completion and the completion rate is measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Allowance for impairment losses
The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the based on the factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the tenant, the tenant's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis.

The related balances follow (see Note 8):

	2008	2007
Receivables	**₱4,401,451,172**	₱2,962,121,067
Allowance for impairment losses	**48,459,175**	29,477,071
Provision for impairment losses	**18,982,104**	19,000,000

Financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the consolidated statement of income and consolidated statement of changes in equity (see Note 30).

Where the fair values of certain financial assets and financial liabilities recorded in the consolidated balance sheet cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

The related balances follow:

	2008		2007	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets	**₱5,263,670,036**	**₱4,809,480,269**	₱5,012,398,006	₱4,763,686,676
Financial liabilities	**14,961,491,648**	**13,894,921,526**	13,034,554,128	12,579,781,377

Useful lives of investment properties and property and equipment
The Group estimates the useful lives of the investment properties and property and equipment based on the period over which the assets are expected to be available for use. The Group reviews periodically the estimated useful lives of investment properties and property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of investment properties and property and equipment would increase the recorded depreciation and amortization expense and decrease the related asset accounts.

The related balances follow:

	2008	2007
Investment properties and other investments (Note 10)		
Cost	**₱35,756,563,646**	₱30,808,927,918
Accumulated depreciation and amortization	**8,240,739,406**	6,913,748,239
Depreciation and amortization	**1,326,991,167**	1,212,153,698
Property and equipment (Note 11)		
Cost	**6,814,178,770**	6,872,981,573
Accumulated depreciation and amortization	**1,897,211,593**	1,683,411,053
Depreciation and amortization	**230,871,064**	190,758,186

Impairment of nonfinancial assets
Assessing investment properties and other investments and property and equipment for impairment includes considering certain indications of impairment such as significant changes in asset usage, significant decline in market value and obsolescence or physical damage of an asset. If such indications are present, and where the carrying amount of the asset exceeds the recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

Determining the fair value of investment properties and other investments and property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future event could cause the Group to conclude that investment properties and other investments and property and equipment are impaired. Any resulting impairment loss could have a material impact on the consolidated financial statements.

The related balances follow:

	2008	2007
Investment properties and other investments (Note 10)		
Cost	**₱35,756,563,646**	₱30,808,927,918
Accumulated depreciation and amortization	**8,240,739,406**	6,913,748,239
Depreciation and amortization	**1,326,991,167**	1,212,153,698
Property and equipment (Note 11)		
Cost	**6,814,178,770**	6,872,981,573
Accumulated depreciation and amortization	**1,897,211,593**	1,683,411,053
Depreciation and amortization	**230,871,064**	190,758,186

Deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. Deferred tax assets as of September 30, 2008 and 2007 amounted to ₱316 million and ₱309 million, respectively (see Note 25).

Pension expense
The determination of obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions, which are described in Note 27, include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations.

The related balances follow:

	2008	2007
Pension liabilities (Notes 13 and 27)	**₱15,777,396**	₱31,040,750
Pension benefit obligation (Note 27)	**101,706,300**	47,448,663
Unrecognized net actuarial losses (Note 27)	**28,360,414**	30,116,140

6. Segment Reporting

PAS 14, *Segment Reporting* requires that a public business enterprise report financial and descriptive information about its reportable segments. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.

The Group evaluates performance based on net income, EBIT (earnings before interest and income tax) and EBITDA (earnings before interest, income tax, 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.

High-rise Buildings Division - develops, sells and/or leases offices and residential condominium spaces, as well as high-end horizontal residential projects.

Housing and Land Development Division - develops and sells middle-income and socialized housing and residential lots.

Hotel Division - owns and operates a chain of prime hotels in Pasig City, Quezon City and Cebu City and a service apartment which closed operations in August 2007.

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

2008

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotel Division	Total
Revenue	₱3,697,371,463	₱5,640,536,655	₱704,344,233	₱1,139,801,132	₱11,182,053,483
Costs and expenses	1,013,430,177	3,636,047,536	437,549,497	773,770,617	5,860,797,827
Earnings before depreciation and amortization	2,683,941,286	2,004,489,119	266,794,736	366,030,516	5,321,255,657
Depreciation and amortization (Note 22)	1,106,835,558	269,688,782	7,584,159	173,753,732	1,557,862,231
Income before income tax	₱1,577,105,728	₱1,734,800,337	₱259,210,577	₱192,276,784	₱3,763,393,426
Segment assets	₱21,700,057,325	₱14,784,679,324	₱1,531,850,395	₱2,293,973,741	₱40,310,560,785
Segment liabilities	₱8,702,848,526	₱7,261,826,412	₱853,220,281	₱505,696,043	₱17,323,591,262
Other segment information:					
Capital expenditures					₱9,488,165,880

2007

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotel Division	Total
Revenue	₱3,538,931,635	₱3,525,524,218	₱715,802,113	₱1,108,318,428	₱8,888,576,394
Costs and expenses	1,059,711,286	1,787,214,436	456,548,330	766,501,082	4,069,975,134
Earnings before depreciation and amortization	2,479,220,349	1,738,309,782	259,253,783	341,817,346	4,818,601,260
Depreciation and amortization (Note 22)	1,037,667,008	203,695,165	6,025,712	155,523,999	1,402,911,884
Income before income tax	₱1,441,553,341	₱1,534,614,617	₱253,228,071	₱186,293,347	₱3,415,689,376
Segment assets	₱20,085,067,259	₱12,935,533,737	₱1,346,574,628	₱2,418,602,651	₱36,785,778,275
Segment liabilities	₱6,150,841,506	₱7,821,194,942	₱1,057,578,737	₱466,067,350	₱15,495,682,535
Other segment information:					
Capital expenditures					₱8,884,207,767

2006

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotel Division	Total
Revenue	₱3,284,080,887	₱2,177,178,139	₱514,902,178	₱907,286,088	₱6,883,447,292
Costs and expenses	851,794,126	1,357,333,836	312,248,379	672,343,018	3,193,719,359
Earnings before depreciation and amortization	2,432,286,761	819,844,303	202,653,799	234,943,070	3,689,727,933
Depreciation and amortization (Note 22)	963,899,758	149,483,940	3,688,464	148,736,854	1,265,809,016
Income before income tax	₱1,468,387,003	₱670,360,363	₱198,965,335	₱86,206,216	₱2,423,918,917
Segment assets	₱18,575,474,645	₱6,464,615,265	₱1,327,026,783	₱2,244,649,502	₱28,611,766,195
Segment liabilities	₱9,161,028,148	₱3,453,897,138	₱1,119,593,709	₱251,489,271	₱13,986,008,266
Other segment information:					
Capital expenditures					₱6,317,689,982

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 operation is concentrated in the Philippines.

7. Cash and Cash Equivalents

This account consists of:

	2008	2007
Cash on hand and in banks	**₱162,876,637**	₱127,153,450
Short-term investments	**356,203,816**	1,428,469,968
	₱519,080,453	₱1,555,623,418

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates.

8. **Receivables**

This account consists of:

	2008	2007
Trade		
Installment contract receivables	**₱3,541,591,155**	₱2,220,262,428
Rental receivables	**252,087,471**	298,432,138
Accrued rent receivables	**235,681,052**	194,380,916
Hotel operations	**68,663,338**	68,951,642
	4,098,023,016	2,782,027,124
Affiliated companies (Note 18)	**94,757,880**	62,945,371
Others	**208,670,276**	117,148,572
	4,401,451,172	2,962,121,067
Less allowance for impairment losses	**48,459,175**	29,477,071
	₱4,352,991,997	₱2,932,643,996

The installment contract receivables aggregating ₱3,542 million and ₱2,220 million as of September 30, 2008 and 2007, included under real estate receivables, are collectible in monthly installments over a period of one to ten years and bear annual interest rates ranging from 8.20% to 9.75% computed on the diminishing balance of the principal.

Rental receivables from affiliated companies which are included in trade receivables amounted to about ₱108 million and ₱91 million as of September 30, 2008 and 2007, respectively.

The accrued rent receivables represent the portion of the lease recognized as income on a straight line basis.

Allowance for Impairment Losses on Trade Receivables
Changes in allowance for impairment losses on trade receivables follow:

2008

	Trade Receivables		
	Individual Assessment	**Collective Assessment**	**Total**
Balances at beginning of year	**₱10,477,071**	**₱19,000,000**	**₱29,477,071**
Provision for impairment losses (Note 21)	**18,982,104**	**–**	**18,982,104**
Balances at end of year	**₱29,459,175**	**₱19,000,000**	**₱48,459,175**

2007

	Trade Receivables		
	Individual Assessment	Collective Assessment	Total
Balances at beginning of year	₱13,177,627	₱–	₱13,177,627
Provision for impairment losses (Note 21)	–	19,000,000	19,000,000
Write offs	(2,700,556)	–	(2,700,556)
Balances at end of year	₱10,477,071	₱19,000,000	₱29,477,071

Aging Analysis
The aging analysis of the Group's receivables follows:

2008

	Total	Neither Past Due Nor Impaired	Past Due But Not Impaired: Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables							
Installment contract receivables	**₱3,541,591,155**	**₱3,102,754,751**	**₱97,967,424**	**₱95,629,787**	**₱49,094,434**	**₱177,144,759**	**₱19,000,000**
Rental receivables	**252,087,471**	**115,431,968**	**1,737,728**	**7,226,497**	**42,613**	**98,189,490**	**29,459,175**
Accrued rent receivables	**235,681,052**	**235,681,052**	**–**	**–**	**–**	**–**	**–**
Hotel operations	**68,663,338**	**36,027,130**	**14,231,936**	**3,643,128**	**1,522,357**	**13,238,787**	**–**
Affiliated companies (Note 18)	**94,757,880**	**94,757,880**	**–**	**–**	**–**	**–**	**–**
Others	**208,670,276**	**208,670,276**	**–**	**–**	**–**	**–**	**–**
	₱4,401,451,172	**₱3,793,323,057**	**₱113,937,089**	**₱106,499,412**	**₱50,659,404**	**₱288,573,035**	**₱48,459,175**

2007

	Total	Neither Past Due Nor Impaired	Past Due But Not Impaired: Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables	₱2,782,027,124	₱2,349,821,902	₱143,574,486	₱78,318,989	₱44,511,300	₱136,323,376	₱29,477,071
Installment contract receivables	₱2,220,262,428	1,910,519,323	117,030,417	40,654,428	36,507,041	96,551,219	19,000,000
Rental receivables	298,432,138	209,985,628	18,337,197	33,439,233	5,096,943	21,096,065	10,477,071
Accrued rent receivables	194,380,916	194,380,916	–	–	–	–	–
Hotel operations	68,951,642	34,936,035	8,206,872	4,225,328	2,907,316	18,676,091	–
Affiliated companies (Note 18)	62,945,371	62,945,371	–	–	–	–	–
Others	117,148,572	117,148,572	–	–	–	–	–
	₱2,962,121,067	₱2,529,915,845	₱143,574,486	₱78,318,989	₱44,511,300	₱136,323,376	₱29,477,071

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2008	2007
Condominium units	**₱1,125,841,904**	₱1,524,331,022
Residential units and subdivision land development costs	**557,552,258**	442,455,570
	₱1,683,394,162	₱1,966,786,592

The subdivision land, condominium and residential units for sale are carried at cost. There is no amount of write down recognized as expense for the years ended September 30, 2008 and 2007.

The amount of subdivision land, condominium and residential units for sale recognized as expense in the consolidated statements of income amounted to ₱3,302 million, ₱1,418 million and ₱944 million for the years ended September 30, 2008, 2007 and 2006, respectively (see Note 20).

Subdivision land, condominium and residential units for sale transferred from property and equipment aggregated to ₱3,688 million and ₱1,532 million as of September 30, 2008 and 2007 (see Note 11). These represent completed condominium units for sale that are located in Pioneer.

There are no subdivision land, condominium and residential units for sale as of September 30, 2008 and 2007 that are pledged as security to liabilities.

10. Investment Properties and Other Investments

The rollforward analysis of this account follows:

2008

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Others	Total
Cost						
At September 30, 2007	**₱10,706,703,698**	**₱56,219,266**	**₱19,789,730,810**	**₱254,274,144**	**₱2,000,000**	**₱30,808,927,918**
Additions	**2,458,164,479**	**944,206**	**218,459,412**	**–**	**–**	**2,677,568,097**
Retirements/disposal	**(26,423,662)**	**–**	**–**	**–**	**–**	**(26,423,662)**
Reclassifications/transfers (Note 11)	**(868,583,212)**	**1,177,207**	**3,163,897,298**	**–**	**–**	**2,296,491,293**
At September 30, 2008	**12,269,861,303**	**58,340,679**	**23,172,087,520**	**254,274,144**	**2,000,000**	**35,756,563,646**
Accumulated depreciation and amortization						
At September 30, 2007	**–**	**35,110,787**	**6,704,099,761**	**174,537,691**	**–**	**6,913,748,239**
Depreciation and amortization (Note 22)	**–**	**4,880,398**	**1,302,613,948**	**19,496,821**	**–**	**1,326,991,167**
At September 30, 2008	**–**	**39,991,185**	**8,006,713,709**	**194,034,512**	**–**	**8,240,739,406**
Net book value as of September 30, 2008	**₱12,269,861,303**	**₱18,349,494**	**₱15,165,373,811**	**₱60,239,632**	**₱2,000,000**	**₱27,515,824,240**

2007

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Others	Total
Cost						
At September 30, 2006	₱6,927,627,870	₱46,986,296	₱17,013,718,563	₱254,274,144	₱2,000,000	₱24,244,606,873
Additions	3,813,758,665	8,749,479	816,042,871	–	–	4,638,551,015
Retirements/disposal	(55,685,524)	–	–	–	–	(55,685,524)
Reclassifications/transfers (Note 11)	21,002,687	483,491	1,959,969,376	–	–	1,981,455,554
At September 30, 2007	10,706,703,698	56,219,266	19,789,730,810	254,274,144	2,000,000	30,808,927,918
Accumulated depreciation and amortization						
At September 30, 2006	–	30,972,490	5,527,124,381	150,126,096	–	5,708,222,967
Depreciation and amortization (Note 22)	–	4,353,046	1,183,389,057	24,411,595	–	1,212,153,698
Reclassifications	–	(214,749)	(6,413,677)	–	–	(6,628,426)
At September 30, 2007	–	35,110,787	6,704,099,761	174,537,691	–	6,913,748,239
Net book value as of September 30, 2007	₱10,706,703,698	₱21,108,479	₱13,085,631,049	₱79,736,453	₱2,000,000	₱23,895,179,679

The investment properties consisted mainly of land held for appreciation, and shopping malls or commercial centers and office buildings that are held to earn rentals.

Depreciation and amortization expense charged to operations amounted to ₱1,327 million, ₱1,212 million and ₱1,089 million for the years ended September 30, 2008, 2007 and 2006, respectively (see Note 22).

The fair value of investment properties, which has been determined based on valuations performed by independent professional qualified appraisers as of May 31, 2005, exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The aggregate fair value as of the date of appraisal amounted to ₱37,100 million.

The value of the investment properties was arrived at using the *Market Data Approach*. In this approach, the value of the investment properties is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Property operations and maintenance costs arising from investment properties amounted to ₱321 million, ₱280 million and ₱251 million for the years ended September 30, 2008, 2007 and 2006 (see Note 20).

Investment properties transferred from property and equipment aggregated to ₱3,164 million and ₱1,960 million as of September 30, 2008 and 2007, respectively. These represent completed Robinsons Cybergate Center 3 Office Building and new malls in Manila (Otis) and Cabanatuan and mall expansion in Manila.

There are no investment properties and other investments as of September 30, 2008 and 2007 that are pledged as security to liabilities.

11. Property and Equipment

The rollforward analysis of this account follows:

2008

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Construction In Progress	Total
Cost						
At September 30, 2007	**₱173,086,946**	**₱2,497,440**	**₱2,231,273,066**	**₱1,186,379,483**	**₱3,279,744,638**	**₱6,872,981,573**
Additions	–	–	**18,827,752**	**131,213,796**	**6,660,556,235**	**6,810,597,783**
Retirements/disposals	–	–	**(4,725,994)**	**(13,032,814)**	–	**(17,758,808)**
Reclassifications/transfers (Notes 9 and 10)	–	**698,241**	**(2,461,832)**	**2,461,832**	**(6,852,340,019)**	**(6,851,641,778)**
At September 30, 2008	**173,086,946**	**3,195,681**	**2,242,912,992**	**1,307,022,297**	**3,087,960,854**	**6,814,178,770**
Accumulated depreciation and amortization						
At September 30, 2007	–	**2,497,440**	**800,854,425**	**880,059,188**	–	**1,683,411,053**
Depreciation and amortization (Note 22)	–	**698,241**	**120,690,308**	**109,482,515**	–	**230,871,064**
Retirements/disposals	–	–	**(4,725,994)**	**(12,344,530)**	–	**(17,070,524)**
At September 30, 2008	–	**3,195,681**	**916,818,739**	**977,197,173**	–	**1,897,211,593**
Net book value as of September 30, 2008	**₱173,086,946**	**₱–**	**₱1,326,094,253**	**₱329,825,124**	**₱3,087,960,854**	**₱4,916,967,177**

2007

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Construction In Progress	Total
Cost						
At September 30, 2006	₱170,035,106	₱2,980,931	₱2,133,093,951	₱1,091,065,206	₱2,725,034,976	₱6,122,210,170
Additions	3,051,840	–	100,267,017	95,314,277	4,047,023,618	4,245,656,752
Reclassifications/transfers (Notes 9 and 10)	–	(483,491)	(2,087,902)	–	(3,492,313,956)	(3,494,885,349)
At September 30, 2007	173,086,946	2,497,440	2,231,273,066	1,186,379,483	3,279,744,638	6,872,981,573
Accumulated depreciation and amortization						
At September 30, 2006	–	2,980,931	694,863,559	803,600,794	–	1,501,445,284
Depreciation and amortization (Note 22)	–	–	102,233,199	88,524,987	–	190,758,186
Reclassifications/transfers	–	(483,491)	3,757,667	(12,066,593)	–	(8,792,417)
At September 30, 2007	–	2,497,440	800,854,425	880,059,188	–	1,683,411,053
Net book value as of September 30, 2007	₱173,086,946	₱–	₱1,430,418,641	₱306,320,295	₱3,279,744,638	₱5,189,570,520

Depreciation and amortization expense charged to operations amounted to ₱231 million, ₱191 million and ₱177 million for the years ended September 30, 2008, 2007 and 2006, respectively (see Note 22).

Borrowing costs capitalized to property and equipment under construction amounted to about ₱331 million, ₱264 million and ₱375 million in 2008, 2007 and 2006, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2008, 2007 and 2006 is 7.10%, 7.59%, and 8.67%, respectively.

Property and equipment transferred to investment property and subdivision land, condominium and residential units for sale aggregated to ₱6,852 million and ₱3,492 million in 2008 and 2007, respectively.

There are no property and equipment items as of September 30, 2008 and 2007 that are pledged as security to liabilities.

12. **Other Assets**

This account consists of:

	2008	2007
Value-added input tax	**₱725,139,318**	₱538,418,226
Advances to lot owners	**230,782,624**	211,416,544
Utility deposits	**159,797,619**	268,770,020
Prepaid expenses	**69,317,532**	65,345,648
Receivable from Meralco (Notes 28 and 29)	**43,272,925**	65,467,460
Supplies	**31,126,241**	38,420,921
Advances to suppliers and contractors	**3,743,538**	4,297,686
Others	**59,122,960**	53,837,565
	₱1,322,302,757	₱1,245,974,070

The value-added input tax is applied against value-added output tax. The remaining balance is recoverable in future periods.

Advances to lot owners consist of advance payments to land owners which will applied against the acquisition cost of the assets that will be acquired.

Utility deposits consist primarily of bid bonds and meter deposits.

Prepaid expenses consist mainly of prepayments for taxes and insurance.

Advances to suppliers/contractors consist of advance payment to supplier or contractors which will be applied against final billing.

Other assets include various types of deposits and advances.

13. Accounts Payable and Accrued Expenses

This account consists of:

	2008	2007
Accrued bonus, taxes and licenses and other liabilities	**₱2,194,353,395**	₱2,037,295,839
Accounts payable - trade (Note 18)	**2,099,810,450**	1,349,388,365
Accrued rent expense	**766,169,414**	659,475,015
Pension liabilities (Note 27)	**15,777,396**	31,040,750
Dividends payable	**6,000,198**	4,671,049
	₱5,082,110,853	₱4,081,871,018

Accounts payable - trade and accrued expenses are normally settled within one year.

The accrued rent expense represents the portion of the lease recognized as expense on a straight line basis.

14. Deposits and Other Liabilities

This account consists of:

	2008	2007
Deposits from real estate buyers	**₱1,417,602,647**	₱2,092,033,140
Deposits from lessees	**1,271,304,764**	1,168,629,103
Payables to affiliated companies (Notes 18 and 30)	**1,189,250,880**	1,163,061,617
Others	**399,861,431**	445,252,203
	₱4,278,019,722	₱4,868,976,063

The Deposits from lessees represent cash received in advance equivalent to three to six months rent which shall be refunded to lessees at the end of lease term. The Group recognized Discount on deposits from lessees amounting to ₱103 million and ₱133 million as of September 30, 2008 and 2007, respectively. The related interest expense on the discount amounted to ₱61 million and ₱119 million in 2008 and 2007, respectively. The Unearned rental income amounted to ₱94 million and ₱130 million as of September 30, 2008 and 2007, respectively. The rental income on amortization of unearned rental income amounted to ₱47 million and ₱132 million in 2008 and 2007, respectively. The Deposits from lessees was discounted using MART 1 plus 2% spread.

Deposits from real estate buyers represent cash received in advance which shall be applied against the total contract price of the subdivision land, condominium and residential units that are for sale when the contractual obligation of the real estate buyer have begun. The deposits from real estate are normally applied against the total contract price within a year from the date the deposits were made.

Included in Deposits from real estate buyers are cash collections in excess of the installment contract receivables recognized under the percentage-of-completion method which amounted to ₱381 million and ₱1,149 million as of September 30, 2008 and 2007, respectively.

15. Loans Payable

This account consists of:

	Principal Amount	**2008**	2007
Short-term Loans from Banco de Oro Unibank Inc. (BDO)	**₱677,000,000**	**₱677,000,000**	₱–
Loan from ING, Manila and Security Bank Corporation (SBC) under the Development Bank of the Philippines (DBP)-JBIC - 5 loan facility at fixed interest rate of 9.2% per annum + 1.5% margin payable in nine (9) semi-annual payments starting October 2005	**1,000,000,000**	**340,000,000**	560,000,000
Five-year and one day loan maturing on May 29, 2012 with fixed rate at 6.375%, interest payable semi-annually in arrears on the last day of each six-month interest period	**3,000,000,000**	**3,000,000,000**	3,000,000,000
Notes subscribed to by Land Bank of the Philippines (LBP), China Banking Corporation (CBC), Hongkong Shanghai Banking Corporation (HSBC) and SBC under the Inverse Floating Rate Notes Facility Agreement maturing on June 6, 2013 bearing an interest rate of 15.7% less the 3-month benchmark rate (PDST-F), and a tenor of 5 years + 1 day; interest is payable quarterly, in arrears, on the last day of each 3-month interest period	**2,000,000,000**	**2,000,000,000**	–
Registered Bonds with interest repriced quarterly based on the three-month Treasury security displayed on Mart 1 page of Bloomberg plus 2% due on March 7, 2008; current rate is 11.235%	**1,000,000,000**	–	1,000,000,000
		₱6,017,000,000	₱4,560,000,000

Short Term Loans Payable due in October 2008
In July 2008, the Group obtained three (3) clean loans amounting to ₱446 million, ₱39 million and ₱192 million, respectively, from BDO. The term of the loan is three (3) months to four (4) months from issue date to be issued in one tranche. Interest on the outstanding principal shall be repaid at each interest payment date. The average interest rate shall be 6.6% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Out of the total interest expense in 2008, borrowing costs capitalized to property and equipment under construction aggregated to ₱327 million, out of which ₱10 million in 2008 pertains to short term loans due in October 2008.

No debt covenants were being maintained by the Group since the loan is short-term in nature.

Payable due in October 2009
On October 6, 2004, the Group obtained unsecured loans each amounting to ₱500 million from ING Bank N.V. and from Security Bank Corporation (collectively, the "Lenders") under the Omnibus Facility Agreement (the "Agreement") constituting direct and unconditional obligation of the Group ranking pari-passu with all present and future unsecured and unsubordinated obligations, other than obligations in respect of which a statutory preference is established solely by operation of law, for partial financing and/or reimbursement of construction cost of the Parent Company's projects. DBP advanced the loan granted by the Lenders to the Parent Company by virtue of various agreements. The loan is payable in nine (9) semi-annual installments beginning October 2005.

Interest on the outstanding principal amount shall be paid at each interest payment date, as follow: (i) the interest rate shall be fixed at 9.2% per annum plus an interest margin of 1.5% per annum; (ii) the Group will have a one-time option throughout the life of the loan to switch from the fixed rate of 9.2% per annum to a floating rate equivalent to the applicable DBP pass-on-rate plus an interest margin of 1.5% per annum, subject to the provision by the Group of one-week prior written notice for the exercise of such option; and (iii) in case the Group opts for a floating interest rate, the setting of rates shall be in accordance with the policies of DBP which, as of the date of Agreement, fixes January 1, April 1, July 1, and October 1 of every year as the interest setting dates. Interest shall accrue from and include the first day of an interest period, up to, and including, the last day of such interest period.

Interest period shall mean the period of six months of each year; provided, however, that in the event the Group shall have exercised its option under (ii) above to switch to a floating interest rate, interest period shall mean the period of three months of each year.

The Group settled its semi-annual amortization of obligation on this loan which aggregated to ₱220 million and ₱110 million in 2008 and 2007, respectively.

Out of the total interest expense in 2008, 2007 and 2006, borrowing costs capitalized to property and equipment under construction aggregated ₱331 million, ₱264 million and ₱375 million, respectively, out of which ₱36 million ₱65 million and ₱92 million in 2008, 2007 and 2006, respectively, pertain to bonds payable due in October 2009.

Debt Covenant
The Group is required to maintain a debt to equity ratio of not exceeding 1.5:1 and interest coverage ratio of not less that 1.5:1. The Group has complied with the debt covenant.

Loans Payable due in May 2012
On May 24, 2007, the Group issued ₱3,000 million Fixed rate Corporate Note Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of the Group ranking at least pari passu in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Group) with all other outstanding unsecured and unsubordinated obligations of the Group. The term of the bonds is five (5) years and one (1) day from issue date.

The interest rate is at 6.375% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Out of the total borrowing costs capitalized to property and equipment under construction, ₱194 million and ₱66 million in 2008 and 2007, respectively pertains to loans payable due in May 2012.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group must ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. The Group has complied with the debt covenants.

Loans Payable due in June 2013
On June 4, 2008, the Group issued ₱2,000 million Inverse Floating Rate Notes Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of the Group ranking at least pari passu in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Group) with all other outstanding unsecured and unsubordinated obligations of the Group with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Group. The term of the bonds is five (5) years and one (1) day from issue date.

The interest rate is at 15.70% less the 3-month Benchmark Rate on an interest determination date rounded off to the nearest 1/100 or 1% per annum and shall be payable quarterly, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Out of the total borrowing costs capitalized to property and equipment under construction, ₱62 million in 2008 pertains to bonds payable due in June 2013.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group must ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. The Group has complied with the debt covenants.

Bonds Payable due in March 2008
On March 13, 2003, the Group issued ₱1,000 million bonds constituting direct, unconditional, unsubordinated and unsecured obligations of the Group ranking pari-passu with all direct, unconditional, unsubordinated and unsecured obligations of the Group at par of 100% of face value, for general corporate purposes, such as, but not limited to the following: (i) financing various capital expenditures; (ii) debt refinancing; and (iii) funding permanent working capital. The bond is payable with a bullet payment on March 7, 2008 or shall be redeemable at par upon maturity or on a date which is five (5) years and one (1) day from issue date.

Interest on the outstanding principal sum of the bonds shall be paid at a rate determined for each quarterly interest period, accrued and payable quarterly on the dates indicated in the interest coupon of the bonds beginning December 12, 2003. The interest rate shall be the sum of the Base Rate (defined as the bid yield for the applicable 91-day Treasury Bills based on the secondary market bids as displayed on the MART 1 page of Bloomberg at approximately 11:30 a.m. on the interest rate setting date) plus a spread of two percent (2%).

Out of the total borrowing costs capitalized to property and equipment under construction, ₱28 million, ₱72 million and ₱91 million in 2008, 2007 and 2006, respectively, pertain to bonds payable due in March 2008.

Debt Covenant
The Group is required to maintain a debt to equity ratio and interest coverage ratio of not exceeding 1.5:1. The Group has complied with the debt covenant.

Total outstanding loans payable that are current as of September 30, 2008 and 2007 amounted to ₱1,017 million and ₱1,220 million, respectively. On the other hand, total outstanding loans payable that are noncurrent amounted to ₱5,000 million and ₱3,340 million as of September 30, 2008 and 2007, respectively.

Details of the Group's loans payable by maturity follow:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
2008	**₱1,017,000,000**	**₱–**	**₱–**	**₱3,000,000,000**	**₱2,000,000,000**	**₱6,017,000,000**
2007	₱1,220,000,000	₱225,000,000	₱115,000,000	₱–	₱3,000,000,000	₱4,560,000,000

16. **Retained Earnings**

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱348 million, ₱243 million and ₱164 million in 2008, 2007 and 2006, respectively, are not available for dividend declaration until received in the form of dividends.

Dividends declared
The Board of Directors (BOD) declared cash dividends in favor of all its stockholders as follows:

	2008	2007	2006
Date of declaration	**April 17, 2008**	April 19, 2007	April 20, 2006
Date of payment	**June 12, 2008**	June 14, 2007	June 15, 2006
Ex-dividend rate	**May 16, 2008**	May 18, 2007	May 19, 2006
Dividend per share	**₱0.53**	₱0.37	₱0.32
Total dividends	**₱1,455,866,782**	₱1,016,359,830	₱735,013,906

Appropriation
On May 14, 2003, the BOD approved the appropriation of ₱3,500 million, out of the retained earnings, for future expansion.

17. **Capital Stock**

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

	2008	2007	2006
Authorized - at ₱1 par value	**3,000,000,000**	3,000,000,000	3,000,000,000
At beginning of year	**2,746,918,457**	2,296,918,457	2,296,918,457
Additional subscription	**–**	450,000,000	–
Issued and outstanding	**2,746,918,457**	2,746,918,457	2,296,918,457

On September 23, 2006, the BOD approved the primary and secondary offerings of up to 811,136,200 common shares of the Parent Company which consisted of 450,000,000 common shares from the unissued authorized capital stock of the Parent Company and 361,136,200 secondary shares held by shareholders: JGSHI, Universal Robina Corporation and JG Summit Capital Services Corporation. The offer price was ₱12 per share. An over-allotment option for the sale of additional 121,670,400 secondary shares (Optional Shares) at the same offer price and terms was likewise approved by the BOD.

The Securities and Exchange Commission (SEC) issued a pre-effective order on September 1, 2006 with respect to the registration statements filed by the Group for the purpose of the above share offering. In October 2006, all primary and secondary share offerings (including Optional Shares) were fully subscribed by both foreign and local investors. Net proceeds from the primary offering amounted to about ₱5,230 million. The amount representing excess of subscription price over the par value of the primary share offering amounting to about ₱4,784 million was credited to additional paid-in capital.

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 September 30, 2008 and 2007.

	2008	2007	2006
(a) Loans payable (Note 15)	**₱6,017,000,000**	₱4,560,000,000	₱1,670,000,000
(b) Equity	**₱22,986,969,523**	₱21,290,095,740	₱14,625,757,929
(c) Debt-to-capital ratio (a/b)	**0.26:1**	0.21:1	0.11:1

The Group's policy is to limit the debt-to-capital ratio at the 1.5:1 level.

18. **Related Party Transactions**

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities (referred herein as affiliates).

The Group, in the normal course of business, has transactions with its major stockholder, JGSHI and its affiliated companies consisting principally of lease arrangements and advances (both interest and non interest bearing), principally for working capital, including construction costs. The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱865 million, ₱799 million and ₱720 million in 2008, 2007 and 2006, respectively.

Interest expense from the ₱2,500 million loan from JGSHI, which was paid in 2007, amounted to ₱61 million and ₱142 million in 2007 and 2006, respectively. Interest expense on the ₱480 million loan from Litton Mills in 2005, paid in 2006, amounted to ₱43 million.

The Group also maintains savings and current accounts and time deposits with Robinsons Savings Bank, an affiliated local commercial bank. The balances follow:

	2008	2007
Savings and current accounts	**₱32,660,266**	₱38,856,645
Short-term investments	**285,244,392**	376,326,190
	₱317,904,658	₱415,182,835

Loans from shareholders
As of September 30, 2008 and 2007, a subsidiary has outstanding noninterest-bearing advances from Winsome Development Corporation, a minority stockholder, for working capital requirement amounting to ₱104 million (see Note 13). The advances are included in the "Accounts payable - trade" account under the, "Accounts payable and accrued expenses", in the consolidated balance sheets.

JGSHI also provides the Group certain corporate services including debt management, corporate finance, corporate planning, procurement, human resources, legal and corporate communications.

As of September 30, 2008 and 2007, the net payable to affiliated companies amounted to ₱1,094 million and ₱1,100 million, respectively. Details are as follow:

	2008	2007
Receivable from affiliated companies (Notes 8 and 30)		
Digital Telecommunication Inc.	**₱39,890,765**	₱39,701,125
Robinsons Recreation Corporation	**11,326,607**	11,270,828
Universal Robina Corporation	**8,605,539**	9,285,655
Others	**34,934,969**	2,687,763
	94,757,880	62,945,371
Payable to affiliated companies (Notes 14 and 30)		
JGSHI	**(1,098,928,503)**	(1,077,396,857)
Westpoint Industrial Mills	**(22,950,417)**	(22,950,417)
Robinsons Inc.	**(14,593,692)**	(15,136,027)
Others	**(52,778,268)**	(47,578,316)
	(1,189,250,880)	(1,163,061,617)
Net payable to affiliated companies	**(₱1,094,493,000)**	(₱1,100,116,246)

Outstanding balances as of September 30, 2007, which are unsecured and interest free, are all due within one year. On February 14, 2006, the ₱2,500 million JGSHI loan was obtained with interest at 9% payable quarterly while the principal is payable on single balloon payment after three (3) years. The entire ₱2,500 million was fully paid as of September 30, 2007.

As of September 30, 2008 and 2007, the Group has not provided any allowance for impairment losses for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel

The compensation of the Group's key management personnel by benefit type follows (see Note 23):

	2008	2007	2006
Short term employee benefits	**₱433,704,305**	₱386,078,541	₱288,046,037
Post-employment benefits (Note 27)	**39,286,400**	16,537,631	14,291,233
	₱472,990,705	₱402,616,172	₱302,337,270

19. **Revenue**

This account consists of:

	2008	2007	2006
Real estate			
Real estate sales	**₱4,942,149,125**	₱2,896,397,480	₱2,011,660,253
Rental income	**4,375,623,429**	3,967,721,986	3,345,234,477
Others	**233,727,686**	207,877,113	291,343,194
	9,551,500,240	7,071,996,579	5,648,237,924
Hotel operations			
Rooms	**636,336,824**	626,689,474	531,801,149
Food and beverage	**439,081,026**	413,169,484	360,815,984
Others	**60,402,777**	66,354,542	10,921,592
	1,135,820,627	1,106,213,500	903,538,725
	₱10,687,320,867	₱8,178,210,079	₱6,551,776,649

20. **Costs**

This account consists of:

	2008	2007	2006
Real Estate			
Cost of sale (Note 9)	**₱3,302,412,914**	₱1,417,930,410	₱944,333,636
Depreciation and amortization (Notes 10, 11 and 22)	**1,384,108,499**	1,247,387,885	1,117,072,162
Maintenance costs (Note 10)	**147,746,528**	124,492,017	102,079,484
Others	**260,780,825**	390,628,886	193,449,369
	5,095,048,766	3,180,439,198	2,356,934,651
Hotel Operations			
Cost of sale	**137,135,734**	135,313,561	114,120,883
Property operations and maintenance costs (Note 10)	**221,020,607**	241,041,115	187,306,147
Depreciation and amortization (Notes 10, 11 and 22)	**173,753,732**	155,523,999	148,736,854
Others	**415,614,268**	390,146,406	370,915,988
	947,524,341	922,025,081	821,079,872
	₱6,042,573,107	₱4,102,464,279	₱3,178,014,523

21. General and Administrative Expenses

This account consists of:

	2008	2007	2006
Salaries and wages (Notes 18, 23 and 27)	**₱312,349,261**	₱263,806,354	₱228,995,635
Commission	**255,072,640**	333,517,097	274,818,004
Advertising and promotions	**241,719,505**	148,613,850	119,498,005
Taxes and licenses	**161,405,245**	167,749,893	143,767,753
Rent expense	**159,137,863**	155,603,494	145,543,680
Light, water and communication (Note 28)	**58,020,759**	71,083,536	60,329,659
Insurance	**33,958,908**	23,891,722	27,131,903
Travel and transportation	**22,449,873**	17,663,692	20,079,232
Entertainment, amusement and recreation	**20,959,647**	25,975,931	21,692,626
Provision for impairment losses (Note 8)	**18,982,104**	19,000,000	4,869,390
Supplies expense	**14,291,202**	14,239,494	11,182,307
Donation	**10,780,336**	7,854,152	10,462,367
Others	**6,356,487**	2,392,660	17,932,972
	₱1,315,483,830	₱1,251,391,875	₱1,086,303,533

Revenue Regulations No. 10-2002 define expenses to be classified as entertainment, amusement and representation (EAR) expenses and sets a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses.

22. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	2008	2007	2006
Real estate (Notes 10, 11 and 20)	**₱1,384,108,499**	₱1,247,387,885	₱1,117,072,162
Hotel operations (Notes 11 and 20)	**173,753,732**	155,523,999	148,736,854
	₱1,557,862,231	₱1,402,911,884	₱1,265,809,016

23. **Personnel Expenses**

Personnel expenses consist of (see Notes 18 and 21):

	2008	2007	2006
Salaries, wages and other staff costs	**₱411,994,523**	₱361,099,065	₱254,821,472
Retirement costs (Note 27)	**39,286,400**	16,537,631	14,291,233
SSS contributions, PAG-IBIG contributions, premiums and others	**21,709,782**	24,979,476	33,224,565
	₱472,990,705	₱402,616,172	₱302,337,270

The above amounts are distributed as follows:

	2008	2007	2006
General and administrative (Note 21)	**₱312,349,261**	₱263,806,354	₱228,995,635
Hotel operations	**160,641,444**	138,809,818	73,341,635
	₱472,990,705	₱402,616,172	₱302,337,270

24. **Interest Income** - Net

This account consists of:

	2008	2007	2006
Interest income			
Installment contract receivables	**₱358,094,035**	₱490,174,138	₱230,415,102
Bank deposits	**136,638,581**	220,192,177	101,255,541
	494,732,616	710,366,315	331,670,643
Interest expense on amortization of discount on deposits (Note 14)	**(60,603,120)**	(119,030,864)	(195,210,319)
	₱434,129,496	₱591,335,451	₱136,460,324

25. **Income Taxes**

The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2008	2007	2006
Statutory income tax rate	**35.00%**	35.00%	34.75%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.52)**	(0.53)	(0.43)
Income subjected to lower income tax rates	**(4.08)**	(3.06)	(1.58)
Tax-exempt interest income	**(0.25)**	(0.10)	(0.15)
Tax exempt real estate sales	**(0.01)**	(0.49)	(0.73)
Change in tax rate	**(7.97)**	–	0.92
Others	**(5.94)**	(2.46)	(3.95)
Effective income tax rate	**16.23%**	28.36%	28.83%

The Republic Act No. 9337 that was enacted into law in 2005 amended various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA was the reduction of the income tax rate from 35% to 30% beginning January 1, 2009.

Deferred income taxes as of September 30, 2008 and 2007 relate to the tax effects of the following:

	2008	2007
Deferred tax assets:		
Accrued rent expense	**₱229,850,824**	₱230,816,255
Accrued interest expense	**66,724,468**	57,115,136
Accrued retirement payable	**4,733,249**	10,864,263
Allowance for impairment loss	**14,537,753**	10,316,975
	315,846,294	309,112,629
Deferred tax liabilities:		
Unamortized capitalized interest expense	**(₱1,094,046,156)**	(₱1,169,425,074)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(813,255,926)**	(823,262,945)
Receivable from Meralco	**(73,886,850)**	(22,574,704)
Accrued rent income	**(12,981,878)**	(93,970,815)
Others	**–**	(3,897,012)
Net deferred tax liabilities	**(1,994,170,810)**	(2,113,130,550)
	(₱1,678,324,516)	(₱1,804,017,921)

26. Earnings Per Share

Earnings per share amounts were computed as follows:

		2008	2007	2006
a.	Net income attributable to equity holders of Parent Company	**₱3,150,039,184**	₱2,441,338,382	₱1,718,966,320
b.	Weighted average number of common shares outstanding	**2,746,918,457**	2,746,918,457	2,296,918,457
c.	Earnings per share (a/b)	**₱1.15**	₱0.89	₱0.75

There were no potential dilutive shares in 2008, 2007 and 2006.

27. Retirement Plan

The Group has an unfunded, noncontributory, defined benefit retirement plan covering all its regular permanent employees. The plan provides retirement, separation, disability and death benefits to its members. The latest actuarial valuation was made on September 30, 2008.

The following tables summarizes the components of pension expense (included in salaries and wages account under "General and administrative expenses") recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets for the plan:

Pension expense

	2008	2007
Current service cost	**₱12,653,200**	₱8,890,500
Interest cost	**7,996,600**	7,354,100
Expected return on plan assets	**(188,000)**	(19,000)
Benefits paid	**(1,697,000)**	–
Past service cost	**16,667,300**	–
Actuarial losses recognized	**3,854,300**	312,031
Total pension expense	**₱39,286,400**	₱16,537,631

Pension liabilities

	2008	2007
Benefit obligation	**₱101,706,300**	₱84,707,150
Fair value of plan assets	**(57,568,490)**	(104,000)
Unrecognized net actuarial losses	**(28,360,414)**	(53,562,400)
Pension liabilities	**₱15,777,396**	₱31,040,750

Pension benefit obligation

	2008	2007
Balance at beginning of year	**₱84,707,150**	₱75,702,051
Current service cost	**12,653,200**	8,890,500
Interest cost	**7,996,600**	7,354,100
Past service cost	**16,667,300**	–
Actuarial gains on obligation	**(13,471,444)**	1,643,849
Benefits paid	**(6,846,506)**	(8,883,350)
Balance at end of year	**₱101,706,300**	₱84,707,150

Fair value of plan assets

	2008	2007
Balance at beginning of year	**₱104,000**	₱–
Expected return on plan assets	**188,000**	19,000
Actual contributions	**54,549,754**	1,822,500
Benefits paid	**(5,149,506)**	(1,989,000)
Actuarial losses - net	**7,876,242**	251,500
Balance at end of year	**₱57,568,490**	₱104,000

The rollforward of unrecognized actuarial losses follows:

	2008	2007
Balance at beginning of year	**₱53,562,400**	₱52,482,082
Additional actuarial (gains) losses:		
From plan obligation	**(13,471,444)**	1,643,849
From plan asset	**(7,876,242)**	(251,500)
Actuarial losses recognized	**(3,854,300)**	(312,031)
Balance at end of year	**₱28,360,414**	₱53,562,400

The principal assumptions used in determining pension for the Group's plan are shown below:

	2008	2007	2006
Discount rate	**8.08% - 8.81%**	9.06% - 9.50%	12.33% - 14.47%
Rate of salary increase	**4.00% - 5.50%**	7.00%	6.00%
Expected rate of return on plan assets	**5.50%**	5.50%	–
Experience adjustment gain (loss) - net	**₱13,471,444**	(₱1,503,800)	₱7,554,500
Turnover rate	**10.98% - 35.00%**	4.00% - 30.00%	–

The Group's plan assets consist of the following:

	2008		2007		2006	
	Amount	**%**	Amount	%	Amount	%
Cash	**₱178,754**	**–**	₱104,000	100.00	₱–	–
Receivables	**63,236,763**	**109.85**	–	–	–	–
Liabilities (Notes 8 and 18)	**(5,847,027)**	**(9.85)**	–	–	–	–
	₱57,568,490	**100.00**	₱104,000	100.00	₱–	–

The Group expects to contribute about ₱12 million into the pension fund for the fiscal year ending in September 30, 2009.

Amounts for the current and previous annual periods are as follow:

	2008	2007
Defined benefit obligation	**₱101,706,300**	₱84,707,150
Plan assets	**57,568,490**	23,550,260
Experience adjustments on:		
Plan liabilities	**13,471,444**	(1,503,800)
Plan assets	**(7,876,242)**	(251,500)

28. Meralco Refund

As a customer of the Manila Electric Company (Meralco), the Group is entitled to receive a refund pertaining to previous billings adjustments under Phase IV of Meralco's refund scheme. Subsequent to the approval of Meralco's amended refund scheme in 2005 by the Energy Regulatory Commission, the amount and the timing of the receipt of the refund is made certain.

Under the Meralco refund scheme, the Group may opt to refund through postdated checks or as a fixed monthly credit to bills with cash option. The Group has opted to recover the refund through fixed monthly credit to bills with cash option, starting in November 2005 until January 2011. Income from the refund amounted to ₱90 million (included as deduction in "General and administrative expenses") in 2006. The receivable was discounted using an effective interest rate of 10%.

As of September 30, 2008 and 2007, the Group's receivable from Meralco, which is included in "Other asset", amounted to ₱43 million (net of unearned interest income of ₱18 million) and ₱66 million (net of unearned interest income of ₱23 million), respectively. Interest income recognized on amortization of unearned interest income amounted to ₱5 million and ₱2 million in 2008 and 2007, respectively (see Note 24).

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise of bonds payable, 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 receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency market risk, liquidity risk, interest rate market risk and credit risk. The BOD reviews and agrees 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 of 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 (1) 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.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are foreign currency risk, liquidity risk, interest rate risk and liquidity risk. The Group's policies for managing the aforementioned risks are summarized below.

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 a United States Dollar (USD) which result primarily from movement of the Philippine Peso against the USD.

The Group does not have any foreign currency hedging arrangements.

The table below summarizes the Group's exposure to foreign currency risk as of September 30, 2008 and 2007.

	2008		2007	
Assets				
Cash and cash equivalents	**$1,499,076**	**₱70,531,542**	$5,847,017	₱263,349,644
Liabilities				
Accounts payable and accrued expenses	**211,505**	**9,951,293**	355,654	16,018,658
Net foreign currency-denominated asset	**$1,287,571**	**₱60,580,249**	$5,491,363	₱247,330,986

The exchange rates used to restate the Group's US Dollar-denominated assets and liabilities as of September 30, 2008 and 2007 follow:

	2008	2007
US Dollar - Philippine Peso exchange rate	**₱47.05 to US$1.00**	₱45.04 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the US Dollar - Philippine Peso exchange rate on the Group's income before income tax and equity for the year ended September 30, 2008 and 2007.

Reasonably Possible Changes in US Dollar-Philippine Peso Exchange Rates	Change in Income Before Income Tax	Change in Equity
2008		
2.5%	(₱1,514,506)	(₱984,429)
(2.5%)	1,514,506	984,429
2007		
1.5%	(₱3,709,965)	(₱2,411,477)
(1.5%)	3,709,965	2,411,477

The Group does not expect the impact of the volatility on other currencies to be material.

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.

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.

The table below summarizes the maturity profile of the Group's financial liabilities as of September 30, 2008 and 2007, based on undiscounted contractual payments.

2008

	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 years	Total
Accounts payable and accrued expenses (Notes 13 and 30)	**₱2,175,534,001**	**₱1,992,250,626**	**₱75,384,270**	**₱624,645,997**	**₱214,295,959**	**₱5,082,110,853**
Payable to affiliated companies (included under Deposits and other liabilities account in the consolidated balance sheets) (Notes 14, 18 and 30)	**1,189,250,880**	**–**	**–**	**–**	**–**	**1,189,250,880**
Deposits from real estate buyers and lessees (including current portion) (Notes 14 and 30)	**848,355,394**	**27,074,097**	**104,847,830**	**1,708,630,090**	**–**	**2,688,907,411**
Loans payable (including current portion of loans payable and future interest payment) (Note 15)	**–**	**882,625,000**	**325,625,000**	**5,573,750,000**	**–**	**6,782,000,000**
Derivative liability	**31,706,034**	**–**	**–**	**–**	**–**	**31,706,034**
	₱4,244,846,309	**₱2,901,949,723**	**₱505,857,100**	**₱7,907,026,087**	**₱214,295,959**	**₱15,773,975,178**

2007

	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 years	Total
Accounts payable and accrued expenses (Notes 13 and 30)	₱2,271,626,842	₱1,087,601,580	₱83,894,039	₱524,146,200	₱114,602,357	₱4,081,871,018
Payable to affiliated companies (included under Deposits and other liabilities account in the consolidated balance sheets) (Notes 14, 18 and 30)	1,163,061,617	–	–	–	–	1,163,061,617
Deposits from real estate buyers and lessees (including current portion) (Notes 14 and 30)	1,243,043,647	31,772,257	135,013,532	1,850,832,807	–	3,260,662,243
Loans payable (including current portion of loans payable and future interest payment) (Note 15)	–	95,625,000	1,315,625,000	4,105,000,000	–	5,516,250,000
	₱4,677,732,106	₱1,214,998,837	₱1,534,532,571	₱6,479,979,007	₱114,602,357	₱14,021,844,878

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.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As of September 30, 2008 and 2007, 61% and 66% of the Group's loans payable are at a fixed rate of interest.

The following presents the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

2008

	Within 1 year	**1-2 years**	**2-3 years**	**Total**
Fixed rate				
Short term investments (Note 7)	**₱356,203,816**	**₱–**	**₱–**	**₱356,203,816**
Loans payable (Note 15)		**–**	**5,000,000,000**	**5,000,000,000**
Floating rate				
Loans payable (Note 15)	**225,000,000**	**115,000,000**	**–**	**340,000,000**

2007

	Within 1 year	1-2 years	2-3 years	Total
Fixed rate				
Short term investments (Note 7)	₱1,428,469,968	₱–	₱–	₱1,428,469,968
Loans payable (Note 15)	1,000,000,000	–	3,000,000,000	4,000,000,000
Floating rate				
Loans payable (Note 15)	220,000,000	225,000,000	115,000,000	560,000,000

Financial instruments with floating interest rate are repriced quarterly at intervals of less than one year. Other financial instruments held by the Group that are not included are non-interest bearing.

The following table sets forth the impact of the range of reasonably possible changes in the interest rates on the Group's income before income tax and equity in 2008 and 2007:

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax
2008	
1.5%	**(₱27,322,587)**
(1.5%)	**27,322,587**
2007	
1.5%	(₱29,339,831)
(1.5%)	29,339,831

Other than the potential impact on income before income tax, there is no other effect on equity.

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 Parent Company 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 with the result that the Group's exposure to impairment loss is not significant.

With respect to credit risk arising from 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.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2008 and 2007, without considering the effects of collaterals and other credit risk mitigation techniques.

	2008	2007
Cash and cash equivalents (Notes 7 and 18)	**₱519,080,453**	₱1,555,623,418
Receivables - net		
Trade receivables (Notes 8 and 18)		
Installment contract receivable	**3,522,591,155**	2,201,262,428
Rental receivables	**222,628,296**	287,955,067
Accrued rent receivable	**235,681,052**	194,380,916
Hotel operations	**68,663,338**	68,951,642
Affiliated companies (Notes 8 and 18)	**94,757,880**	62,945,371
Other receivables (Notes 8 and 18)	**208,670,276**	117,148,572
Other assets (Note 28)		
Utility deposits	**159,797,619**	268,770,020
Advances to lot owners	**230,782,624**	211,416,544
Receivable from Meralco	**43,272,925**	65,467,460
	₱5,305,925,618	₱5,033,921,438

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Given the Group's diverse base of counterparty, it is not exposed to large concentration of credit risks.

c. Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets as of September 30, 2008 and 2007.

2008

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	**Standard Grade**	**Substandard Grade**	**Individually Impaired**	**Total**
Cash and cash equivalents (Notes 7 and 30)	**₱519,080,453**	**₱–**	**₱–**	**₱–**	**₱519,080,453**
Receivables:					
Trade receivables (Notes 8 and 30)					
Installment contract receivables	**3,121,754,751**	**419,836,404**	**–**	**–**	**3,541,591,155**
Rental receivables	**96,431,968**	**107,196,328**	**–**	**48,459,175**	**252,087,471**
Accrued rent receivables	**235,681,052**	**–**	**–**	**–**	**235,681,052**
Hotel operations	**36,027,130**	**32,636,208**	**–**	**–**	**68,663,338**
Affiliated companies (Notes 8,18 and 30)	**94,757,880**	**–**	**–**	**–**	**94,757,880**
Other receivables (Notes 8 and 30)	**208,670,276**	**–**	**–**	**–**	**208,670,276**
Other assets (Note 12 and 30)					
Utility deposits	**159,797,619**	**–**	**–**	**–**	**159,797,619**
Advances to lot owners	**230,782,624**	**–**	**–**	**–**	**230,782,624**
Receivable from Meralco	**43,272,925**	**–**	**–**	**–**	**43,272,925**
	₱4,746,256,678	**₱559,668,940**	**₱–**	**₱48,459,175**	**₱5,354,384,793**

2007

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Cash and cash equivalents (Notes 7 and 30)	₱1,555,623,418	₱–	₱–	₱–	1,555,623,418
Receivables:					
Trade receivables (Notes 8 and 30)					
Installment contract receivables	1,929,519,323	290,743,105	–	–	2,220,262,428
Rental receivables	190,985,628	77,969,439	–	29,477,071	298,432,138
Accrued rent receivables	194,380,916	–	–	–	194,380,916
Hotel operations	34,936,035	34,015,607	–	–	68,951,642
Affiliated companies (Notes 8,18 and 30)	62,945,371	–	–	–	62,945,371
Other receivables (Notes 8 and 30)	117,148,572	–	–	–	117,148,572
Other assets (Note 12 and 30)					
Utility deposits	268,770,020	–	–	–	268,770,020
Advances to lot owners	211,416,544	–	–	–	211,416,544
Receivable from Meralco	65,467,460	–	–	–	65,467,460
	₱4,631,193,287	₱402,728,151	₱–	₱29,477,071	₱5,063,398,509

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks in the Philippines in terms of resources and profitability.

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Impairment assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent evidence or not yet objective of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

Derivative Financial Instrument

The Group's freestanding derivative financial instrument, with notional amount of ₱2,000 million, is accounted for as financial instrument at FVPL.

The Group's freestanding derivative follows:

Interest rate swaps

On May 28, 2008, the Group entered in an interest rate swap agreement with a bank, with a total notional amount of ₱2,000 million. The interest rate swap has a term of five (5) years and interest exchange is every 5th day of March, June, September and December. Under the agreement, the Group agreed with the counterparty to exchange at quarterly interval, the Group's floating rate which is based on 3M PSDT-F but not to exceed 15.70% and the counterparty's fixed interest rates. The effect of the swap agreement is to effectively fix the Group's interest rate exposure to 8.75%.

As of September 30, 2008, the estimated fair value for this interest rate swap agreement amounted to ₱32 million loss, as confirmed by bank counterparty.

30. 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 financial statements.

	2008		2007	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents (Note 7)	**₱519,080,453**	**₱519,080,453**	₱1,555,623,418	₱1,555,623,418
Receivables (Note 8)				
Trade				
Installment contract receivable	**3,522,591,155**	**3,056,086,567**	2,201,262,428	1,945,870,125
Rental receivables	**222,628,296**	**222,628,296**	287,955,067	287,955,067
Accrued rent receivable	**235,681,052**	**235,681,052**	194,380,916	194,380,916
Hotel operations	**68,663,338**	**68,663,338**	68,951,642	68,951,642
Affiliated companies	**94,757,880**	**94,757,880**	62,945,371	62,945,371
Others	**208,670,276**	**208,670,276**	117,148,572	117,148,572
Other assets (Note 12)				
Utility deposits	**159,797,619**	**159,797,619**	268,770,020	268,770,020
Advances to lot owners	**230,782,624**	**230,782,624**	211,416,544	211,416,544
Receivable from Meralco	**43,272,925**	**55,587,746**	65,467,460	72,148,433
	₱5,305,925,618	**₱4,851,735,851**	₱5,033,921,438	₱4,785,210,108
Financial liabilities				
Accounts payable and accrued expenses (Note 13)				
Accrued bonus, taxes and licenses and others	**₱2,194,353,395**	**₱2,194,353,395**	₱2,037,295,839	₱2,037,295,839
Accounts payable - trade	**2,099,810,450**	**2,099,810,450**	1,349,388,365	1,349,388,365
Accrued rent expense	**766,169,414**	**766,169,414**	659,475,015	659,475,015
Dividends payable	**6,000,198**	**6,000,198**	4,671,049	4,671,049
Customers' deposit (Note 14)				
Deposits from real estate buyers	**1,417,602,647**	**1,209,365,578**	2,092,033,140	2,066,820,106
Deposits from lessees	**1,271,304,764**	**1,089,971,611**	1,168,629,103	1,000,667,516
Loans payable (Note 15)	**6,017,000,000**	**5,340,000,000**	4,560,000,000	4,298,401,870
Payables to affiliated companies (Notes 14 and 18)	**1,189,250,880**	**1,189,250,880**	1,163,061,617	1,163,061,617
	₱14,961,491,748	**₱13,894,921,526**	₱13,034,554,128	₱12,579,781,377

The fair values of cash and cash equivalents, trade receivables (arising from lease of investment properties), other receivables, certain 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 trade receivable (arising from sale of real estate properties) and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables. The discount rates used range from 8.2% to 10.3% in 2008 and 9.73% to 10.24% in 2007.

31. **Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)**

Certain operations of the Group are registered with the BOI as preferred pioneer and nonpioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Cebu Midtown Hotel
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Modernization Project of Tourist Accommodation Facility (Cebu Midtown Hotel)" on a nonpioneer status at a capacity of ninety six (96) rooms (modernization only), under Certificate of Registration No. 2004-132 dated November 26, 2004. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from the start of commercial operations.

Crowne Plaza Galleria Manila
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Facility (Deluxe Class Hotel - Crowne Plaza Galleria Manila)" on a Pioneer status at a capacity of two hundred sixty five (265) rooms, under Certificate of Registration No. 2006-036 dated March 9, 2006. Under the terms of its registration, the Group is entitled to income tax holiday for a period of six (6) years from the start of commercial operations.

Gateway Garden Ridge - EDSA
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of two hundred ninety two (292) units, under Certificate of Registration No. 2007-195 dated October 31, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Gateway Garden Heights
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of three hundred seventy three (373) units, under Certificate of Registration No. 2007-237 dated December 5, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Woodsville Viverde Mansions
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of three hundred sixty three (363) units, under Certificate of Registration No. 2007-204 dated November 9, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

East of Galleria
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of four hundred fifty nine (459) units, under Certificate of Registration No. 2007-195 dated December 5, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Robinsons Cyberpark
The Group is also registered with PEZA (beginning October 1, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 68,596 square meters of land located at EDSA corner Pioneer Street, Mandaluyong City as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

32. Commitments and Contingencies

Operating Lease Commitments - Group as Lessee
The Group entered into long-term operating leases of land with lease terms ranging from 25 to 50 years. These leases include clauses to enable escalation of rental charges on the agreed dates. Total rent expense amounted to ₱153 million and ₱143 million in 2008 and 2007, respectively. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2008	2007
Within one year	**₱43,074,198**	₱34,694,797
After one year but not more than five years	**193,571,713**	161,315,477
After more than five years	**6,363,531,642**	6,155,001,711
	₱6,600,177,553	₱6,351,011,985

Operating Lease Commitments - Group as Lessor
The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱4,375 million, ₱3,968 million and ₱3,345 million in 2008, 2007 and 2006, respectively. Total percentage rent recognized as income for 2008, 2007, 2006 amounted to ₱1,241 million, ₱1,193 million and ₱1,151 million, respectively.

Future minimum rentals receivable under noncancellable operating leases as of September 30 are as follows:

	2008	2007
Within one year	**₱984,022,565**	₱1,747,847,370
After one year but not more than five years	**1,931,090,773**	2,038,092,305
After more than five years	**40,517,868**	324,681,209
	₱2,955,631,206	₱4,110,620,884

Capital Commitments
The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱6,100 million and ₱4,600 million as of September 30, 2008 and 2007. Moreover, the Group has contractual obligations amounting to ₱2,300 million and ₱3,100 million as of September 30, 2008 and 2007, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies
The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the assessments. No provisions were made during the year.

33. Plan for Merger

On February 26, 2008, the Parent Company entered into plan of merger with wholly owned subsidiaries, RHI, THDC and MMHLC. The merger will result in enhanced operating efficiencies and economies, increased financial strength through pooling of resources and more favorable financing and credit facilities. No Parent Company shares shall be issued in exchange for the net assets of RHI, THDC and MMHLC.

The Plan of Merger is submitted to the Philippine SEC for approval.

34. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 13, 2009.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
September 30, 2007 and 2006
And Years Ended September 30, 2007, 2006 and 2005

and

Independent Auditors' Report

SGV & CO
A MEMBER PRACTICE OF ERNST & YOUNG GLOBAL
Quality In Everything We Do

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SEC Accreditation No. 0012-FR-1

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Robinsons Land Corporation

We have audited the accompanying consolidated financial statements of Robinsons Land Corporation and Subsidiaries, which comprise the consolidated balance sheets as at September 30, 2007 and 2006, and the consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended September 30, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Land Corporation and Subsidiaries as of September 30, 2007 and 2006, and its financial performance and its cash flows for each of the three years in the period ended September 30, 2007 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Medel T. Nera

Medel T. Nera
Partner
CPA Certificate No. 31835
SEC Accreditation No. 0089-AR-1
Tax Identification No. 113-423-143
PTR No. 0017606, January 3, 2008, Makati City

January 11, 2008

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30	
	2007	2006
ASSETS		
Cash and Cash Equivalents (Notes 7, 18 and 30)	**₱1,555,623,418**	₱564,971,585
Receivables - net (Notes 5, 8, 18 and 30)	**2,932,643,996**	1,867,899,067
Subdivision Land, Condominium and Residential Units for Sale - at cost (Notes 9 and 31)	**1,966,786,592**	1,788,468,078
Investment Properties and Other Investments - net (Notes 5, 10, 22 and 31)	**23,895,179,679**	18,536,383,907
Property and Equipment - net (Notes 5, 11, 22 and 31)	**5,189,570,520**	4,620,764,886
Other Assets (Note 12)	**1,245,974,070**	1,233,278,672
	₱36,785,778,275	₱28,611,766,195
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses (Notes 13, 27 and 30)	**₱4,081,871,018**	₱4,114,182,445
Income tax payable	**180,817,533**	169,295,864
Deposits and other liabilities (Notes 14, 18 and 30)	**4,868,976,063**	6,759,562,020
Long-term debt (Notes 10, 11, 15 and 30)	**4,560,000,000**	1,670,000,000
Deferred tax liabilities - net (Notes 5 and 25)	**1,804,017,921**	1,272,967,937
	15,495,682,535	13,986,008,266
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 17)	**2,746,918,457**	2,296,918,457
Additional paid-in capital	**8,181,576,147**	3,397,915,263
Retained earnings (Note 16)		
Appropriated	**3,500,000,000**	3,500,000,000
Unappropriated	**6,746,220,504**	5,321,241,952
	21,174,715,108	14,516,075,672
Minority Interest in a Consolidated Subsidiary	**115,380,632**	109,682,257
	21,290,095,740	14,625,757,929
	₱36,785,778,275	₱28,611,766,195

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2007	2006	2005
GROSS REVENUE			
Real estate (Notes 18 and 19)	**₱7,181,902,452**	₱5,739,572,643	₱4,619,380,865
Hotel operations (Note 19)	**1,106,213,500**	903,538,725	499,877,855
Interest income (Note 24)	**710,366,315**	331,670,643	319,569,788
	8,998,482,267	6,974,782,011	5,438,828,508
COSTS AND EXPENSES			
Real estate (Notes 10, 11, 20 and 22)	**3,290,345,071**	2,448,269,370	2,198,614,895
Hotel operations (Notes 10, 11, 20, 22 and 23)	**922,025,081**	821,079,872	526,965,893
General and administrative (Notes 18, 21, 23, 27 and 28)	**1,251,391,875**	1,086,303,533	1,034,926,565
Interest expense (Note 24)	**119,030,864**	195,210,319	75,839,838
	5,582,792,891	4,550,863,094	3,836,347,191
INCOME BEFORE INCOME TAX	**3,415,689,376**	2,423,918,917	1,602,481,317
PROVISION FOR INCOME TAX (Note 25)			
Current	**464,057,510**	413,179,468	290,999,938
Deferred	**504,595,109**	285,743,298	79,586,068
	968,652,619	698,922,766	370,586,006
NET INCOME	**₱2,447,036,757**	₱1,724,996,151	₱1,231,895,311
Attributable to:			
Equity holders of Parent Company	**₱2,441,338,382**	₱1,718,966,320	₱1,231,237,652
Minority interest in a Consolidated Subsidiary	**5,698,375**	6,029,831	657,659
	₱2,447,036,757	₱1,724,996,151	₱1,231,895,311
Earnings Per Share (Note 26)			
Basic	**₱0.89**	₱0.75	₱0.54
Diluted	**₱0.89**	₱0.75	₱0.54

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company					
	Common Stock	Additional Paid-in Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Attributable to Minority Interest Equity	Total Equity
As of September 30, 2006	₱2,296,918,457	₱3,397,915,263	₱5,321,241,952	₱3,500,000,000	₱109,682,257	₱14,625,757,929
Capital stock subscription during the year (Notes 17 and 26)	450,000,000	4,783,660,884	–	–	–	5,233,660,884
Net income for the year	–	–	2,441,338,382	–	5,698,375	2,447,036,757
Cash dividends (Note 16)	–	–	(1,016,359,830)	–	–	(1,016,359,830)
Balances at September 30, 2007	**₱2,746,918,457**	**₱8,181,576,147**	**₱6,746,220,504**	**₱3,500,000,000**	**₱115,380,632**	**₱21,290,095,740**
As of September 30, 2005, as previously reported	₱2,296,918,457	₱3,397,915,263	₱4,299,471,551	₱3,500,000,000	₱103,652,426	₱13,597,957,697
Cumulative effect of change in accounting policy for employee benefits	–	–	37,817,987	–	–	37,817,987
As of October 1, 2005, as restated	2,296,918,457	3,397,915,263	4,337,289,538	3,500,000,000	103,652,426	13,635,775,684
Net income for the year	–	–	1,718,966,320	–	6,029,831	1,724,996,151
Cash dividends (Note 16)	–	–	(735,013,906)	–	–	(735,013,906)
Balances at September 30, 2006	₱2,296,918,457	₱3,397,915,263	₱5,321,241,952	₱3,500,000,000	₱109,682,257	₱14,625,757,929
As of September 30, 2004, as previously reported	₱2,296,918,457	₱3,397,915,263	₱3,474,467,405	₱3,500,000,000	₱102,994,767	₱12,772,295,892
Cumulative effect of change in accounting policy for employee benefits	–	–	39,750,322	–	–	39,750,322
As of October 1, 2004, as restated	2,296,918,457	3,397,915,263	3,514,217,727	3,500,000,000	102,994,767	12,812,046,214
Cumulative effect of change in accounting policy for financial instruments	–	–	51,217,851	–	–	51,217,851
As of October 1, 2004	2,296,918,457	3,397,915,263	3,565,435,578	3,500,000,000	102,994,767	12,863,264,065
Net income for the year	–	–	1,231,237,652	–	657,659	1,231,895,311
Cash dividends (Note 16)	–	–	(459,383,692)	–	–	(459,383,692)
Balances at September 30, 2005	₱2,296,918,457	₱3,397,915,263	₱4,337,289,538	₱3,500,000,000	₱103,652,426	₱13,635,775,684

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,415,689,376**	₱2,423,918,917	₱1,602,481,317
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 20 and 22)	**1,402,911,884**	1,265,809,016	1,251,850,580
Provision for doubtful accounts (write-offs) (Note 8)	**16,299,444**	4,869,390	905,649
Cost of sales/retirement of investment properties and other investments and property and equipment (Notes 10 and 11)	**55,685,524**	43,487,586	25,544,512
Pension expense (Note 27)	**16,537,631**	14,291,233	10,679,930
Interest expense (Note 24)	**119,030,864**	195,210,319	75,839,838
Interest income (Note 24)	**(710,366,315)**	(331,670,643)	(319,569,788)
Operating income before changes in operating assets and liabilities:	**4,315,788,408**	3,615,915,818	2,647,732,038
Decrease (increase) in:			
Receivables (Note 8)	**(856,389,200)**	(471,996,752)	(35,083,884)
Subdivision land, condominium and residential units for sale (Note 9)	**1,200,659,576**	545,650,611	891,339,263
Receivable from Meralco (Notes 12 and 28)	**24,018,987**	(89,486,447)	–
Prepaid expenses and input tax (Note 12)	**(214,783,848)**	(269,199,818)	(35,337,043)
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 13)	**230,517,969**	1,552,693,011	987,884,956
Pension liability paid (Notes 13 and 27)	**(32,945,544)**	(938,575)	(4,910,750)
Customers' deposits (Note 14)	**142,710,149**	753,607,444	342,386,337
Net cash generated from operations	**4,809,576,497**	5,636,245,292	4,794,010,917
Income taxes paid	**(452,535,841)**	(327,102,457)	(242,522,003)
Net cash provided by operating activities	**4,357,040,656**	5,309,142,835	4,551,488,914
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**479,007,332**	101,881,660	390,694,889
Decrease (increase) in:			
Advances to lot owners (Note 12)	**177,886,141**	(250,144,403)	(55,011,871)
Advances to suppliers and contractors (Note 12)	**166,580,641**	52,428,709	12,491,326
Other assets (Note 12)	**(166,397,319)**	(69,284,601)	78,483,459
Receivables from affiliated companies (Note 8)	**6,703,810**	(6,023,979)	12,442,113
Additions to:			
Investment properties and other investments (Note 10)	**(4,638,551,015)**	(2,721,182,557)	(1,247,901,978)
Property and equipment (Note 11)	**(4,245,656,752)**	(3,596,507,425)	(2,977,088,400)
Net cash used in investing activities	**(8,220,427,162)**	(6,488,832,596)	(3,785,890,462)

(Forward)

	Years Ended September 30		
	2007	2006	2005
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(₱220,402,589)**	(₱382,221,450)	(₱336,386,758)
Payments of notes payable	**–**	–	(420,000,000)
Availments (payments) of long-term debt (Note 15)	**2,890,000,000**	(330,000,000)	1,000,000,000
Increase (decrease) in payable to affiliated companies and other liabilities (Note 14)	**(2,033,296,106)**	2,421,365,892	(25,824,645)
Payments of cash dividends (Note 16)	**(1,015,923,850)**	(732,830,804)	(458,983,692)
Capital stock subscriptions during the year (Note 17)	**450,000,000**	–	–
Additional paid-in capital arising from capital stock subscriptions (Note 17)	**4,783,660,884**	–	–
Net cash provided by (used in) financing activities	**4,854,038,339**	976,313,638	(241,195,095)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**990,651,833**	(203,376,123)	524,403,357
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**564,971,585**	768,347,708	243,944,351
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱1,555,623,418**	₱564,971,585	₱768,347,708

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized under the laws of the Philippines and has seven wholly-owned consolidated subsidiaries, namely: Robinsons Homes, Inc. (RHI), Trion Homes Development Corporation (THDC), Manila Midtown Hotels and Land Corporation (MMHLC), Robinsons Inn, Inc. (RII), Robinsons Realty and Management Corporation (RRMC), Robinsons (Cayman) Limited (RCL), and Robinsons Properties Marketing and Management Corporation (RPMMC) and a 51%-owned company, Altus Angeles, Inc. (AAI) (collectively known as the "Group").

The Group is engaged in the business of selling, acquiring, constructing, developing, 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 60.01% owned by JG Summit Holdings, Inc. (JGSHI), the Group's 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, textile, telecommunications, petrochemicals, air transportation and financial services.

The Parent Company's principal executive office is located at 43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City.

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention method and are presented in Philippine Pesos.

<u>Statement of Compliance</u>
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of Robinsons Land Corporation and its subsidiaries as at September 30 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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 not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet and consolidated statement of changes in equity.

3. Changes in Accounting Policies

The accounting polities adopted are consistent with those of the previous financial year except as follows:

- Amendments to Philippine Accounting Standards (PAS) 19, *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures (effective for annual periods beginning on or after January 1, 2006).* The amendments introduce an additional option for recognition of actuarial gains and losses in post-employment defined benefit plans. These permit an entity to recognize actuarial gains and losses in the period in which they occur outside of the consolidated statement of income. The amendments also require additional disclosures on the financial statements to provide information about trends in the assets and liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. This change has no recognition nor measurement impact, as the Group chose not to apply the new option offered to recognize actuarial gains and losses outside of the consolidated statement of income. Additional disclosures required by the amendments were included in the consolidated financial statements, where applicable.

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates (effective for annual periods beginning on or after January 1, 2006).* The amendments to PAS 21 states that all exchange differences arising from a nonmonetary item that form part of an entity's net investment in foreign operations must be recognized in a separate component of equity in the consolidated financial statements, regardless of the currency in which the monetary item is denominated. This amendment did not have any effect on the consolidated financial statements.

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after January 1, 2006)*:

  (a) *Amendment for financial guarantee contracts.* This amended the scope of PAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognized initially at fair value and to be remeasured at the higher of the amount determined in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with PAS 18, *Revenue*. This amendment did not have any effect on the consolidated financial statements.

(b) *Amendment for cash flow hedge accounting of forecast intragroup transactions*. This amended the scope of PAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction, and that the foreign currency risk will affect the consolidated statement of income. As the Group currently has no such transactions, this amendment did not have any effect on the consolidated financial statements.

(c) *Amendment for the fair value option*. This amended the scope of PAS 39 to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss. This amendment did not have any significant effect on the consolidated financial statements.

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 4, *Determining Whether an Arrangement Contains a Lease (effective for annual periods beginning on or after January 1, 2006).* This Philippine Interpretation provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. The adoption of this Philippine Interpretation did not have any effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives (effective for annual periods beginning on or after June 1, 2006)*. It establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The adoption of this Philippine Interpretation did not have any effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 10, *Interim financial Reporting and Impairment (effective for annual periods beginning on or after November 1, 2006).* This Philippine Interpretation addresses an inconsistency between PAS 34, *Interim Financial Reporting* and the impairment requirements relating to goodwill in PAS 36, *Impairment of Assets* and equity instruments classified as available for sale in PAS 39, *Financial Instruments: Recognition and Measurement.* The Philippine Interpretation states that the specific requirements of PAS 36 and PAS 39 take precedence over the general requirements of PAS 34 and, therefore, any impairment loss recognized for these assets in an interim period may not be reversed in subsequent interim periods. This Philippine Interpretation will not have any effect on the consolidated financial statements.

- Philippine Interpretation Q&A 2006-1-*PAS 18, Appendix, paragraph 9-Revenue Recognition for Sales of Property Units under Pre-completion Contracts*, states that the law in different countries may determine the point in time at which the entity transfers the significant risks and rewards of ownership and that the examples in the Appendix need to be read in the context of the laws relating to the sale of goods in the country in which the transaction takes place. In the Philippines, equitable interest may vest in the buyer before a condominium building is complete and before legal title passes since the concept of equitable interest is recognized in Presidential Decree 957, known as the *Condominium and Subdivision Buyers' Protective Decree*. Although the sale of property units under pre-completion contracts is not within the scope of PAS 11, *Construction Contracts*, the method of determining the stage of completion and revenue recognition as provided in that Standard may be referred to for guidance in determining revenue as the acts are performed.

The adoption of this Interpretation was accounted for retrospectively and resulted to a decrease in total assets and liabilities amounting to ₱4,147,630,050 as of September 30, 2006, as receivables are now recognized only to the extent of the recognized revenue which is equivalent to the stage of completion of the project. Any excess of collections over the recognized receivables are included in the "Deposit and other liabilities" account in the liabilities section of the consolidated balance sheet. Previously, receivables are recognized in full and the corresponding unfulfilled obligation is credited to liabilities.

Future Changes in Accounting Policies

The Group has not early adopted the following PFRS and Philippine Interpretations which became effective January 1, 2007 but for adoption beginning October 1, 2007:

- PFRS 7, *Financial Instruments - Disclosures (effective for annual periods beginning on or after January 1, 2007).* PFRS 7 includes all of the disclosure requirements relating to financial instruments and will replace the disclosure section of PAS 32, *Financial Instruments: Disclosure and Presentation* and all of PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*. PAS 32 will then contain only presentation requirements for financial instruments. The most significant additional disclosure requirements of PFRS 7 (compared to PAS 32 and PAS 30) are as follows: (a) qualitative risk disclosures are to include information on the processes that an entity uses to manage and measure its risks, (b) quantitative data about the exposure to each type of risk (including credit risk, liquidity risk and market risk) arising from financial instruments, (c) information about the credit quality of financial assets that are neither past due nor impaired, (d) an analysis of financial assets that are past due or impaired, including a description of collateral held as security and its fair value, (e) a market risk sensitivity analysis which includes the effect of a reasonably possible change in the risk variables, along with the methods and assumptions used in preparing the analysis. The Group will assess whether the processes and systems in place are capable of collecting these information and making any necessary changes. The Group will reassess to determine whether documented policies are comprehensive and complete. The amendment requires presentation of comparative information in the consolidated financial statements.

- Amendments to PAS 1, *Presentation of Financial Statements - Capital Disclosure (effective for annual periods beginning on or after January 1, 2007).* This amendment requires entities to disclose information that enables readers to evaluate the entity's objectives, policies and processes for managing capital. The disclosures are based on information provided internally to key management personnel, and will include: (a) the objectives, procedures and policies used to manage capital; (b) a description of what the entity manages as capital, the nature of any externally imposed capital requirements (if any) and how it meets objectives for managing capital; (c) quantitative information about what the entity manages as capital and any changes from the prior period; and (d) whether the entity complied with externally imposed capital requirements and the consequences of any non-compliance, (if applicable). The Group will consider what information is currently used internally and how this is to be incorporated into the disclosures.

The following PFRS and Philippine Interpretations will become effective in 2008 and 2009:

- PFRS 8, *Operating Segments, (effective for annual periods beginning on or after January 1, 2009)*, was issued as part of the convergence project with the US Financial Accounting Standards Board. This new standard replaces PAS 14, *Segment Reporting,* and adopts a management approach to segment reporting as required in the US Standard SFAS 131, *Disclosures about Segments of an Enterprise and Related Information*. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and income statement and entities will need to provide explanations and reconciliations of the differences. As the information required to be disclosed will likely be readily available as it is already used internally, the Group will reassess to determine whether additional processes should be put into place to reconcile information to the consolidated balance sheet and consolidated statement of income.

- Amendment to PAS 1, *Amendment on Statement of Comprehensive Income (effective for annual periods beginning on or after January 1, 2009).* In accordance with the amendment to PAS 1, the statement of changes in equity shall include only transactions with owners, while all non-owner changes will be presented in equity as a single line with details included in a separate statement. Owners are defined as holders of instruments classified as equity.

  The amendment to PAS 1 also provides for the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the statement of income together with 'other comprehensive income'. The revisions specify what is included in other comprehensive income, such as gains and losses on available-for-sale assets, actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one (1) statement, or to present two (2) linked statements, a separate statement of income and a statement of comprehensive income. The Group will assess and evaluate the options available under the amendment to PAS 1, and will comply with such changes once effective.

- Amendment to PAS 23, *Borrowing Costs (effective for annual periods beginning on or after January 1, 2009)*. Amendment to PAS 23 requires the capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No change will be made on the accounting policy for borrowing costs.

- Philippine Interpretation IFRIC 11, *PRFS 2 - Group and Treasury Share Transactions (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation requires arrangements whereby an employee is granted rights to a Company's equity instruments to be accounted for as an equity-settled scheme by the Company even if: (a) the Company chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or (b) the shareholders of the Company provide the equity instruments needed. This Philippine Interpretation will not have any effect on the consolidated financial statements.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and/or an intangible asset. This Philippine Interpretation covers contractual arrangements arising from private entities providing public services and is not relevant to the Group since it is not engaged in any service concession arrangements within the scope of Philippine Interpretation IFRIC 12.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008).* This Philippine Interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this Philippine Interpretation will have no impact on the consolidated financial statements, as no such scheme currently exists.

- Philippine Interpretation IFRIC 14, *PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. This Philippine Interpretation will not have any effect on the consolidated financial statements.

4. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales are accounted for under the percentage-of-completion method when: (a) equitable interest and/or legal title to the subject properties is transferred to the buyer; (b) the seller is obliged to perform significant acts after the subject properties are sold; (c) the amount of revenue can be measured realiably; (d) the costs incurred or to be incurred can be measured realiably; and (e) it is probable that the economic benefits will flow to the entity. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If any of the criteria under the percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' deposits" account which is shown as part of the "Deposits and Other Liabilities" account in the liabilities section of the consolidated balance sheet.

Rental Income
The Parent Company leases its commercial real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Revenues from Hotel Operations
Revenues from hotel operations are recognized when services are rendered. Revenues from banquets and other special events are recognized when the events take place. Rental income on leased areas of the hotel is recognized on a straight-line basis over the lease term.

Interest Income
Interest income is recognized as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend Income
Dividend income is recognized when the Group's right to receive the payment is established.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of change in value.

Financial Assets and Liabilities
Financial instruments are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets
Financial assets within the scope of PAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The financial assets of the Group consist of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
Financial assets are recognized initially at fair value of the consideration given. The fair values of the consideration given are determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit or loss, includes transaction costs.

The subsequent measurement bases for financial assets depend on its classification. Financial assets that are classified as loans and receivables are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount, premium and transaction costs on acquisition, over the period to maturity. Amortization of discounts, premiums and transaction costs are taken directly to the consolidated statement of income.

Determination of fair value
The fair value for financial instruments traded in active markets at the consolidated balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

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

Financial Liabilities
All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when liabilities are derecognized as well as through amortization process.

Loans and Receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL. This accounting policy relates to the consolidated balance sheet caption "Receivables".

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

The Group's loans and receivables include trade receivables, receivable from affiliated companies and other receivables.

Long-term Debt
All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, long-term debts are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

Customers' Deposits
Deposits from lessees
Customers' deposits are measured initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using effective interest method.

The difference between the cash received and its fair value is deferred (included in the "Deposits and Other Liabilities" in the consolidated balance sheet) and amortized using the straight-line method.

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenues in the statement of income as the related obligations are fulfilled to the real estate buyers.

Derecognition of Financial Assets and Liabilities
A financial asset (or where applicable, a part of a group of financial assets) is derecognized when:

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

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

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

Impairment of Financial Assets
The Group assesses at each balance sheet date whether a financial or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated balance sheet.

Free Standing and Embedded Derivatives
An embedded derivative is separated from the host financial or non-financial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized at FVPL.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for as financial assets at fair value through profit or loss. Changes in fair values are included in the consolidated statement of income.

As of September 30, 2007 and 2006, the Group has no free standing and embedded derivatives.

Subdivision Land, Condominium and Residential Units for Sale

Subdivision land, condominium and residential units for sale are carried at the lower of cost or net realizable value (NRV). Cost includes costs incurred for development and improvement of the properties and borrowing costs on loans directly attributable to the projects which were capitalized during construction. NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day to day servicing of an investment property. The land improvements, buildings and building improvements are depreciated using the straight-line method over their estimated useful lives as follow:

	Years
Land improvements	10
Buildings	20
Building improvements	10
Theater furniture and equipment	5

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investments in land improvements, buildings and building improvements and theater furniture and equipment.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the acquisition of property and equipment to the extent incurred during the period of construction/installation.

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

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of five (5) years.

The useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are transferred to the investment properties account or reclassified to a specific category of property and equipment when the construction or installation and related activities necessary to prepare the properties for their intended use are completed and the properties are available for service.

China, glassware, silver and linen on stock are valued at cost less accumulated depreciation.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years.

Income Tax

Current Tax

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

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized except: (1) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

Pension Expense

Pension expense is actuarially determined using the projected unit credit (PUC) valuation method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur. Pension expense includes current service cost, interest cost and a portion of the net cumulative unrecognized actuarial gains and losses.

The liability recognized by the Group in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The present value of the defined benefit obligation is determined by discounting the estimated future cash inflows using long term government bond risk-free interest rates that have terms to maturity approximating the terms of the related pension liability.

The Group applies the corridor method whereby actuarial gains and losses are recognized as income or expenses when the cumulative unrecognized actuarial gains or losses of the plan exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employee participating in the plan.

Commission

The Group recognizes commission expense when services are rendered by the broker. The commission expense is accrued upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Leases

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based the terms of the leased contract.

Borrowing Costs

Borrowing costs generally are expensed as incurred. Interest and other related financing charges on borrowed funds used to finance the acquisition or construction of a qualifying asset (included under subdivision land, condominium and residential units for sale, investment properties and property and equipment) are capitalized to the appropriate asset accounts. Capitalization of borrowing costs: (a) commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the asset for its intended use are in progress; (b) is suspended during extended periods in which active development is interrupted; and (c) ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. The capitalization is based on the weighted average borrowing cost.

The borrowing costs capitalized as part of investment properties and property and equipment are amortized using the straight-line method over the estimated useful lives of the assets. The borrowing cost capitalized as part of subdivision land, condominium and residential units for sale are expensed when the related assets are sold.

If after capitalization of the borrowing costs, the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income.

Interest expense on loans and borrowings is recognized using the effective interest method over the term of the loans and borrowings.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the consolidated balance sheet date.

Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares.

Segments

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services and serves different markets. Financial information on business segments is presented in Note 6.

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

Subsequent Events
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

5. Significant Accounting Judgments, Estimates and Assumptions

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

Revenue and Cost Recognition
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales are recognized based on the percentage-of-completion and the completion rate is measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

The related balances from real estate transactions follow:

	2007	2006	2005
Gross revenue	**₱7,181,902,452**	₱5,739,572,643	₱4,619,380,865
Cost and expenses	**3,290,345,071**	2,448,269,370	2,198,614,895

Operating Lease Commitments - Group as Lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases.

Distinction between Investment Properties and Owner-occupied Properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties are held to earn rentals or for capital appreciation and other properties are held for use in rendering of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in providing services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

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

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense on these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 31).

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

Allowance for doubtful accounts
The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the tenant, the tenant's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis.

The related balances follow:

	2007	2006
Receivables (Note 8)	**₱2,932,643,996**	₱1,867,899,067
Allowance for doubtful accounts	**29,477,071**	13,177,627
Provision for doubtful accounts	**19,000,000**	4,869,390

Financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the consolidated statement of income and consolidated statement of changes in equity (Note 30).

The related balances follow:

	Carrying Value		Fair Value	
	2007	2006	**2007**	2006
Financial assets	**₱5,012,398,006**	₱3,001,533,629	**₱4,763,686,676**	₱2,840,268,137
Financial liabilities	**13,034,554,128**	12,065,857,205	**12,579,781,377**	11,943,522,880

Useful lives of investment properties and property and equipment
The Group estimates the useful lives of its investment properties and property and equipment based on the period over which the assets are expected to be available for use. The Group reviews periodically the estimated useful lives of investment properties and property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of investment properties and property and equipment would increase the recorded depreciation and amortization expense and decrease the related asset accounts.

The related balances follow:

	2007	2006
Investment properties and other investments (Note 10)	**₱23,895,179,679**	₱18,536,383,907
Accumulated depreciation (Note 10)	**6,913,748,239**	5,708,222,967
Property and equipment (Note 11)	**5,189,570,520**	4,620,764,886
Accumulated depreciation (Note 11)	**1,683,411,053**	1,501,445,284
Depreciation and amortization (Note 22)	**1,402,911,884**	1,265,809,016

Impairment of nonfinancial assets
Assessing investment properties and other investments and property and equipment for impairment includes considering certain indications of impairment such as significant changes in asset usage, significant decline in market value and obsolescence or physical damage of an asset. If such indications are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determining the fair value of investment properties and other investments and property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future event could cause the Group to conclude that investment properties and other investments and property and equipment are impaired. Any resulting impairment loss could have a material impact on the consolidated financial statements.

The related balances follow:

	2007	2006
Investment properties and other investments (Note 10)	**₱23,895,179,679**	₱18,536,383,907
Accumulated depreciation (Note 10)	**6,913,748,239**	5,708,222,967
Property and equipment (Note 11)	**5,189,570,520**	4,620,764,886
Accumulated depreciation (Note 11)	**1,683,411,053**	1,501,445,284
Depreciation and amortization (Note 22)	**1,402,911,884**	1,265,809,016

Deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax assets as of September 30, 2007 and 2006 amounted to ₱325,437,783 and ₱285,530,814, respectively (Note 25).

Pension
The determination of obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions, which are described in Note 27, include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations (Note 27).

The related balances follow:

	2007	2006
Pension liability (Notes 13 and 27)	**₱31,040,750**	₱47,448,663
Pension benefit obligation (Note 27)	**47,448,663**	75,515,689
Unrecognized net actuarial losses (Note 27)	**(16,407,913)**	(28,067,026)

6. Segment Reporting

PAS 14, *Segment Reporting*, requires that a public business enterprise report financial and descriptive information about its reportable segments. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.

The Group evaluates performance based on net income, EBIT (earnings before interest and income tax) and EBITDA (earnings before interest, income tax, 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 revenues from the following reportable units:

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

High-rise Buildings Division - responsible for the development, sale and/or lease of office and residential condominium space, as well as high-end horizontal residential projects.

Housing and Land Development Division - responsible for the development and sale of middle-income and socialized housing and residential lots.

Hotels Division - owns and operates a chain of prime hotels in Pasig City, Quezon City and Cebu City and a service apartment which closed operations in August 2007.

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

2007

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotels Division	Total
Revenue	₱3,538,931,635	₱3,635,430,091	₱715,802,113	₱1,108,318,428	₱8,998,482,267
Operating expenses	1,059,711,286	1,897,120,309	456,548,330	766,501,082	4,179,881,007
Earnings before depreciation and amortization	2,479,220,349	1,738,309,782	259,253,783	341,817,346	4,818,601,260
Depreciation and amortization (Note 22)	1,037,667,008	203,695,165	6,025,712	155,523,999	1,402,911,884
Income before income tax	**₱1,441,553,341**	**₱1,534,614,617**	**₱253,228,071**	**₱186,293,347**	**₱3,415,689,376**
Segment assets	**₱20,085,067,259**	**₱12,935,533,737**	**₱1,346,574,628**	**₱2,418,602,651**	**₱36,785,778,275**
Segment liabilities	**₱6,150,841,506**	**₱7,821,194,942**	**₱1,057,578,737**	**₱466,067,350**	**₱15,495,682,535**
Other Segment Information:					
Capital expenditures					**₱8,884,207,767**

2006

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotels Division	Total
Revenue	₱3,284,080,887	₱2,268,512,858	₱514,902,178	₱907,286,088	₱6,974,782,011
Operating expenses	851,794,126	1,448,668,555	312,248,379	672,343,018	3,285,054,078
Earnings before depreciation and amortization	2,432,286,761	819,844,303	202,653,799	234,943,070	3,689,727,933
Depreciation and amortization (Note 22)	963,899,758	149,483,940	3,688,464	148,736,854	1,265,809,016
Income before income tax	₱1,468,387,003	₱670,360,363	₱198,965,335	₱86,206,216	₱2,423,918,917
Segment assets	₱18,575,474,645	₱6,464,615,265	₱1,327,026,783	₱2,244,649,502	₱28,611,766,195
Segment liabilities	₱9,161,028,148	₱3,453,897,138	₱1,119,593,709	₱251,489,271	₱13,986,008,266
Other Segment Information:					
Capital expenditures					₱6,317,689,982

2005

	Commercial Center Division	High-rise Buildings Division	Housing and Land Development Division	Hotels Division	Total
Revenue	₱3,136,168,553	₱1,281,897,205	₱518,624,083	₱502,138,667	₱5,438,828,508
Operating expenses	1,035,843,983	767,654,777	341,051,636	439,946,215	2,584,496,611
Earnings before depreciation and amortization	2,100,324,570	514,242,428	177,572,447	62,192,452	2,854,331,897
Depreciation and amortization (Note 22)	1,041,555,760	120,161,410	3,113,732	87,019,678	1,251,850,580
Income (loss) before income tax	₱1,058,768,810	₱394,081,018	₱174,458,715	(₱24,827,226)	₱1,602,481,317
Segment assets	₱16,453,677,114	₱3,646,036,713	₱961,561,875	₱2,157,707,283	₱23,218,982,985
Segment liabilities	₱6,134,383,360	₱2,403,639,238	₱839,265,857	₱205,918,846	₱9,583,207,301
Other Segment Information:					
Capital expenditures					₱4,224,990,378

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 operation is concentrated in the Philippines.

7. Cash and Cash Equivalents

This account consists of:

	2007	2006
Cash on hand and in banks	**₱127,153,450**	₱21,181,460
Short-term investments	**1,428,469,968**	543,790,125
	₱1,555,623,418	₱564,971,585

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

8. Receivables

This account consists of:

	2007	2006
Trade		
Real estate	**₱2,713,075,482**	₱1,535,455,594
Hotel operations	**68,951,642**	133,821,108
	2,782,027,124	1,669,276,702
Affiliated companies (Note 18)	**62,945,371**	69,649,181
Others	**117,148,572**	142,150,811
	2,962,121,067	1,881,076,694
Less allowance for doubtful accounts	**29,477,071**	13,177,627
	₱2,932,643,996	₱1,867,899,067

The installment contract receivables aggregating ₱2,220,262,428 and ₱910,316,073 as of September 30, 2007 and 2006, included under real estate receivables, are collectible in monthly installments over a period of one to ten years and bear annual interest rates ranging from 8.20% to 9.75% computed on the diminishing balance of the principal.

Rental receivables from affiliated companies which are included in trade receivables amounted to about ₱91 million and ₱56 million as of September 30, 2007 and 2006, respectively.

The accrued rent receivable represents the portion of the lease recognized as income on a straight line basis.

The following presents the breakdown of receivables by maturity dates as of September 30, 2007 and 2006:

	Due within One Year	Due over One Year	Total
2007	₱1,484,796,111	₱1,477,324,956	₱2,962,121,067
2006	939,628,652	941,448,042	1,881,076,694

The roll forward analysis of the allowance for doubtful accounts follows:

	2007	2006
Balance at beginning of year	**₱13,177,627**	₱8,308,237
Provision for doubtful accounts during the year	**19,000,000**	4,869,390
Write offs during the year	**(2,700,556)**	–
Balance at end of year	**₱29,477,071**	₱13,177,627

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2007	2006
Condominium units	**₱1,524,331,022**	₱1,390,254,671
Residential units and land development costs	**442,455,570**	398,213,407
	₱1,966,786,592	₱1,788,468,078

The subdivision land, condominium and residential units for sale are carried at cost. There is no amount of write down recognized as expense for the year ended September 30, 2007, 2006 and 2005.

The amount of subdivision land, condominium and residential units for sale recognized as expense in the statement of income amounted to ₱1,417,930,410, ₱944,333,636 and ₱530,565,816 for the years ended September 30, 2007, 2006 and 2005, respectively (Note 20).

Subdivision land, condominium and residential units for sale transferred from property and equipment aggregated to ₱1,532,344,580 and ₱1,548,188,349 as of September 30, 2007 and 2006. These represent completed subdivision land, condominium and residential units for sale that are located in Pioneer.

There are no subdivision land, condominium and residential units for sale as of September 30, 2007 and 2006 that are pledged as security to liabilities.

10. Investment Properties and Other Investments

This account consists of:

September 30, 2007

	Land	Land Improvements	Buildings And Improvements	Theater Furniture and Equipment	Others	Total
Cost:						
At September 30, 2006	₱6,927,627,870	₱46,986,296	₱17,013,718,563	₱254,274,144	₱2,000,000	₱24,244,606,873
Additions	3,813,758,665	8,749,479	816,042,871	–	–	4,638,551,015
Retirements/disposal	(55,685,524)	–	–	–	–	(55,685,524)
Reclassifications	21,002,687	483,491	1,959,969,376	–	–	1,981,455,554
At September 30, 2007	10,706,703,698	56,219,266	19,789,730,810	254,274,144	2,000,000	30,808,927,918
Accumulated depreciation:						
At September 30, 2006	–	30,972,490	5,527,124,381	150,126,096	–	5,708,222,967
Depreciation and amortization during the year (Note 22)	–	4,353,046	1,183,389,057	24,411,595	–	1,212,153,698
Reclassifications	–	(214,749)	(6,413,677)	–	–	(6,628,426)
At September 30, 2007	–	35,110,787	6,704,099,761	174,537,691	–	6,913,748,239
Net book value as of September 30, 2007	**₱10,706,703,698**	**₱21,108,479**	**₱13,085,631,049**	**₱79,736,453**	**₱2,000,000**	**₱23,895,179,679**

September 30, 2006

	Land	Land Improvements	Buildings And Improvements	Theater Furniture and Equipment	Others	Total
Cost:						
At September 30, 2005	₱5,004,374,616	₱46,329,654	₱16,427,135,596	₱254,159,654	₱2,000,000	₱21,733,999,520
Additions	2,302,365,420	336,292	418,366,355	114,490	–	2,721,182,557
Retirements/disposal	(42,994,137)	–	–	–	–	(42,994,137)
Reclassifications	(336,118,029)	320,350	168,216,613	–	–	(167,581,066)
At September 30, 2006	6,927,627,870	46,986,296	17,013,718,564	254,274,144	2,000,000	24,244,606,874
Accumulated depreciation:						
At September 30, 2005	–	26,588,205	4,475,946,915	124,673,101	–	4,627,208,221
Depreciation and amortization during the year (Note 22)	–	4,157,215	1,058,978,483	25,452,995	–	1,088,588,693
Reclassifications	–	227,070	(7,801,017)	–	–	(7,573,947)
At September 30, 2006	–	30,972,490	5,527,124,381	150,126,096	–	5,708,222,967
Net book value as of September 30, 2006	₱6,927,627,870	₱16,013,806	₱11,486,594,183	₱104,148,048	₱2,000,000	₱18,536,383,907

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

Other investments pertain to investment in North City Properties.

Depreciation and amortization expense charged to operations amounted to ₱1,212,153,698, ₱1,088,588,693 and ₱1,132,265,902 for the years ended September 30, 2007, 2006 and 2005, respectively (Note 22).

The fair value of investment properties, which has been determined based on valuations performed by Asian Appraisal Company, Inc. as of May 31, 2005, exceeds its carrying cost. Asian Appraisal Company, Inc. is an industry specialist in valuing these types of investment properties. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The fair value as of the date of appraisal amounted to ₱37.1 billion. Subsequently, there is no available fair value.

Property operations and maintenance costs arising from investment properties amounted to ₱368 million, ₱289 million and ₱195 million for the years ended September 30, 2007, 2006 and 2005.

Investment properties transferred from property and equipment aggregated to ₱1,959,969,376 and ₱168,216,613 as of September 30, 2007 and 2006. These represent completed mall expansions that are located in Dasmariñas, Novaliches and Lipa, Batangas.

There are no investment properties and other investments as of September 30, 2007 and 2006 that are pledged as security to liabilities.

11. **Property and Equipment**

The rollforward analysis of this account follows:

September 30, 2007

	Land	Land Improvements	Buildings And Improvements	Other Equipment	Construction In Progress	Total
Cost:						
At September 30, 2006	₱170,035,106	₱2,980,931	₱2,133,093,951	₱1,091,065,206	₱2,725,034,976	₱6,122,210,170
Additions	3,051,840	–	100,267,017	95,314,277	4,047,023,618	4,245,656,752
Reclassifications	–	(483,491)	(2,087,902)	–	(3,492,313,956)	(3,494,885,349)
At September 30, 2007	173,086,946	2,497,440	2,231,273,066	1,186,379,483	3,279,744,638	6,872,981,573
Accumulated depreciation:						
At September 30, 2006	–	2,980,931	694,863,559	803,600,794	–	1,501,445,284
Depreciation and amortization during the year (Note 22)	–	–	102,233,199	88,524,987	–	190,758,186
Reclassifications	–	(483,491)	3,757,667	(12,066,593)	–	(8,792,417)
At September 30, 2007	–	2,497,440	800,854,425	880,059,188	–	1,683,411,053
Net book value as of September 30, 2007	**₱173,086,946**	**₱–**	**₱1,430,418,641**	**₱306,320,295**	**₱3,279,744,638**	**₱5,189,570,520**

September 30, 2006

	Land	Land Improvements	Buildings And Improvements	Other Equipment	Construction In Progress	Total
Cost:						
At September 30, 2005	₱170,035,106	₱3,195,681	₱1,929,019,366	₱1,011,988,059	₱1,131,673,836	₱4,245,912,048
Additions	–	–	156,490,351	82,666,738	3,357,350,336	3,596,507,425
Retirements/disposal	–	–	–	(6,668,500)	–	(6,668,500)
Reclassifications	–	(214,750)	47,584,234	3,078,909	(1,763,989,196)	(1,713,540,803)
At September 30, 2006	170,035,106	2,980,931	2,133,093,951	1,091,065,206	2,725,034,976	6,122,210,170
Accumulated depreciation:						
At September 30, 2005	–	3,195,681	595,375,143	724,024,990	–	1,322,595,814
Depreciation and amortization during the year (Note 22)	–	–	91,687,399	85,532,924	–	177,220,323
Retirements/disposal	–	–	–	(6,175,051)	–	(6,175,051)
Reclassifications	–	(214,750)	7,801,017	217,931	–	7,804,198
At September 30, 2006	–	2,980,931	694,863,559	803,600,794	–	1,501,445,284
Net book value as of September 30, 2006	₱170,035,106	₱–	₱1,438,230,392	₱287,464,412	₱2,725,034,976	₱4,620,764,886

Depreciation expense charged to operations amounted to ₱190,758,186, ₱177,220,323 and ₱119,584,678 for the years ended September 30, 2007, 2006 and 2005, respectively (Note 22).

Borrowing costs capitalized to property and equipment under construction amounted to about ₱264 million, ₱375 million and ₱110 million in 2007, 2006 and 2005, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2007, 2006 and 2005 is 7.59%, 8.67 % and 11.23%, respectively.

Property and equipment transferred to investment property and subdivision land, condominium and residential units for sale aggregated to ₱3,492,313,956 and ₱1,763,989,196 as of September 30, 2007 and 2006.

There are no property and equipment items as of September 30, 2007 and 2006 that are pledged as security to liabilities.

12. **Other Assets**

This account consists of:

	2007	2006
Input value added tax	**₱538,418,226**	₱349,282,114
Utility deposits	**247,246,588**	89,873,845
Advances to lot owners	**211,416,544**	389,302,685
Receivable from Meralco (Note 28)	**65,467,460**	89,486,447
Prepaid expenses	**65,345,648**	39,697,912
Supplies	**38,420,921**	28,143,337
Advances to suppliers and contractors	**4,297,686**	170,878,327
Other assets	**75,360,997**	76,614,005
	₱1,245,974,070	₱1,233,278,672

The input value added tax is applied against output value added tax. The remaining balance is recoverable in future periods.

Advances to lot owners consist of advance payment to land owners and these shall be applied against the acquisition cost of the assets acquired.

The prepaid expenses account consists mainly of prepayments for taxes and insurance.

Other assets include cleaning, maintenance supplies and various deposits.

13. **Accounts Payable and Accrued Expenses**

This account consists of:

	2007	2006
Accrued bonus, commission, taxes and licenses	**₱2,037,295,839**	₱1,813,187,785
Accounts payable - trade	**1,349,388,365**	1,699,022,371
Accrued rent expense	**659,475,015**	550,288,557
Pension liability (Note 27)	**31,040,750**	47,448,663
Dividends payable	**4,671,049**	4,235,069
	₱4,081,871,018	₱4,114,182,445

Accounts payable - trade and accrued expenses are all due within one year.

The accrued rent expense represents the portion of the lease recognized as expense on a straight line basis.

14. **Deposits and Other Liabilities**

This account consists of:

	2007	2006
Deposits from real estate buyers	**₱2,092,033,140**	₱1,795,778,667
Deposits from lessees	**1,168,629,103**	1,322,173,427
Payables to affiliated companies (Notes 18 and 30)	**1,163,061,617**	3,211,171,329
Others	**445,252,203**	430,438,597
	₱4,868,976,063	₱6,759,562,020

The customers' deposit account represents cash received from tenants representing three to six months rent which shall be refunded to tenants at the end of lease term. In 2007, the Group recognized Discount on Customers' Deposit amounting to ₱132,754,522 (net of interest expense of ₱118,939,136) and Unearned rental income of ₱129,565,495 (net of rental income of ₱131,944,763). The Customers' Deposit was discounted using MART 1 plus 2% spread.

In addition, other customers' deposits represent cash received from buyers which shall be applied against the total contract price of the subdivision land, condominium and residential units that are for sale. The deposits from buyers are normally applied against the total contract price within a year from the date the deposits were made.

Included in customers' deposit are cash collections in excess of the receivables recognized under the percentage-of-completion method which amounted to ₱1,148,993,477 and ₱1,000,594,187 as of September 30, 2007 and 2006, respectively.

15. **Long-term Debt**

Bonds Payable due in March 2008

On March 13, 2003, the Group issued ₱1 billion bonds constituting direct, unconditional, unsubordinated and unsecured obligations of the Group ranking pari-passu with all direct, unconditional, unsubordinated and unsecured obligations of the Group at par of 100% of face value, for general corporate purposes, such as, but not limited to the following: (i) financing various capital expenditures; (ii) debt refinancing; and (iii) funding permanent working capital. The bond is payable with a bullet payment on March 7, 2008 or shall be redeemable at par upon maturity or on a date which is 5 years and 1 day from issue date.

Interest on the outstanding principal sum of the bonds shall be paid at a rate determined for each quarterly interest period, accrued and payable quarterly on the dates indicated in the interest coupon of the bonds beginning December 12, 2003. The interest rate shall be the sum of the Base Rate (defined as the bid yield for the applicable 91-day Treasury Bills based on the secondary market bids as displayed on the MART 1 page of Bloomberg at approximately 11:30 a.m. on the interest rate setting date) plus a spread of two percent (2%).

Out of the total interest expense in 2007, 2006 and 2005, borrowing costs capitalized to investment properties aggregated ₱264 million, ₱375 million and ₱221 million, respectively, out of which ₱72 million, ₱91 million and ₱95 million in 2007, 2006 and 2005, respectively, pertain to bonds payable due in March 2008.

Debt Covenants
The Group is required to maintain a debt to equity ratio and interest coverage ratio of not exceeding 1.5:1.0. The Group has complied with the debt covenant.

Bonds Payable due in October 2009
On October 6, 2004, the Group obtained unsecured loans each amounting to ₱500 million from ING Bank N.V. and from Security Bank Corporation (collectively, the "Lenders") under the Omnibus Facility Agreement (the "Agreement") constituting direct and unconditional obligation of the Group ranking pari-passu with all present and future unsecured and unsubordinated obligations, other than obligations in respect of which a statutory preference is established solely by operation of law, for partial financing and/or reimbursement of construction cost of the Parent Company's projects. Development Bank of the Philippines advanced the loan granted by the Lenders to the Group by virtue of various agreements. The loan is payable in nine (9) semi-annual installments beginning October 2005.

Interest on the outstanding principal amount of the loans shall be paid at each interest payment date, as follow: (i) the interest rate shall be fixed at 9.2% per annum plus an interest margin of 1.5% per annum; (ii) the Group will have a one-time option throughout the life of the loan to switch from the fixed rate of 9.2% per annum to a floating rate equivalent to the applicable Development Bank of the Philippines (DBP) pass-on-rate plus an interest margin of 1.5% per annum, subject to the provision by the Group of one-week prior written notice for the exercise of such option; and (iii) in case the Group opts for a floating interest rate, the setting of rates shall be in accordance with the policies of DBP which, as of the date of Agreement, fixes January 1, April 1, July 1, and October 1 of every year as the interest setting dates. Interest shall accrue from and include the first day of an interest period, up to, and including, the last day of such interest period. Interest period shall mean the period of six months of each year; provided, however, that in the event the Group shall have exercised its option under (ii) above to switch to a floating interest rate, interest period shall mean the period of three months of each year.

On April 10, 2007, April 5, 2006 and September 26, 2006, the Group settled its obligations amounting to ₱110 million, ₱90 million and ₱90 million, respectively.

Out of the total interest expense in 2007, 2006 and 2005, borrowing costs capitalized to investment properties aggregated ₱264 million, ₱375 million and ₱221 million, respectively, out of which ₱65 million, ₱92 million and ₱111 million in 2007, 2006 and 2005, respectively, pertain to bonds payable due in October 2009.

Debt Covenants
The Group is required to maintain a debt to equity ratio of not exceeding 1.5:1.0 and interest coverage ratio of not less that 1.5:1. The Group has complied with the debt covenants.

Bonds Payable due in May 2012
On May 24, 2007, the Group issued ₱3 billion Fixed rate Corporate Note Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of the Group ranking at least pari passu in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Group) with all other outstanding unsecured and unsubordinated obligations of the Group. The term of the bonds is five years and one-day from Issue Date to be issued in one tranche.

The interest rate shall be 6.375% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the Issue Date and ending on the Maturity Date.

Out of the total interest expense in 2007, 2006 and 2005, borrowing costs capitalized to investment properties aggregated ₱264 million, ₱375 million and ₱221 million, respectively, out of which ₱66 million in 2007 pertains to bonds payable due in May 2012.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group must ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. The Group has complied with the debt covenants.

Details of loan payable by maturity follow:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
Long-term debt (Note 15)	₱1,220,000,000	₱225,000,000	₱115,000,000	₱–	₱3,000,000,000	₱4,560,000,000

16. **Retained Earnings**

Restriction
A portion of the retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱284,512,332 in 2007, ₱242,745,174 in 2006 and ₱163,670,247 in 2005 are not available for dividend declaration until received in the form of dividends.

Dividends declared
The Board of Directors (BOD) declared cash dividends in favor of all its stockholders as follows:

	2007	2006	2005
Date of declaration	**April 19, 2007**	April 20, 2006	May 5, 2005
Date of payment	**June 14, 2007**	June 15, 2006	June 29, 2005
Ex-dividend rate	**May 18, 2007**	May 19, 2006	June 3, 2005
Dividend per share	**₱0.37**	₱0.32	₱0.20
Total dividends	**₱1,016,359,830**	₱735,013,906	₱459,383,692

Appropriation
On May 14, 2003, the BOD approved the appropriation of ₱3.5 billion out of the retained earnings for future expansion.

17. **Capital Stock**

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

	2007	2006	2005
Authorized - at ₱1 par value	**3,000,000,000**	3,000,000,000	3,000,000,000
At beginning of the year	**2,296,918,457**	2,296,918,457	2,296,918,457
Additional subscription	**450,000,000**	–	–
Issued and outstanding	**2,746,918,457**	2,296,918,457	2,296,918,457

On September 23, 2006, the BOD approved the primary and secondary offerings of up to 811,136,200 common shares of the Parent Company which consisted of 450,000,000 common shares from the unissued authorized capital stock of the Parent Company and 361,136,200 secondary shares held by shareholders: JGSHI, Universal Robina Corporation and JG Summit Capital Services Corporation. The offer price was ₱12 per share. An over-allotment option for the sale of additional 121,670,400 secondary shares (Optional Shares) at the same offer price and terms was likewise approved by the BOD.

The Securities and Exchange Commission issued a pre-effective order on September 1, 2006 with respect to the registration statements filed by the Group for the purpose of the above share offering. In October 2006, all primary and secondary share offerings (including Optional Shares) were fully subscribed by both foreign and local investors. Net proceeds from the primary offering amounted to about ₱5,230 million. The amount representing excess of subscription price over the par value of the primary share offering amounting to about ₱4,784 million was credited to additional paid-in capital.

18. **Related Party Transactions**

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities (referred herein as affiliates).

The Group, in its normal course of business, has transactions with its major stockholder, JGSHI and its affiliated companies consisting principally of lease arrangements and advances (both interest and non interest bearing), principally for working capital, including construction costs. The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱799 million, ₱720 million and ₱892 million in 2007, 2006 and 2005, respectively. Interest expense charged from the ₱2,500 million loan from JGSHI in 2007 and 2006 amounted to ₱61 million and ₱142 million, respectively. Interest expense charged from the ₱480 million loan from Litton Mills in 2005 amounted to ₱43 million.

The Group also maintains savings and current accounts and time deposits with Robinsons Savings Bank, an affiliated local commercial bank. The balances are as follows:

	2007	2006
Savings and current accounts	**₱38,856,645**	₱8,564,323
Short-term investments	**376,326,190**	118,008,050
	₱415,182,835	₱126,572,373

Loans from shareholders
As of September 30, 2007 and 2006, a subsidiary has outstanding noninterest-bearing advances from Winsome Development Corporation, a minority stockholder, for working capital requirement amounting to ₱104 million and ₱134 million, respectively. The advances are included in the "Accounts Payable and Accrued Expenses" account in the consolidated balance sheet.

JGSHI also provides the Group certain corporate services including debt management, corporate finance, corporate planning, procurement, human resources, legal and corporate communications.

As of September 30, 2007 and 2006, the net payable to affiliated companies amounted to ₱1,100 million and ₱3,141 million, respectively. Details are as follow:

	2007	2006
Receivable from Affiliated Companies (Note 8):		
Digital Telecommunication Inc.	**₱39,701,125**	₱39,842,677
Robinsons Recreation Corporation	**11,270,828**	11,231,868
Universal Robina Corporation	**9,285,655**	901,519
Others	**2,687,763**	17,673,117
	62,945,371	69,649,181
Payable to Affiliated Companies (Note 14):		
JGSHI	**(1,077,396,857)**	(3,148,272,327)
Westpoint Industrial Mills	**(22,950,417)**	(4,786,292)
Robinsons Inc.	**(15,136,027)**	672,465
Robinsons Place Residence Manila Condominium Corporation	**(7,329,484)**	(7,641,190)
Robinsons Summit Center Condominium Corporation	**(6,774,898)**	(3,525,230)
Others	**(33,473,934)**	(47,618,755)
	(1,163,061,617)	(3,211,171,329)
Net Payable to Affiliated Companies	**(₱1,100,116,246)**	(₱3,141,522,148)

Outstanding balances as of September 30, 2007, which are unsecured and interest free, are all due within one year, except for the ₱2,500 million loan acquired from JGSHI. The JGSHI loan was obtained on February 14, 2006 with interest at 9% payable quarterly while the principal is payable on single balloon payment after three (3) years. The entire ₱2,500 million was fully paid as of September 30, 2007.

As of September 30, 2007 and 2006, the Group has not provided any allowance for doubtful accounts for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2007	2006	2005
Short term employee benefits	**₱386,078,541**	₱288,046,037	₱248,626,498
Post-employment benefits	**16,537,631**	14,291,233	10,679,930
	₱402,616,172	₱302,337,270	₱259,306,428

19. Gross Revenue

This account consists of:

	2007	2006	2005
Real Estate:			
Rental income	**₱3,967,721,986**	₱3,345,234,477	₱3,288,537,028
Real estate sale	**2,896,397,480**	2,011,660,253	1,156,514,430
Others	**317,782,986**	382,677,913	174,329,407
	7,181,902,452	5,739,572,643	4,619,380,865
Hotel Operations:			
Rooms	**626,689,474**	531,801,149	320,288,690
Food and beverage	**413,169,484**	360,815,984	172,422,104
Others	**66,354,542**	10,921,592	7,167,061
	1,106,213,500	903,538,725	499,877,855
	₱8,288,115,952	₱6,643,111,368	₱5,119,258,720

20. Cost and Expenses

This account consists of:

	2007	2006	2005
Real Estate:			
Cost of sale	**₱1,417,930,410**	₱944,333,636	₱530,565,816
Depreciation (Notes 10, 11 and 22)	**1,247,387,885**	1,117,072,162	1,164,830,903
Maintenance costs	**126,764,207**	102,079,484	113,186,648
Others	**498,262,569**	284,784,088	390,031,528
	3,290,345,071	2,448,269,370	2,198,614,895
Hotel Operations:			
Cost of sale	**380,982,065**	316,196,353	125,062,807
Property operations and maintenance	**241,041,115**	187,306,147	81,654,819
Depreciation (Notes 10, 11 and 22)	**155,523,999**	148,736,854	87,019,677
Others	**144,477,902**	168,840,518	233,228,590
	922,025,081	821,079,872	526,965,893
	₱4,212,370,152	₱3,269,349,242	₱2,725,580,788

21. General and Administrative Expenses

This account consists of:

	2007	2006	2005
Commission	**₱333,517,097**	₱274,818,004	₱224,473,824
Salaries and wages (Notes 20, 23 and 27)	**263,806,354**	228,995,635	207,979,806
Taxes and licenses	**167,749,893**	143,767,753	136,650,560
Rent expense	**155,603,494**	145,543,680	146,477,006
Advertising and promotions	**148,613,850**	119,498,005	108,090,566
Light, water and communication (Note 28)	**71,083,536**	60,329,659	68,033,607
Representation and entertainment	**25,975,931**	21,692,626	17,749,324
Insurance	**23,891,722**	27,131,903	40,331,245
Travel and transportation	**17,663,692**	20,079,232	16,240,978
Supplies expense	**14,239,494**	11,182,307	12,320,123
Donation	**7,854,152**	10,462,367	23,456,616
Others	**21,392,660**	22,802,362	33,122,910
	₱1,251,391,875	₱1,086,303,533	₱1,034,926,565

22. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	2007	2006	2005
Real estate (Notes 10, 11 and 20)	**₱1,247,387,885**	₱1,117,072,162	₱1,164,830,903
Hotel operations (Note 20)	**155,523,999**	148,736,854	87,019,677
	₱1,402,911,884	₱1,265,809,016	₱1,251,850,580

23. Personnel Expenses

Personnel expenses consist of:

	2007	2006	2005
Salaries, wages and other staff costs	**₱361,099,065**	₱254,821,472	₱223,853,290
SSS contributions, PAG-IBIG contributions, premiums and others	**24,979,476**	33,224,565	24,773,208
Retirement costs (Note 27)	**16,537,631**	14,291,233	10,679,930
	₱402,616,172	₱302,337,270	₱259,306,428

The above amounts are distributed as follows:

	2007	2006	2005
General and administrative (Note 21)	**₱263,806,354**	₱228,995,635	₱207,979,806
Hotel operations	**138,809,818**	73,341,635	51,326,622
	₱402,616,172	₱302,337,270	₱259,306,428

24. **Finance Income** - net

This account consists of:

	2007	2006	2005
Interest income:			
Installment contract receivables	**₱490,174,138**	₱230,415,102	₱246,281,928
Bank deposits	**220,192,177**	101,255,541	73,287,860
	710,366,315	331,670,643	319,569,788
Interest expense on amortization of discount on deposits (Note 14)	**(119,030,864)**	(195,210,319)	(75,839,838)
	₱591,335,451	₱136,460,324	₱243,729,950

25. **Income Taxes**

The reconciliation of statutory income tax rate to the effective income tax rate is as follows:

	2007	2006
Statutory income tax rate	**35.00%**	34.75%
Reductions in income tax resulting from:		
Interest income subjected to final tax	**(0.53)**	(0.43)
Income subjected to lower income tax rates	**(3.06)**	(1.58)
Tax-exempt interest income	**(0.10)**	(0.15)
Tax exempt real estate sales	**(0.49)**	(0.73)
Change in tax rate	**–**	0.92
Others	**(2.46)**	(3.95)
Effective income tax rate	**28.36%**	28.83%

Deferred income taxes as of September 30, 2007 and 2006 relate to the tax effects of the following:

	2007	2006
Deferred income tax assets:		
Accrued rent expense	**₱230,816,255**	₱192,600,995
Accrued interest expense	**57,115,136**	61,930,495
Accrued retirement payable	**26,203,092**	16,607,032
Allowance for doubtful accounts	**11,303,300**	4,612,169
Others	**–**	9,780,123
	325,437,783	285,530,814

(Forward)

	2007	2006
Deferred tax liabilities:		
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(₱1,020,933,051)**	(₱590,000,246)
Unamortized capitalized interest expense	**(971,754,968)**	(853,441,769)
Accrued rent income	**(100,704,480)**	(83,736,479)
Receivable from Meralco	**(32,166,193)**	(31,320,257)
Others	**(3,897,012)**	–
Net deferred tax liabilities	**(2,129,455,704)**	(1,558,498,751)
	(₱1,804,017,921)	(₱1,272,967,937)

26. **Earnings Per Share**

Earnings per share amounts were computed as follows:

		2007	2006	2005
a.	Net income attributable to equity holders of Parent Company	**₱2,441,338,382**	₱1,718,966,320	₱1,231,237,652
b.	Weighted average number of common shares outstanding	**2,746,918,457**	2,296,918,457	2,296,918,457
c.	Earnings per share (a/b)	**₱0.89**	₱0.75	₱0.54

There were no potential dilutive shares in 2007, 2006 and 2005.

27. **Pension Plan**

The Group has an unfunded, noncontributory, defined benefit retirement plan covering all its regular permanent employees. The plan provides retirement, separation, disability and death benefits to its members. The latest actuarial valuation was made on September 30, 2007.

The following tables summarize the components of pension expense included in salaries and wages under ("Selling, General and Administrative Expenses") recognized in the consolidated statement of income and the funded status and amounts recognized in the consolidated balance sheet for the plan:

Pension Expense

	2007	2006
Current service cost	**₱8,890,500**	₱6,138,514
Interest cost on benefit obligation	**7,354,100**	7,396,550
Expected return on plan assets	**(19,000)**	–
Net actuarial loss recognized during the year	**312,031**	756,169
Total pension expense	**₱16,537,631**	₱14,291,233

Pension Liability

	2007	2006
Benefit obligation	**₱47,448,663**	₱75,515,689
Unrecognized net actuarial losses	**(16,407,913)**	(28,067,026)
Pension liability	**₱31,040,750**	₱47,448,663

Pension Benefit Obligation

	2007	2006
Balance at beginning of year	**₱75,515,689**	₱55,364,700
Current service cost	**8,890,500**	6,138,514
Interest cost	**7,354,100**	7,396,550
Actuarial (gains) losses on obligation	**(11,366,082)**	7,554,500
Benefits paid	**(32,945,544)**	(938,575)
Balance at end of year	**₱47,448,663**	₱75,515,689

The rollforward of unrecognized actuarial losses follow:

	2007	2006
Balance at beginning of year	**₱28,067,026**	₱21,268,695
Additional actuarial (gains) losses from plan obligations	**(11,347,082)**	7,554,500
Actuarial losses recognized	**(312,031)**	(756,169)
Balance at end of year	**₱16,407,913**	₱28,067,026

The principal assumptions used in determining pension for the Group's plan are shown below:

	2007	2006
Discount rate	**9.06% - 9.50%**	12.33% - 14.47%
Rate of salary increase	**7%**	6%
Experience adjustment gain (loss) - net	**(₱1,503,800)**	₱7,554,500

28. Meralco Refund

As a customer of the Manila Electric Company (Meralco), the Group is entitled to receive a refund pertaining to previous billings adjustments under Phase IV of Meralco's refund scheme. Subsequent to the approval of Meralco's amended refund scheme in 2005 by the Energy Regulatory Commission (ERC), the amount and the timing of the receipt of the refund is made certain.

Under the Meralco refund scheme, the Group may opt to refund through postdated checks or as a fixed monthly credit to bills with cash option. The Group has opted to recover the refund through fixed monthly credit to bills with cash option, starting in November 2005 until January 2011. In 2007 and 2006, the Group recognized a receivable from Meralco amounting to ₱65.4 million, net of unearned interest income of ₱22.9 million and ₱89.5 million, net of unearned interest income of ₱25.4 million (included in "Other Assets"), respectively. Interest income recognized on amortization of unearned interest income amounted to ₱2.4 million in 2007 while income from the refund amounted to ₱89.5 million (included as deduction in "General and Administrative Expenses") in 2006. The receivable was discounted using an effective interest rate of 10%.

29. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of bonds payable, long-term debt, receivables from affiliated companies, payables to affiliated companies 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 receivables and trade payables, which arise directly from its operations.

The main risks arising from our financial instruments are liquidity risk, interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarized below.

Liquidity Risk
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.

Interest Rate Risk
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.

The Group's policy is to manage its interest cost using a mix of fixed and variable debt rate debts. As of September 30, 2007 and 2006, 88% and 60% of the Group's long-term debts are at a fixed rate of interest.

Credit Risk
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 with the result that the Group's exposure to doubtful accounts is not significant.

With respect to credit risk arising from 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.

The Group has no significant concentrations of credit risk.

30. 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 financial statements.

	Carrying amount		Fair value	
	2007	2006	**2007**	2006
Financial assets				
Cash and cash equivalents (Note 7)	**₱1,555,623,418**	₱564,971,585	**₱1,555,623,418**	₱564,971,585
Receivables (Note 8)	**2,932,643,996**	1,867,899,067	**2,677,251,693**	1,706,278,273
Other Assets (Note 12)				
Utility deposits	**247,246,588**	89,873,845	**247,246,588**	89,873,845
Advances to lot owners	**211,416,544**	389,302,685	**211,416,544**	389,302,685
Receivable from Meralco	**65,467,460**	89,486,447	**72,148,433**	89,841,749
	₱5,012,398,006	₱3,001,533,629	**₱4,763,686,676**	₱2,840,268,137
Financial liabilities				
Accounts payable and accrued expenses (Note 13)	**₱4,050,830,268**	₱4,066,733,782	**₱4,050,830,268**	₱4,066,733,782
Customers' deposit (Note 14)	**3,260,662,243**	3,117,952,094	**3,067,487,622**	2,924,774,473
Long-term debt (Note 15)	**4,560,000,000**	1,670,000,000	**4,298,401,870**	1,740,843,296
Payables to affiliated companies (Note 18)	**1,163,061,617**	3,211,171,329	**1,163,061,617**	3,211,171,329
	₱13,034,554,128	₱12,065,857,205	**₱12,579,781,377**	₱11,943,522,880

The fair values of cash and cash equivalents, trade receivables (arising from lease of investment properties), other receivables, certain 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 trade receivable (arising from sale of real estate properties) and long-term debt are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables. The discount rates used range from 8.2% to 10.3% in 2007 and 9.73% to 10.24% in 2006.

Interest rate risk

The following presents the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

Year ended September 30, 2007

Fixed rate

	Within 1 year	1-2 years	2-3 years	Total
Short term investments (Note 7)	₱1,416,742,651	₱–	₱–	₱1,416,742,651
Long-term debt (Note 15)	1,000,000,000	–	3,000,000,000	4,000,000,000
	₱2,416,742,651	₱–	₱3,000,000,000	₱5,416,742,651

Floating rate

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
Long-term debt (Note 15)	₱220,000,000	₱225,000,000	₱115,000,000	₱–	₱560,000,000

Year ended September 30, 2006

Fixed rate

	Within 1 year	1-2 years	2-3 years	Total
Short term investments (Note 7)	₱543,790,125	₱–	₱–	₱543,790,125
Long-term debt (Note 15)	–	1,000,000,000	–	1,000,000,000
	₱543,790,125	₱1,000,000,000	₱–	₱1,543,790,125

Floating rate

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
Long-term debt (Note 15)	₱110,000,000	₱220,000,000	₱225,000,000	₱115,000,000	₱670,000,000

Financial instruments with floating interest rate are repriced quarterly at intervals of less than one year. Other financial instruments held by the Group that are not included are non-interest bearing.

31. Commitments and Contingencies

Operating lease commitments - Group as Lessee

The Group entered into long-term operating leases of land with lease terms ranging from 25 to 50 years. These leases include clauses to enable escalation of rental charges on the agreed dates. Total rent expense amounted to ₱142,847,330 in 2007, 2006 and 2005. Future minimum rentals payable under noncancellable operating leases as of September 30 are as follows:

	2007	2006
Within one year	**₱34,694,797**	₱32,476,612
After one year but not more than five years	**161,315,477**	153,583,640
After more than five years	**6,155,001,711**	6,198,612,605
	₱6,351,011,985	₱6,384,672,857

Operating lease commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱3,967,721,986, ₱3,345,245,892 and ₱3,288,267,030 in 2007, 2006 and 2005, respectively. Total percentage rent recognized as income for 2007, 2006 and 2005 amounted to ₱1,192,558,958, ₱1,151,038,325 and ₱551,970,816, respectively.

Future minimum rentals receivable under noncancellable operating leases as of September 30 are as follows:

	2007	2006
Within one year	**₱1,747,847,370**	₱1,908,733,779
After one year but not more than five years	**2,038,092,305**	2,182,503,024
After more than five years	**324,681,209**	831,056,004
	₱4,110,620,884	₱4,922,292,807

Capital commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱4.6 billion and ₱3.2 billion as of September 30, 2007 and 2006. Moreover, the Group has contractual obligations amounting to ₱3.1 billion and ₱2.9 billion as of September 30, 2007 and 2006, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed on the assessments. No provisions were made during the year.

32. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on January 11, 2008.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

Unaudited Interim Condensed
Consolidated Financial Statements
March 31, 2009 and for the Six Months Ended March 31, 2009 and 2008
(With Comparative Audited Consolidated
Balance Sheet as of September 30, 2008)

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2009
(With Comparative Figures as of September 30, 2008)

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
ASSETS		
Cash and cash equivalents (Notes 5, 16, 27 and 28)	**₱513,003,519**	₱519,080,453
Receivables - net (Notes 6, 16, 27 and 28)	**3,991,233,025**	4,352,991,997
Subdivision land, condominium and residential units for sale - at cost (Note 7)	**1,728,761,479**	1,683,394,162
Investment properties and other investments - net (Note 8)	**27,572,113,065**	27,515,824,240
Property and equipment - net (Note 9)	**6,330,998,860**	4,916,967,177
Other assets (Notes 10, 27 and 28)	**1,404,903,274**	1,322,302,757
	₱41,541,013,222	₱40,310,560,786
LIABILITIES AND EQUITY		
Liabilities		
Accounts and other payables (Notes 11, 16, 25, 27 and 28)	**₱5,027,602,351**	₱5,082,110,853
Income tax payable	**121,121,084**	268,136,171
Deposits and other liabilities (Notes 12, 27 and 28)	**3,632,117,583**	4,278,019,722
Loans payable (Notes 13, 27 and 28)	**6,453,700,000**	6,017,000,000
Deferred tax liabilities - net	**1,704,130,172**	1,678,324,516
	16,938,671,190	17,323,591,262
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 15)	**2,746,918,457**	2,746,918,457
Additional paid-in capital (Note 15)	**8,181,576,147**	8,181,576,147
Retained earnings (Note 14)		
Unappropriated	**10,054,257,862**	8,440,392,907
Appropriated	**3,500,000,000**	3,500,000,000
	24,482,752,466	22,868,887,511
Minority Interest in a Consolidated Subsidiary	**119,589,566**	118,082,013
	24,602,342,032	22,986,969,524
	₱41,541,013,222	₱40,310,560,786

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED MARCH 31, 2009 AND 2008

	Six Months Ended March 31 (Unaudited) 2009	2008
REVENUE		
Real estate (Notes 16 and 17)	**₱4,402,179,313**	₱4,326,057,989
Hotel operations (Note 17)	**489,432,574**	579,477,372
Interest income (Note 22)	**197,586,395**	257,683,269
	5,089,198,282	5,163,218,630
COSTS AND EXPENSES		
Real estate (Notes 8, 9, 18 and 20)	**1,838,230,636**	1,936,555,560
Hotel operations (Notes 8, 9, 18, 20 and 21)	**442,526,473**	489,777,055
General and administrative (Notes 16, 19, 21 and 25)	**653,376,869**	637,879,515
Interest expense (Note 22)	**29,629,999**	26,219,264
	2,963,763,977	3,090,431,394
INCOME BEFORE INCOME TAX	**2,125,434,305**	2,072,787,236
PROVISION FOR INCOME TAX (Note 23)	**510,061,797**	614,422,235
NET INCOME	**₱1,615,372,508**	₱1,458,365,001
Attributable to:		
Equity holders of Parent Company	**₱1,613,864,955**	₱1,452,264,218
Minority interest in a Consolidated Subsidiary	**1,507,553**	6,100,783
	₱1,615,372,508	₱1,458,365,001
Earnings Per Share (Note 24)		
Basic, profit for the year attributable to equity holders of the Parent Company	**₱0.59**	₱0.53
Diluted, profit for the year attributable to equity holders of the Parent Company	**₱0.59**	₱0.53

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 2009 AND 2008

	Attributable to Equity Holders of the Parent Company					
	Capital Stock (Note 15)	Additional Paid-in Capital (Note 15)	Unappropriated Retained Earnings (Note 14)	Appropriated Retained Earnings (Note 14)	Attributable to Minority Interest Equity	Total Equity
As of October 1, 2008	**₱2,746,918,457**	**₱8,181,576,147**	**₱ 8,440,392,907**	**₱3,500,000,000**	**₱118,082,013**	**₱22,986,969,524**
Net income for the period	–	–	**1,613,864,955**	–	**1,507,553**	**1,615,372,508**
Balances at March 31, 2009 (Unaudited)	**₱2,746,918,457**	**₱8,181,576,147**	**₱10,054,257,862**	**₱3,500,000,000**	**₱119,589,566**	**₱24,602,342,032**
As of October 1, 2007	₱2,746,918,457	₱8,181,576,147	₱6,746,220,505	₱3,500,000,000	₱115,380,609	₱21,290,095,718
Net income for the period	–	–	1,452,264,218	–	6,100,783	1,458,365,001
Balances at March 31, 2008 (Unaudited)	₱2,746,918,457	₱8,181,576,147	₱8,198,484,723	₱3,500,000,000	₱121,481,392	₱22,748,460,719

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED MARCH 31, 2009 AND 2008

	Six Months Ended March 31(Unaudited)	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱2,125,434,305**	₱2,072,787,236
Adjustments for:		
Depreciation and amortization (Notes 8, 9, 18 and 20)	**814,128,906**	730,938,785
Interest expense (Notes 8, 9 and 22)	**29,629,999**	26,219,264
Cost of sales of investment properties and other investments and property and equipment (Notes 8 and 9)	**10,612,851**	16,873,051
Provision for impairment losses (Note 6)	**194,373**	480,531
Interest income (Note 22)	**(197,586,395)**	(257,683,269)
Decrease (increase) in operating assets:		
Receivables	**302,624,339**	235,525,707
Subdivision land, condominium and residential units for sale	**1,374,475,118**	428,891,113
Receivable from Meralco	**10,915,822**	13,396,178
Prepaid expenses and value-added input tax	**(60,923,588)**	380,107,107
Increase (decrease) in operating liabilities:		
Accounts and other payables	**74,482,807**	282,233,643
Net pension liabilities	**4,423,100**	(1,888,450)
Customers' deposits	**406,364,877**	(60,248,405)
Cash generated from operations	**4,894,806,514**	3,867,632,491
Income taxes paid	**(469,249,597)**	(205,180,986)
Net cash inflow from operating activities	**4,425,556,917**	3,662,451,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**364,005,886**	252,984,234
Decrease (increase) in:		
Advances to lot owners	**(597,424)**	(35,210,407)
Advances to suppliers and contractors	**(10,467,601)**	(56,672,554)
Other assets	**(10,611,902)**	16,599,534
Receivables from affiliated companies	**45,033,100**	10,875,968
Additions to:		
Investment properties and other investments (Note 8)	**(775,705,322)**	(541,799,420)
Property and equipment (Note 9)	**(3,102,657,534)**	(1,388,903,467)
Net cash outflow from investing activities	**(3,491,000,797)**	(1,742,126,112)

(Forward)

	Six Months Ended March 31(Unaudited	
	2009	**2008**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payments) of loans payable (Note 13)	**₱436,700,000**	(₱1,110,000,000)
Interest paid	**(326,086,043)**	(100,763,251)
Decrease in payable to affiliated companies and other liabilities	**(1,051,247,011)**	(571,768,273)
Net cash outflow from financing activities	**(940,633,054)**	(1,782,531,524)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(6,076,934)**	137,793,869
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**519,080,453**	1,555,623,418
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 5)	**₱513,003,519**	₱1,693,417,287

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

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

On March 4, 2009, the Securities and Exchange Commission approved the plan of merger of the Parent Company with wholly owned subsidiaries, RHI, THDC and MMHLC. The merger resulted to enhanced operating efficiencies and economies, increased financial strength through pooling of resources and more favorable financing and credit facilities. No Parent Company shares were issued in exchange for the net assets of RHI, THDC and MMHLC.

The merger was accounted for similar to a pooling of interest method because the combined entities were under common control, therefore, has no effect on the consolidated financial statements. The subsidiaries before and after the merger follows:

After	Before
Robinsons Inn, Inc.	Robinsons Homes, Inc.
Robinsons Realty and Management Corporation	Manila Midtown Hotels and Land Corporation
Robinsons (Cayman) Limited	Trion Homes Development Corporation
Altus Angeles, Inc.	Robinsons Inn, Inc.
Robinsons Properties Marketing and Management Corporation	Robinsons Realty and Management Corporation
	Robinsons (Cayman) Limited
	Robinsons Properties Marketing and Management Corporation
	Altus Angeles, Inc.

The Group is engaged in the business of selling, acquiring, constructing, developing, 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 60.01% owned by JG Summit Holdings, Inc. (JGSHI), the Group's 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, textile, telecommunications, petrochemicals, air transportation and financial services.

The Parent Company's principal executive office is located at 43rd Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City.

2. Basis of Preparation

The interim condensed consolidated financial statements as at March 31, 2009 and September 30, 2008 and for the six months period ended March 31, 2009 and 2008 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, 2008.

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.

<u>Basis of Consolidation</u>
The interim condensed consolidated financial statements comprise the financial statements of the Group (see Note 1) as at March 31, 2009 and September 30, 2008 and for the six months period ended March 31, 2009 and 2008.

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.

3. Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim financial statement are consistent with those followed in the preparation of the Group's annual income statement for the year ended March 31, 2009 except for the adoption of new accounting standards and amendments adopted in 2008 that are discussed below. The following new and amended standards did not have any effect on the consolidated financial statements of the Group.

- Philippine Interpretation IFRIC 14, PAS 19, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008)*
- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 7, *Financial Instruments: Disclosures - Reclassification of Financial Assets (effective beginning July 1, 2008)*. The amendments to PAS 39 introduce the possibility of reclassification of securities out of the trading category in rare circumstances and reclassification to the loans and receivable category if there is intent and ability to hold the securities for the foreseeable future or to held-to-maturity (HTM) if there is intent and ability to hold the securities until maturity. The amendments to PFRS 7 introduce the disclosures relating to these reclassifications. These Amendments have no impact on the consolidated financial statements since the Group does not have financial assets classified as held for trading.

Future Changes in Accounting Policies
The Group has not applied the following new and amended PFRS and Philippine Interpretation which are not yet effective for the fiscal year ended September 30, 2008 and six-months period ended March 31, 2009.

Effective in 2009

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for annual periods beginning on or after January 1, 2009)* The amended PFRS 1 allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates (in its opening PFRS financial statements) as one of the following amounts: (a) cost determined in accordance with PAS 27; (b) at the fair value of the investment at the date of transition to PFRS, determined in accordance with PAS 39; or (c) previous carrying amount (as determined under generally accepted accounting principles) of the investment at the date of transition to PFRS.

- PFRS 2, *Share-based Payment - Vesting Condition and Cancellations (effective for annual periods beginning on or after January 1, 2009).* The standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. It defines a vesting condition as a condition that includes an explicit or implicit requirement to provide services. This Standard will not have any effect on the consolidated financial statements as no events occurred that this amendments relates to.

- PFRS 8, *Operating Segments, (effective for annual periods beginning on or after January 1, 2009)*. This new standard replaces PAS 14, *Segment Reporting* and adopts a management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the consolidated balance sheet and consolidated statement of income and entities will need to provide explanations and reconciliations of the differences. As the information required to be disclosed will likely be readily available as it is already used internally, the Group will reassess whether additional processes should be put in place to reconcile information to the consolidated balance sheet and consolidated statement of income.

- PAS 1 (Revised), *Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2009).* The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one (1) single statement, or in two (2) linked statements. The Group is still evaluating whether it will have one or two statements.

- PAS 23 (Revised), *Borrowing Costs (effective for annual periods beginning on or after January 1, 2009)*. The definition of borrowing costs is revised to consolidate the two types of items that are considered components of ‘borrowing costs’ into one - the interest expense calculated using the effective interest rate method calculated in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*. This Amendment will not have any effect in the consolidated financial statements as no change will be made on the accounting policy for borrowing costs.

- Amendments to PAS 27, *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for annual periods beginning on or after January 1, 2009).* This Amendment introduces changes in respect of the holding companies' separate financial statements including: (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in profit or loss. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. The Group expects significant changes in its accounting policies when it adopts the foregoing accounting changes effective January 1, 2009.

- Amendment to PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after January 1, 2009).* The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. These Amendments to the standards will have no impact on the financial position or performance of the Group, as the Group has not issued such instruments.

- Philippine Interpretation IFRIC-16, *Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after January 1, 2009)*. This Philippine Interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of a net investment; where within the group the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

  Philippine Interpretation IFRIC-17, *Distribution of Non-cash Assets to Owners (effective for annual periods beginning on or after July 1, 2009)*. This Philippine Interpretation applies to all non-reciprocal distribution of non-cash assets. It provides guidance on when to recognize a liability, how to measure it and the associated assets, and when to recognize the asset and liability and the consequence of doing so. It will affect the accounting for future property dividends.

- Philippine Interpretation IFRIC-18, *Transfers of Assets from Customers (effective for annual periods beginning on or after July 1, 2009)*. This Philippine Interpretation covers accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. Agreements within the scope of this Philippine Interpretation are agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access agreements to a supply of goods or services, or to do both. This Philippine Interpretation also applies to in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

Improvements to PFRS
The first omnibus of amendments to PFRS was issued primarily with a view to removing inconsistencies and clarifying wording. The following are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
  When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.

- PAS 1, *Presentation of Financial Statements*
  Assets and liabilities classified as held for trading are not automatically classified as current in the consolidated balance sheet. The Group amended its accounting policy accordingly and analyzed whether Management's expectation of the period of realization of financial assets and liabilities differed from the classification of the instrument. This will not result in any re-classification of financial instruments between current and noncurrent in the balance sheet.

- PAS 16, *Property, Plant and Equipment*
  Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

- PAS 19, *Employee Benefits*
  Revised the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefits related to future services are accounted for as curtailment.

  The reference to the recognition of contingent liabilities to ensure consistency with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* was deleted.

- PAS 23, *Borrowing Costs*
  The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with PAS 39. The Group has amended its accounting policy accordingly which will not result in any change in its financial position.

- PAS 40, *Investment Properties*
  The scope such that property under construction or development for future use as an investment property is classified as investment property was revised. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. Also, revised the conditions for a voluntary change in accounting policy to be consistent with PAS 8 and clarified that the carrying amount of investment property held under lease is the valuation obtained increased by any recognized liability. The Group will amend its accounting policy accordingly which will not result to any change in its financial position.

The amendments to the following standards below did not have nay impact on the accounting policies, financial position or performance of the Group:

- PAS 20, *Accounting for Government Grants and Disclosures of Government Assistance*
- PAS 28, *Investment in Associates*
- PAS 31, *Interest in Joint Ventures*
- PAS 36, *Impairment of Assets*
- PAS 38, *Intangible Assets*
- PAS 39, *Financial Instruments: Recognition and Measurement*

Effective in 2010

- Revised PFRS 3, *Business Combinations*, and PAS 27, *Consolidated and Separate Financial Statements (effective for annual periods beginning on or after January 1, 2009).* The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes will affect future acquisitions transactions with non-controlling interests.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for annual periods beginning on or after July 1, 2009).* This amendment addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The Amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate (effective for annual periods beginning on or after January 1, 2012).* This Interpretation, which may be early applied, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This 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 Interpretation will be accounted for retrospectively and will result to the restatement of prior period consolidated financial statements. The adoption of this Interpretation may significantly affect the determination of the net income and the related Real estate receivables, Unearned revenue, Deferred tax liabilities and Retained earnings accounts.

4. Segment Reporting

PAS 14, *Segment Reporting,* requires that a public business enterprise report financial and descriptive information about its reportable segments. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.

The Group evaluates performance based on net income, EBIT (earnings before income tax) and EBITDA (earnings before income tax, 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.

High-rise Residential Buildings Division - develops and sells residential condominium units.

High-rise Office Buildings Division - develops and leases office spaces.

Housing and Land Development Division - develops and sells middle-income and socialized housing and residential lots.

Hotel Division - owns and operates a chain of prime hotels in Pasig City, Quezon City and Cebu City and a service apartment which closed operations in August 2007.

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

Six months ended March 31, 2009 (Unaudited)

	Commercial Center Division	**High-rise Residential Buildings Division**	**High-rise Office Buildings Division**	**Housing and Land Development Division**	**Hotel Division**	**Total**
Revenue	**₱2,017,117,289**	**₱1,743,803,479**	**₱503,123,443**	**₱334,191,947**	**₱490,962,123**	**₱5,089,198,282**
Costs and expenses	**466,618,229**	**1,098,298,018**	**24,857,082**	**204,664,266**	**355,197,476**	**2,149,635,071**
Earnings before depreciation and amortization	**1,550,499,060**	**645,505,462**	**478,266,361**	**129,527,681**	**135,764,647**	**2,939,563,211**
Depreciation and amortization (Note 20)	**575,604,267**	**5,066,994**	**142,160,893**	**3,967,755**	**87,328,997**	**814,128,906**
Income before income tax	**₱974,894,793**	**₱640,438,468**	**₱336,105,468**	**₱125,559,926**	**₱48,435,650**	**₱2,125,434,305**
Segment assets	**₱23,547,820,400**	**₱10,764,850,235**	**₱4,396,994,653**	**₱1,503,804,209**	**₱1,327,543,725**	**₱41,541,013,222**
Segment liabilities	**₱7,054,521,229**	**₱5,290,893,001**	**₱2,605,600,219**	**₱1,437,380,173**	**₱550,276,568**	**₱16,938,671,190**
Other segment information:						
Capital expenditures						**₱3,878,362,854**

Six months ended March 31, 2008 (Unaudited)

	Commercial Center Division	High-rise Residential Buildings Division	High-rise Office Buildings Division	Housing and Land Development Division	Hotel Division	Total
Revenue	₱1,841,308,343	₱2,041,808,862	₱379,302,589	₱319,544,277	₱581,254,559	₱5,163,218,630
Costs and expenses	389,925,532	1,367,620,412	(13,344,470)	211,785,974	403,505,161	2,359,492,609
Earnings before depreciation and amortization	1,451,382,811	674,188,450	392,647,059	107,758,303	177,749,398	2,803,726,021
Depreciation and amortization (Note 20)	529,468,897	2,641,339	108,917,707	3,638,948	86,271,894	730,938,785
Income before income tax	₱921,913,914	₱671,547,111	₱283,729,352	₱104,119,355	₱91,477,504	₱2,072,787,236
Segment assets	₱20,782,127,391	₱10,740,192,079	₱2,077,996,979	₱1,314,688,477	₱2,283,602,444	₱37,198,607,370
Segment liabilities	₱5,118,362,442	₱5,452,985,082	₱2,682,341,022	₱783,872,838	₱412,585,268	₱14,450,146,651
Other segment information:						
Capital expenditures						₱1,930,702,887

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 is concentrated in the Philippines.

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Cash on hand and in banks	**₱230,918,200**	₱162,876,637
Short-term investments	**282,085,319**	356,203,816
	₱513,003,519	₱519,080,453

Cash in banks earns interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at the prevailing short-term investment rates.

6. Receivables

This account consists of:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Trade		
Installment contract receivables	**₱3,139,645,122**	₱3,541,591,155
Rental receivables	**302,335,380**	252,087,471
Accrued rent receivables	**211,932,242**	235,681,052
Hotel operations	**72,984,168**	68,663,338
	3,726,896,912	4,098,023,016
Affiliated companies (Note 16)	**49,724,780**	94,757,880
Others	**263,264,881**	208,670,276
	4,039,886,573	4,401,451,172
Less allowance for impairment losses	**48,653,548**	48,459,175
	₱3,991,233,025	₱4,352,991,997

The installment contract receivables aggregating ₱3,140 million and ₱3,542 million as of March 31, 2009 and September 30, 2008, included under real estate receivables, are collectible in monthly installments over a period of one to ten years and bear annual interest rates ranging from 8.20% to 9.75% computed on the diminishing balance of the principal.

The accrued rent receivables represent the portion of the lease recognized as income on a straight line basis.

Others amounting to ₱263 million and ₱209 million as of March 31, 2009 and September 30, 2008, respectively, pertain to advances to officers and employees, accrued interest receivable and advances to various third parties.

Allowance for Impairment Losses on Trade Receivables

Changes in allowance for impairment losses on trade receivables follow:

March 31, 2009 (Unaudited)

	Trade Receivables Individual Assessment	Trade Receivables Collective Assessment	Total
Balances at beginning of year	**₱29,459,175**	**₱19,000,000**	**₱48,459,175**
Provision for impairment losses (Note 28)	**194,373**	**–**	**194,373**
Balances at end of year	**₱29,653,548**	**₱19,000,000**	**₱48,653,548**

September 30, 2008 (Audited)

	Trade Receivables Individual Assessment	Trade Receivables Collective Assessment	Total
Balances at beginning of year	₱10,477,071	₱19,000,000	₱29,477,071
Provision for impairment losses (Note 28)	18,982,104	–	18,982,104
Balances at end of year	₱29,459,175	₱19,000,000	₱48,459,175

Aging Analysis

The aging analysis of the Group's receivables follows:

March 31, 2009 (Unaudited)

	Total	Neither Past Due Nor Impaired	Past Due But Not Impaired: Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables							
Installment contract receivables	**₱3,139,645,122**	**₱2,932,787,423**	**₱34,914,995**	**₱17,372,193**	**₱6,889,553**	**₱128,680,958**	**₱19,000,000**
Rental receivables	**302,335,380**	**143,753,689**	**17,451,473**	**11,710,481**	**2,559,557**	**97,206,632**	**29,653,548**
Accrued rent receivables	**211,932,242**	**211,932,242**	**–**	**–**	**–**	**–**	**–**
Hotel operations	**72,984,168**	**31,227,502**	**18,733,444**	**3,490,557**	**4,023,202**	**15,509,463**	**–**
Affiliated companies (Note 16)	**49,724,780**	**49,724,780**	**–**	**–**	**–**	**–**	**–**
Others	**263,264,881**	**263,264,881**	**–**	**–**	**–**	**–**	**–**
	₱4,039,886,573	**₱3,632,690,517**	**₱71,099,912**	**₱32,573,231**	**₱13,472,312**	**₱241,397,053**	**₱48,653,548**

September 30, 2008 (Audited)

	Total	Neither Past Due Nor Impaired	Past Due But Not Impaired: Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days	Past Due and Impaired
Trade receivables							
Installment contract receivables	₱3,541,591,155	₱3,102,754,751	₱97,967,424	₱95,629,787	₱49,094,434	₱177,144,759	₱19,000,000
Rental receivables	252,087,471	115,431,968	1,737,728	7,226,497	42,613	98,189,490	29,459,175
Accrued rent receivables	235,681,052	235,681,052	–	–	–	–	–
Hotel operations	68,663,338	36,027,130	14,231,936	3,643,128	1,522,357	13,238,787	–
Affiliated companies (Note 16)	94,757,880	94,757,880	–	–	–	–	–
Others	208,670,276	208,670,276	–	–	–	–	–
	₱4,401,451,172	₱3,793,323,057	₱113,937,088	₱106,499,412	₱50,659,404	₱288,573,036	₱48,459,175

7. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Condominium units	**₱1,134,079,056**	₱1,125,841,904
Residential units and subdivision land development costs	**594,682,423**	557,552,258
	₱1,728,761,479	₱1,683,394,162

There are no subdivision land, condominium and residential units for sale as of March 31, 2009 and September 30, 2008 that are pledged as security to liabilities.

8. Investment Properties and Other Investments

The investment properties consist mainly of land held for appreciation, and shopping malls or commercial centers and office buildings that are held to earn rentals.

The rollforward analysis of this account follows:

March 31, 2009 (Unaudited)

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Others	Total
Cost						
At September 30, 2008	**₱12,269,861,303**	**₱58,340,679**	**₱23,172,087,520**	**₱254,274,144**	**₱2,000,000**	**₱35,756,563,646**
Additions/transfer-in	**1,618,370**	**125,000**	**773,961,952**	**–**	**–**	**775,705,322**
Retirements/disposal	**(9,900,593)**	**–**	**–**	**–**	**–**	**(9,900,593)**
Reclassifications/transfers	**–**	**–**	**(14,194,768)**	**–**	**–**	**(14,194,768)**
At March 31, 2009	**12,261,579,080**	**58,465,679**	**23,931,854,704**	**254,274,144**	**2,000,000**	**36,508,173,607**
Accumulated depreciation and amortization						
At September 30, 2008	**–**	**39,991,185**	**8,006,713,709**	**194,034,512**	**–**	**8,240,739,406**
Depreciation and amortization (Note 20)	**–**	**2,174,172**	**683,398,553**	**9,748,411**	**–**	**695,321,136**
At March 31, 2009	**–**	**42,165,357**	**8,690,112,262**	**203,782,923**	**–**	**8,936,060,542**
Net book value as of March 31, 2009	**₱12,261,579,080**	**₱16,300,322**	**₱15,241,742,442**	**₱50,491,221**	**₱2,000,000**	**₱27,572,113,065**

September 30, 2008 (Audited)

	Land	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Others	Total
Cost						
At September 30, 2007	₱10,706,703,698	₱56,219,266	₱19,789,730,810	₱254,274,144	₱2,000,000	₱30,808,927,918
Additions/transfer-in	2,458,164,479	944,206	218,459,412	–	–	2,677,568,097
Retirements/disposal	(26,423,662)	–	–	–	–	(26,423,662)
Reclassifications/transfers	(868,583,212)	1,177,207	3,163,897,298	–	–	2,296,491,293
At September 30, 2008	12,269,861,303	58,340,679	23,172,087,520	254,274,144	2,000,000	35,756,563,646
Accumulated depreciation and amortization						
At September 30, 2007	–	35,110,787	6,704,099,761	174,537,691	–	6,913,748,239
Depreciation and amortization (Note 20)	–	4,880,398	1,302,613,948	19,496,821	–	1,326,991,167
At September 30, 2008	–	39,991,185	8,006,713,709	194,034,512	–	8,240,739,406
Net book value as of September 30, 2008	₱12,269,861,303	₱18,349,494	₱15,165,373,811	₱60,239,632	₱2,000,000	₱27,515,824,240

Depreciation and amortization expense charged to operations amounted to ₱695 million and ₱1,327 million for the six months period ended March 31, 2009 and March 31, 2008, respectively.

The Group engaged the services of an independent appraiser reappraise investment properties that were last appraised in May 2005. Based on the ongoing appraisal of the investment properties, the fair value of investment properties already completed appraisal exceeds the carrying cost by ₱ 37,100 million as of September 30, 2008. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. As of March 31, 2009, the aggregate fair value amounted to ₱61,200 million which pertains to investment properties with already completed appraisal carrying cost of ₱24,100 million.

As the appraisal is currently ongoing the investment properties that remained which are currently under evaluation have fair values aggregating ₱7,420 million which was determined as of May 31, 2005.

The value of the investment properties was arrived at using the *Market Data Approach*. In this approach, the value of the investment properties is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

There are no investment properties and other investments as of March 31, 2009 and September 30, 2008 that are pledged as security to liabilities.

9. Property and Equipment

The rollforward analysis of this account follows:

March 31, 2009 (Unaudited)

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Construction In Progress	Total
Cost						
At September 30, 2008	**₱173,086,946**	**₱3,195,681**	**₱2,242,912,992**	**₱1,307,022,297**	**₱3,087,960,854**	**₱6,814,178,770**
Additions	–	–	**3,194,224**	**174,665,421**	**2,924,797,889**	**3,102,657,534**
Retirements/disposals	–	–	–	**(2,166,014)**	–	**(2,166,014)**
Reclassifications/transfer-out	–	**17,261,798**	**232,144**	**(18,353,465)**	**(1,568,246,299)**	**(1,569,105,822)**
At March 31, 2009	**173,086,946**	**20,457,479**	**2,246,339,360**	**1,461,168,239**	**4,444,512,444**	**8,345,564,468**
Accumulated depreciation and amortization						
At September 30, 2008	–	**3,195,681**	**916,818,739**	**977,197,173**	–	**1,897,211,593**
Depreciation and amortization (Note 20)	–	–	**62,188,507**	**56,619,263**	–	**118,807,770**
Retirements/disposals	–	**12,138,793**	**541,764**	**(14,134,312)**	–	**(1,453,755)**
At March 31, 2009	–	**15,334,474**	**979,549,010**	**1,019,682,124**	–	**2,014,565,608**
Net book value as of March 31, 2009	**₱173,086,946**	**₱ 5,123,005**	**₱1,266,790,350**	**₱441,486,115**	**₱4,444,512,444**	**₱6,330,998,860**

September 30, 2008 (Audited)

	Land	Land Improvements	Buildings and Improvements	Other Equipment	Construction In Progress	Total
Cost						
At September 30, 2007	₱173,086,946	₱2,497,440	₱2,231,273,066	₱1,186,379,483	₱3,279,744,638	₱6,872,981,573
Additions	–	–	18,827,752	131,213,796	6,660,556,235	6,810,597,783
Retirements/disposals	–	–	(4,725,994)	(13,032,814)	–	(17,758,808)
Reclassifications/transfer-out	–	698,241	(2,461,832)	2,461,832	(6,852,340,019)	(6,851,641,778)
At September 30, 2008	173,086,946	3,195,681	2,242,912,992	1,307,022,297	3,087,960,854	6,814,178,770
Accumulated depreciation and amortization						
At September 30, 2007	–	2,497,440	800,854,425	880,059,188	–	1,683,411,053
Depreciation and amortization (Note 20)	–	698,241	120,690,308	109,482,515	–	230,871,064
Retirements/disposals	–	–	(4,725,994)	(12,344,530)	–	(17,070,524)
At September 30, 2008	–	3,195,681	916,818,739	977,197,173	–	1,897,211,593
Net book value as of September 30, 2008	₱173,086,946	₱–	₱1,326,094,253	₱329,825,124	₱3,087,960,854	₱4,916,967,177

Depreciation and amortization expense charged to operations amounted to ₱119 million and ₱231 million for the six months period ended March 31, 2009 and March 31, 2008, respectively (see Note 20).

Borrowing costs capitalized to property and equipment under construction amounted to about ₱311 million and ₱331 million for the period ended March 31, 2009 and year ended September 30, 2008, respectively. The average capitalization rate used to determine the amount of borrowing costs eligible for capitalization during the period ended March 31, 2009 and year ended September 30, 2008 is 8.22% and 7.10%, respectively.

Property and equipment transferred to investment property and subdivision land, condominium and residential units for sale aggregated to ₱1,569 million and ₱6,852 million as of March 31, 2009 and September 30, 2008, respectively.

There are no property and equipment items as of March 31, 2009 and September 30, 2008 that are pledged as security to liabilities.

10. Other Assets

This account consists of:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Value-added input tax	**₱729,085,790**	₱725,139,318
Advances to lot owners	**231,380,048**	230,782,624
Utility deposits	**127,721,669**	159,797,619
Prepaid expenses	**126,294,648**	69,317,532
Guarantee deposits	**55,176,879**	40,830,067
Supplies	**32,804,559**	31,126,241
Receivable from Meralco (Notes 26 and 27)	**32,357,103**	43,272,925
Advances to suppliers and contractors	**14,211,139**	3,743,538
Other assets	**55,871,439**	18,292,893
	₱1,404,903,274	₱1,322,302,757

The value-added input tax is applied against value-added output tax. The remaining balance is recoverable in future periods.

Advances to lot owners consist of advance payments to land owners which will applied against the acquisition cost of the assets that will be acquired.

Utility deposits consist primarily of bid bonds and meter deposits.

Prepaid expenses consist mainly of prepayments for taxes and insurance.

Advances to suppliers and contractors consist of advance payment to supplier or contractors which will be applied against final billing.

Other assets include various types of deposits and advances.

11. Accounts and Other Payables

This account consists of:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Accrued expenses, taxes and licenses and other liabilities	**₱2,359,851,444**	₱2,194,353,395
Accounts payable - trade	**1,821,013,595**	2,099,810,450
Accrued rent expense	**819,516,613**	766,169,414
Pension liabilities (Note 25)	**20,200,496**	15,777,396
Dividends payable	**7,020,203**	6,000,198
	₱5,027,602,351	₱5,082,110,853

Accounts payable - trade and accrued expenses are normally settled within one year.

The accrued rent expense represents the portion of the lease recognized as expense on a straight line basis.

12. Deposits and Other Liabilities

This account consists of:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Deposits from lessees	**₱1,553,590,941**	₱1,271,304,764
Deposits from real estate buyers	**1,541,681,347**	1,417,602,647
Payables to affiliated companies (Notes 16 and 28)	**171,633,616**	1,189,250,880
Other liabilities	**365,211,679**	399,861,431
	₱3,632,117,583	₱4,278,019,722

Deposits from real estate buyers represent cash received in advance which shall be applied against the total contract price of the subdivision land, condominium and residential units that are for sale when the contractual obligation of the real estate buyer have begun. The deposits from real estate are normally applied against the total contract price within a year from the date the deposits were made.

Deposits from lessees represent cash received in advance equivalent to three to six months rent which shall be refunded to lessees at the end of lease term. The Group recognized Discount on deposits from lessees amounting to ₱102 million and ₱103 million as of March 31, 2009 and September 30, 2008, respectively. The related interest expense on the discount amounted to ₱24 million and ₱61 million for the six months ended March 31, 2009 and for the year ended September 30, 2008, respectively. The Unearned rental income amounted to ₱95 million and ₱94 million as of March 31, 2009 and for the year ended September 30, 2008, respectively. The rental income on amortization of unearned rental income amounted to ₱23 million and ₱47 million for the six months March 31, 2009 and September 30, 2008, respectively. The Deposits from lessees was discounted using MART 1 plus 2% spread.

13. Loans Payable

This account consists of:

	Principal Amount	2009	2008
Short-term Loans from Banco de Oro Unibank Inc. (BDO)	**₱1,436,700,000**	**₱1,338,700,000**	₱677,000,000
Loan from ING, Manila and Security Bank Corporation (SBC) under the Development Bank of the Philippines (DBP)-JBIC - 5 loan facility at fixed interest rate of 9.2% per annum + 1.5% margin payable in nine (9) semi-annual payments starting October 2005	**1,000,000,000**	**115,000,000**	340,000,000
Five-year and one day loan maturing on May 29, 2012 with fixed rate at 6.375%, interest payable semi-annually in arrears on the last day of each six-month interest period	**3,000,000,000**	**3,000,000,000**	3,000,000,000
Notes subscribed to by Land Bank of the Philippines (LBP), China Banking Corporation (CBC), Hongkong Shanghai Banking Corporation (HSBC) and SBC under the Inverse Floating Rate Notes Facility Agreement maturing on June 6, 2013 bearing an interest rate of 15.7% less the 3-month benchmark rate (PDST-F), and a tenor of 5 years + 1 day; interest is payable quarterly, in arrears, on the last day of each 3-month interest period	**2,000,000,000**	**2,000,000,000**	2,000,000,000
		₱6,453,700,000	₱6,017,000,000

Short Term Loans

The term of the short-term loans is three (3) months to four (4) months from issue date to be issued in one tranche. Interest on the outstanding principal shall be repaid at each interest payment date. The average interest rate shall be 6.6% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

No debt covenants were being maintained by the Group since the loans are short-term in nature.

Payable due in October 2009

On October 6, 2004, the Group obtained unsecured loans each amounting to ₱500 million from ING Bank N.V. and from Security Bank Corporation (collectively, the "Lenders") under the Omnibus Facility Agreement (the "Agreement") constituting direct and unconditional obligation of the Group ranking pari-passu with all present and future unsecured and unsubordinated obligations, other than obligations in respect of which a statutory preference is established solely by operation of law, for partial financing and/or reimbursement of construction cost of the Parent Company's projects. DBP advanced the loan granted by the Lenders to the Parent Company by virtue of various agreements. The loan is payable in nine (9) semi-annual installments beginning October 2005.

Interest on the outstanding principal amount shall be paid at each interest payment date, as follows: (i) the interest rate shall be fixed at 9.2% per annum plus an interest margin of 1.5% per annum; (ii) the Group will have a one-time option throughout the life of the loan to switch from the fixed rate of 9.2% per annum to a floating rate equivalent to the applicable DBP pass-on-rate plus an interest margin of 1.5% per annum, subject to the provision by the Group of one-week prior written notice for the exercise of such option; and (iii) in case the Group opts for a floating interest rate, the setting of rates shall be in accordance with the policies of DBP which, as of the date of Agreement, fixes January 1, April 1, July 1, and October 1 of every year as the interest setting dates. Interest shall accrue from and include the first day of an interest period, up to, and including, the last day of such interest period.

Interest period shall mean the period of six months of each year; provided, however, that in the event the Group shall have exercised its option under (ii) above to switch to a floating interest rate, interest period shall mean the period of three months of each year.

Debt Covenant
The Group is required to maintain a debt to equity ratio of not exceeding 1.5:1 and interest coverage ratio of not less that 1.5:1. The Group has complied with the debt covenant.

<u>Loans Payable due in May 2012</u>
On May 24, 2007, the Group issued ₱3,000 million Fixed rate Corporate Note Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of the Group ranking at least pari passu in all respects and ratably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Group) with all other outstanding unsecured and unsubordinated obligations of the Group. The term of the bonds is five (5) years and one (1) day from issue date.

The interest rate is at 6.375% per annum and shall be payable semi-annually, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group must ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. The Group has complied with the debt covenants.

<u>Loans Payable due in June 2013</u>
On June 4, 2008, the Group issued ₱2,000 million Inverse Floating Rate Notes Facility constituting direct, unconditional, unsubordinated, general and unsecured obligations of the Group ranking at least pari passu in all respects and rateably without preference or priority (except for any statutory preference or priority applicable in the winding-up of the Group) with all other outstanding unsecured and unsubordinated obligations of the Group with all other outstanding unsecured and unsubordinated obligations (contingent or otherwise, present and future) of the Group. The term of the bonds is five (5) years and one (1) day from issue date.

The interest rate is at 15.70% less the 3-month Benchmark Rate on an interest determination date rounded off to the nearest 1/100 or 1% per annum and shall be payable quarterly, computed based on the outstanding balance with payments commencing on the issue date and ending on the maturity date.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 1.5:1 and interest coverage ratio of not less than 1.5:1. The Group must ensure that it will remain at least fifty-one percent (51%) owned by the JG Summit Group. The Group has complied with the debt covenants.

Total outstanding loans payable that are current as of March 31, 2009 and September 30, 2008 amounted to ₱1,454 million and ₱1,017 million, respectively. On the other hand, total outstanding loans payable that are noncurrent amounted to ₱5,000 million as of March 31, 2009 and September 30, 2008.

Details of the Group's loans payable by maturity follow:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Total
March 31, 2009	**₱1,453,700,000**	**₱–**	**₱–**	**₱3,000,000,000**	**₱2,000,000,000**	**₱6,453,700,000**
September 30, 2008	₱1,017,000,000	₱–	₱–	₱3,000,000,000	₱2,000,000,000	₱6,017,000,000

14. Retained Earnings

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱336 million as of March 31, 2009 and ₱545 million as of March 31, 2008 are not available for dividend declaration until received in the form of dividends.

Dividends declared
The Board of Directors (BOD) declared cash dividends in favor of all its stockholders in September 2008 as follows:

Date of declaration	April 17, 2008
Date of payment	June 12, 2008
Ex-dividend rate	May 16, 2008
Dividend per share	₱0.53
Total dividends	₱1,455,866,782

Appropriation
On May 14, 2003, the BOD approved the appropriation of ₱3,500 million, out of the retained earnings, for future expansion.

15. Capital Stock

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

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Authorized - at ₱1 par value	**3,000,000,000**	3,000,000,000
Issued and outstanding	**2,746,918,457**	2,746,918,457

On September 23, 2006, the BOD approved the primary and secondary offerings of up to 811,136,200 common shares of the Parent Company which consisted of 450,000,000 common shares from the unissued authorized capital stock of the Parent Company and 361,136,200 secondary shares held by shareholders: JGSHI, Universal Robina Corporation and JG Summit Capital Services Corporation. The offer price was ₱12 per share. An over-allotment option for the sale of additional 121,670,400 secondary shares (Optional Shares) at the same offer price and terms was likewise approved by the BOD.

The Securities and Exchange Commission (SEC) issued a pre-effective order on September 1, 2006 with respect to the registration statements filed by the Group for the purpose of the above share offering. In October 2006, all primary and secondary share offerings (including Optional Shares) were fully subscribed by both foreign and local investors. Net proceeds from the primary offering amounted to about ₱5,230 million. The amount representing excess of subscription price over the par value of the primary share offering amounting to about ₱4,784 million was credited to additional paid-in capital.

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 March 31, 2009 and September 30, 2008.

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
(a) Loans payable (Note 13)	**₱6,453,700,000**	₱6,017,000,000
(b) Equity	**₱24,602,342,032**	₱22,986,969,524
(c) Debt-to-capital ratio (a/b)	**0.26:1**	0.26:1

The Group's policy is to limit the debt-to-capital ratio at the 1.5:1 level.

16. Related Party Transactions

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities (referred herein as affiliates).

Affiliates shall mean, with respect to the Group, any corporation directly or indirectly controlled by it or under common control, whether by way of ownership of at least 20% of the total issued and outstanding capital stock of such corporation, or the right to elect at least 20% of the number of directors in such corporation, or the right to control and direct the operation and management of such corporation whether by reason of common management, contract or authority granted by said corporation to the Group.

The Group, in the normal course of business, has transactions with its major stockholder, JGSHI and its affiliated companies consisting principally of lease arrangements and advances (both interest and noninterest-bearing), principally for working capital, including construction costs. The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱498 million and ₱471 million in the six months period ended March 31, 2009 and March 31, 2008, respectively.

The Group also maintains savings and current accounts and time deposits with Robinsons Savings Bank, an affiliated local commercial bank. The balances follow:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Savings and current accounts	**₱112,773,856**	₱32,660,266
Short-term investments	**96,919,644**	285,244,392
	₱209,693,500	₱317,904,658

Loans from shareholders
As of March 31, 2009 and September 30, 2008, a subsidiary has outstanding noninterest-bearing advances from Winsome Development Corporation, a minority stockholder, for working capital requirement amounting to ₱104 million. The advances are included in the "Accounts payable - trade" account under the, "Accounts and other payables", in the consolidated balance sheets.

JGSHI also provides the Group certain corporate services including debt management, corporate finance, corporate planning, procurement, human resources, legal and corporate communications.

As of March 31, 2009 and September 30, 2008, the net payable to affiliated companies amounted to ₱122 million and ₱1,094 million, respectively. Details are as follow:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Payable to affiliated companies (Notes 12 and 28)		
JGSHI	**₱96,425,545**	₱1,098,928,503
Westpoint Industrial Mills	**22,753,985**	22,950,417
Robinsons Inc.	**3,499,404**	14,593,692
Others	**48,954,682**	52,778,268
	171,633,616	1,189,250,880
Receivable from affiliated companies (Notes 6 and 28)		
Digital Telecommunication Inc.	**39,720,800**	39,890,765
Robinsons Recreation Corporation	**–**	11,326,607
Universal Robina Corporation	**8,549,635**	8,605,539
Others	**1,454,345**	34,934,969
	49,724,780	94,757,880
Net payable to affiliated companies	**₱121,908,836**	₱1,094,493,000

On October 2, 2008, the ₱1,000 million JGSHI loan was obtained with interest at 5.25% annually. The entire ₱1,000 million was fully paid as of March 31, 2009.

As of March 31, 2009 and September 30, 2008, the Group has not provided any allowance for impairment losses for amounts owed by related parties. This assessment is undertaken each financial year.

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows (see Note 21):

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Short term employee benefits	**₱232,765,294**	₱187,765,955
Post-employment benefits (Note 25)	**9,551,100**	19,643,200
	₱242,316,394	₱207,409,155

17. **Revenue**

This account consists of:

	Six months ended March 31 (Unaudited)	
	2009	2008
Real estate		
Real estate sales	**₱1,764,331,318**	₱2,122,314,420
Rental income	**2,491,367,760**	2,112,793,865
Others	**146,480,235**	90,949,704
	4,402,179,313	4,326,057,989
Hotel operations		
Rooms	**282,091,529**	327,822,618
Food and beverage	**188,668,290**	236,138,958
Others	**18,672,755**	15,515,796
	489,432,574	579,477,372
	₱4,891,611,887	₱4,905,535,361

18. **Costs**

This account consists of:

	Six months ended March 31 (Unaudited)	
	2009	2008
Real Estate		
Cost of sales (Note 7)	**₱978,088,783**	₱1,171,724,114
Depreciation and amortization (Notes 8, 9 and 20)	**726,799,909**	644,666,891
Maintenance costs (Note 8)	**76,342,536**	67,668,547
Others	**56,999,408**	52,496,008
	1,838,230,636	1,936,555,560
Hotel Operations		
Cost of sale	**236,243,734**	281,948,220
Property operations and maintenance costs (Note 8)	**88,352,175**	87,406,215
Depreciation and amortization (Notes 8, 9 and 20)	**87,328,997**	86,271,894
Others	**30,601,567**	34,150,726
	442,526,473	489,777,055
	₱2,280,757,109	₱2,426,332,615

19. General and Administrative Expenses

This account consists of:

	Six months ended March 31 (Unaudited)	
	2009	2008
Salaries and wages (Notes 16, 21 and 25)	**₱176,462,611**	₱142,245,700
Advertising and promotions	**112,258,893**	123,852,853
Commission	**105,579,846**	116,184,228
Taxes and licenses	**81,805,690**	80,303,352
Rent expense	**75,899,319**	80,969,233
Light, water and communication (Note 26)	**24,970,252**	25,344,992
Entertainment, amusement and recreation	**17,002,996**	22,214,856
Insurance	**14,695,534**	15,646,239
Travel and transportation	**12,471,985**	10,807,255
Supplies expense	**8,272,931**	7,052,950
Donation	**7,796,662**	3,578,243
Provision for impairment losses (Note 6)	**194,373**	480,531
Others	**15,965,777**	9,199,083
	₱653,376,869	₱637,879,515

Revenue Regulations No. 10-2002 define expenses to be classified as entertainment, amusement and representation (EAR) expenses and sets a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses.

20. Depreciation and Amortization

Depreciation and amortization are distributed as follows:

	Six months ended March 31 (Unaudited)	
	2009	2008
Real estate (Notes 8, 9 and 18)	**₱726,799,909**	₱644,666,891
Hotel operations (Notes 9 and 18)	**87,328,997**	86,271,894
	₱814,128,906	₱730,938,785

21. Personnel Expenses

Personnel expenses consist of (see Notes 16 and 19):

	Six months ended March 31 (Unaudited)	
	2009	2008
Salaries, wages and other staff costs	**₱211,335,724**	₱174,308,672
Retirement costs (Note 25)	**9,551,100**	19,643,200
SSS contributions, PAG-IBIG contributions, premiums and others	**21,429,570**	13,457,283
	₱242,316,394	₱207,409,155

The above amounts are distributed as follows:

	Six months ended March 31 (Unaudited)	
	2009	2008
General and administrative (Note 19)	**₱176,462,611**	₱142,245,700
Hotel operations	**65,853,783**	65,163,455
	₱242,316,394	₱207,409,155

22. **Interest Income -** Net

This account consists of:

	Six months ended March 31 (Unaudited)	
	2009	2008
Interest income		
Installment contract receivables	**₱152,512,331**	₱205,146,899
Bank deposits	**45,074,064**	52,536,370
	197,586,395	257,683,269
Interest expense on amortization of discount on deposits (Note 12)	**(29,629,999)**	(26,219,264)
	₱167,956,396	₱231,464,005

23. **Income Taxes**

Republic Act No. 9337 that was enacted into law in 2005 amended various provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said RA was the reduction of the income tax rate from 35% to 30% beginning January 1, 2009.

Provision for income tax for the periods ended March 31 follow:

	Six months ended March 31 (Unaudited)	
	2009	2008
Current	**₱484,256,141**	₱294,354,495
Deferred	**25,805,656**	320,067,740
	₱510,061,797	₱614,422,235

24. **Earnings Per Share**

Earnings per share amounts were computed as follows:

	Six months ended March 31 (Unaudited)	
	2009	2008
a. Net income attributable to equity holders of Parent Company	**₱1,613,864,955**	₱1,452,264,218
b. Weighted average number of common shares outstanding	**2,746,918,457**	2,746,918,457
c. Earnings per share (a/b)	**₱0.59**	₱0.53

There were no potential dilutive shares in 2009 and 2008.

25. **Retirement Plan**

The Group has a funded, noncontributory, defined benefit retirement plan covering all its regular permanent employees. The plan provides retirement, separation, disability and death benefits to its members. The latest actuarial valuation was made on March 31, 2009.

The following tables summarizes the components of pension expense (included in salaries and wages account under "General and administrative expenses") recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets for the plan:

Pension expense

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Current service cost	**₱5,897,200**	₱12,653,200
Interest cost	**4,284,000**	7,996,600
Expected return on plan assets	**(1,583,100)**	(188,000)
Benefits paid	**–**	(1,697,000)
Past service cost	**–**	16,667,300
Actuarial losses recognized	**953,000**	3,854,300
Total pension expense	**₱9,551,100**	₱39,286,400

Pension liabilities

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Benefit obligation	**₱72,133,100**	₱101,706,300
Fair value of plan assets	**(59,698,400)**	(57,568,490)
Unrecognized net actuarial losses	**7,765,796**	(28,360,414)
Pension liabilities	**₱20,200,496**	₱15,777,396

Pension benefit obligation

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Balance at beginning of year	**₱101,706,300**	₱84,707,150
Current service cost	**5,897,200**	12,653,200
Interest cost	**4,284,000**	7,996,600
Past service cost	**–**	16,667,300
Actuarial gains on obligation	**(34,743,000)**	(13,471,444)
Benefits paid	**(5,011,400)**	(6,846,506)
Balance at end of year	**₱72,133,100**	₱101,706,300

Fair value of plan assets

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Balance at beginning of year	**₱57,568,490**	₱104,000
Expected return on plan assets	**1,583,100**	188,000
Actual contributions	**5,128,000**	54,549,754
Benefits paid	**(5,011,400)**	(5,149,506)
Actuarial losses - net	**430,210**	7,876,242
Balance at end of year	**₱59,698,400**	₱57,568,490

The rollforward of unrecognized actuarial (gains) losses follows:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Balance at beginning of year	**₱28,360,414**	₱53,562,400
Additional actuarial (gains) losses:		
From plan obligation	**(34,743,000)**	(13,471,444)
From plan assets	**(430,210)**	(7,876,242)
Actuarial losses recognized	**(953,000)**	(3,854,300)
Balance at end of year	**(₱7,765,796)**	₱28,360,414

The principal assumptions used in determining pension for the Group's plan are shown below:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Discount rate	**9.29% - 11.40%**	8.08% - 8.81%
Rate of salary increase	**4.00% - 5.50%**	4.00% - 5.50%
Expected rate of return on plan assets	**5.50%**	5.50%
Experience adjustment gain (loss) - net	**₱34,743,000**	₱13,471,444
Turnover rate	**10.98% - 35.00%**	10.98% - 35.00%

The Group's plan assets consist of the following:

	March 31, 2009 (Unaudited)		September 30, 2008 (Audited)	
	Amount	**%**	Amount	%
Cash	**₱179,754**	**–**	₱178,754	–
Receivables	**65,783,718**	**109.85**	63,236,763	109.85
Liabilities (Notes 6 and 16)	**(6,265,072)**	**(9.85)**	(5,847,027)	(9.85)
	₱59,698,400	**100.00**	₱57,568,490	100.00

The Group expects to contribute about ₱12 million into the pension fund for the fiscal year ending in September 30, 2009.

Amounts for the current and previous annual periods are as follow:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Defined benefit obligation	**₱72,133,100**	₱101,706,300
Plan assets	**59,698,400**	57,568,490
Experience adjustments on:		
Plan liabilities	**34,743,000**	13,471,444
Plan assets	**(430,210)**	(7,876,242)

26. Meralco Refund

As a customer of the Manila Electric Company (Meralco), the Group is entitled to receive a refund pertaining to previous billings adjustments under Phase IV of Meralco's refund scheme. Subsequent to the approval of Meralco's amended refund scheme in 2005 by the Energy Regulatory Commission, the amount and the timing of the receipt of the refund is made certain.

Under the Meralco refund scheme, the Group may opt to refund through postdated checks or as a fixed monthly credit to bills with cash option. The Group has opted to recover the refund through fixed monthly credit to bills with cash option, starting in November 2005 until January 2011. Income from the refund amounted to ₱90 million (included as deduction in "General and administrative expenses") in 2006. The receivable was discounted using an effective interest rate of 10%.

27. 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 receivables and trade payables, which arise directly from its operations.

There are no financial instruments that are sensitive to market driven condition that will expose the Group.

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

<u>Risk Management Structure</u>
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 of 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 (1) 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 and liquidity risk. The Group's policies for managing the aforementioned risks are summarized below.

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 a United States Dollar (USD) which result primarily from movement of the Philippine Peso against the USD.

The Group does not have any foreign currency hedging arrangements.

The table below summarizes the Group's exposure to foreign currency risk as of March 31, 2009 and September 30, 2008:

	March 31, 2009 (Unaudited)		September 30, 2008 (Audited)	
Assets				
Cash and cash equivalents	**$1,809,977**	**₱87,476,189**	$1,499,076	₱70,531,542
Liabilities				
Accounts and other payables	**185,832**	**8,981,279**	211,505	9,951,293
Net foreign currency-denominated assets	**$1,624,145**	**₱78,494,910**	$1,287,571	₱60,580,249

The exchange rates used to restate the Group's US Dollar-denominated assets and liabilities as of March 31, 2009 and September 30, 2008 follow:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
US Dollar - Philippine Peso exchange rate	**₱48.33 US$1.00**	₱47.05 to US$1.00

The following table sets forth the impact of the range of reasonably possible changes in the US Dollar - Philippine Peso exchange rate on the Group's income before income tax and equity for the six months ended March 31, 2009 and for the year ended September 30, 2008:

Reasonably Possible Changes in US Dollar-Philippine Peso Exchange Rates	Change in Income Before Income Tax	Change in Equity
March 31, 2009 (Unaudited)		
2.0%	**(₱1,569,898)**	**(₱1,020,434)**
(2.0%)	**1,569,898**	**1,020,434**
September 30, 2008 (Audited)		
2.5%	(₱1,514,506)	(₱984,429)
(2.5%)	1,514,506	984,429

The Group does not expect the impact of the volatility on other currencies to be material.

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.

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.

The table below summarizes the maturity profile of the Group's financial liabilities as of March 31, 2009 and September 30, 2008, based on undiscounted contractual payments:

March 31, 2009 (Unaudited)

	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More Than 5 years**	**Total**
Accounts and other payables	**₱1,951,905,477**	**₱ 2,071,072,700**	**₱122,332,921**	**₱610,278,572**	**₱272,012,681**	**₱5,027,602,351**
Payable to affiliated companies (included under Deposits and other liabilities account in the consolidated balance sheets)	**171,633,616**	**–**	**–**	**–**	**–**	**171,633,616**
Deposits from real estate buyers and lessees (including current portion)	**1,059,987,688**	**97,452,465**	**244,473,380**	**1,693,358,755**	**–**	**3,095,272,288**
Loans payable (including current portion of loans payable and future interest payment)	–	**1,338,700,000**	**115,000,000**	**2,000,000,000**	**3,000,000,000**	**6,453,700,000**
	₱3,183,526,781	**₱3,507,225,165**	**₱481,806,301**	**₱4,303,637,327**	**₱3,272,012,681**	**₱14,748,208,255**

September 30, 2008 (Audited)

	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	More Than 5 years	Total
Accounts and other payables	₱2,175,534,001	₱1,992,250,626	₱75,384,270	₱624,645,997	₱214,295,959	₱5,082,110,853
Payable to affiliated companies (included under Deposits and other liabilities account in the consolidated balance sheets)	1,189,250,880	–	–	–	–	1,189,250,880
Deposits from real estate buyers and lessees (including current portion)	848,355,394	27,074,097	104,847,830	1,708,630,090	–	2,688,907,411
Loans payable (including current portion of loans payable and future interest payment)	–	882,625,000	325,625,000	5,573,750,000	–	6,782,000,000
Derivative liability	31,706,034	–	–	–	–	31,706,034
	₱4,244,846,309	₱2,901,949,723	₱505,857,100	₱7,907,026,087	₱214,295,959	₱15,773,975,178

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.

The following presents the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

March 31, 2009 (Unaudited)

Fixed rate

	Within 1 year	**1-2 years**	**2-3 years**	**Total**
Fixed rate				
Short-term investments	**₱ 282,085,319**	**₱–**	**₱–**	**₱ 282,085,319**
Loans payable	**–**	**–**	**5,000,000,000**	**5,000,000,000**
Floating rate				
Loans payable	**115,000,000**	**–**	**–**	**115,000,000**

September 30, 2008 (Audited)

Fixed rate

	Within 1 year	1-2 years	2-3 years	Total
Fixed rate				
Short-term investments	₱356,203,816	₱–	₱–	₱356,203,816
Loans payable		–	5,000,000,000	5,000,000,000
Floating rate				
Loans payable	225,000,000	115,000,000	–	340,000,000

Financial instruments with floating interest rate are repriced quarterly at intervals of less than one year. Other financial instruments held by the Group that are not included are noninterest-bearing.

The following table sets forth the impact of the range of reasonably possible changes in the interest rates on the Group's income before income tax and equity in March 31, 2009 and September 30, 2008:

Reasonably Possible Changes in Interest Rates	Change in Income Before Income Tax
2009	
1.5%	**(₱18,938,868)**
(1.5%)	**18,938,868**
2008	
1.5%	(₱27,322,587)
(1.5%)	27,322,587

Other than the potential impact on income before income tax, there is no other effect on equity.

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 Parent Company 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 with the result that the Group's exposure to impairment loss is not significant.

With respect to credit risk arising from 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.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of March 31, 2009 and September 30, 2008, without considering the effects of collaterals and other credit risk mitigation techniques:

	March 31, 2009 (Unaudited)	September 30, 2008 (Audited)
Cash and cash equivalents - excluding cash on hand	**₱498,054,593**	₱514,064,912
Receivables - net		
Trade receivables		
Installment contract receivable	**3,120,645,122**	3,522,591,155
Rental receivables	**272,681,832**	222,628,296
Accrued rent receivable	**211,932,242**	235,681,052
Hotel operations	**72,984,168**	68,663,338
Affiliated companies	**49,724,780**	94,757,880
Other receivables	**263,264,881**	208,670,276
Other assets		
Utility deposits	**127,721,669**	159,797,619
Advances to lot owners	**231,380,048**	230,782,624
Receivable from Meralco	**32,357,103**	43,272,925
Derivative asset	**59,179,033**	–
	₱4,939,925,471	₱5,300,910,077

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Given the Group's diverse base of counterparty, it is not exposed to large concentration of credit risks.

c. Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets as of March 31, 2009 and September 30, 2008:

<u>March 31, 2009 (Unaudited)</u>

	Neither Past Due Nor Impaired			**Past Due or**	
	High Grade	**Standard Grade**	**Substandard Grade**	**Individually Impaired**	**Total**
Cash and cash equivalents - excluding cash on hand	**₱498,054,593**	**₱–**	**₱–**	**₱–**	**₱498,054,593**
Receivables:					
Trade receivables					
Installment contract receivables	**2,932,787,423**	**187,857,699**	**–**	**19,000,000**	**3,139,645,122**
Rental receivables	**143,753,690**	**128,928,142**	**–**	**29,653,548**	**302,335,380**

(Forward)

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	**Standard Grade**	**Substandard Grade**	**Individually Impaired**	**Total**
Accrued rent receivables	**211,932,242**	–	–	–	**211,932,242**
Hotel operations	**31,227,502**	**41,756,666**	–	–	**72,984,168**
Affiliated companies	**49,724,780**	–	–	–	**49,724,780**
Other receivables	**263,264,881**	–	–	–	**263,264,881**
Other assets					
Utility deposits	**127,721,669**	–	–	–	**127,721,669**
Advances to lot owners	**231,380,048**	–	–	–	**231,380,048**
Receivable from Meralco	**32,357,103**	–	–	–	**32,357,103**
Derivative asset	**59,179,033**	–	–	–	**59,179,033**
	₱4,581,382,964	**₱358,542,507**	**₱–**	**₱48,653,548**	**₱4,988,579,019**

September 30, 2008 (Audited)

	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Cash and cash equivalents - excluding cash on hand	₱514,064,912	₱–	₱–	₱–	₱514,064,912
Receivables:					
Trade receivables					
Installment contract receivables	3,121,754,751	419,836,404	–	–	3,541,591,155
Rental receivables	96,431,968	107,196,328	–	48,459,175	252,087,471
Accrued rent receivables	235,681,052	–	–	–	235,681,052
Hotel operations	36,027,130	32,636,208	–	–	68,663,338
Affiliated companies	94,757,880	–	–	–	94,757,880
Other receivables	208,670,276	–	–	–	208,670,276
Other assets					
Utility deposits	159,797,619	–	–	–	159,797,619
Advances to lot owners	230,782,624	–	–	–	230,782,624
Receivable from Meralco	43,272,925	–	–	–	43,272,925
	₱4,741,241,137	₱559,668,940	₱–	₱48,459,175	₱5,349,369,252

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks in the Philippines in terms of resources and profitability.

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

d. Impairment assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent evidence or not yet objective of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

Derivative Financial Instrument

The Group's freestanding derivative financial instrument, with notional amount of ₱2,000 million, is accounted for as financial instrument at FVPL.

The Group's freestanding derivative follows:

Interest rate swaps

On May 28, 2008, the Group entered in an interest rate swap agreement with a bank, with a total notional amount of ₱2,000 million. The interest rate swap has a term of five (5) years and interest exchange is every 5th day of March, June, September and December. Under the agreement, the Group agreed with the counterparty to exchange at quarterly interval, the Group's floating rate which is based on 3M PSDT-F but not to exceed 15.70% and the counterparty's fixed interest rates. The effect of the swap agreement is to effectively fix the Group's interest rate exposure to 8.75%.

As of March 31, 2009 and September 30, 2008, the estimated fair value for this interest rate swap agreement amounted to ₱59 million gain and ₱32 million loss, respectively, as confirmed by bank counterparty.

28. **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 financial statements.

	March 31, 2009 (Unaudited)		September 30, 2008 (Audited)	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Loans and receivables				
Cash and cash equivalents - excluding cash on hand	**₱498,054,593**	**₱498,054,593**	₱514,064,912	₱514,064,912
Receivables				
Trade				
Installment contract receivable	**3,120,645,122**	**2,798,969,386**	3,522,591,155	3,056,086,567
Rental receivables	**272,681,832**	**272,681,832**	222,628,296	222,628,296
Accrued rent receivable	**211,932,242**	**211,932,242**	235,681,052	235,681,052
Hotel operations	**72,984,168**	**72,984,168**	68,663,338	68,663,338
Affiliated companies	**49,724,780**	**49,724,780**	94,757,880	94,757,880
Others	**263,264,881**	**263,264,881**	208,670,276	208,670,276
Other assets				
Utility deposits	**127,721,669**	**127,721,669**	159,797,619	159,797,619
Advances to lot owners	**231,380,048**	**231,380,048**	230,782,624	230,782,624
Receivable from Meralco	**32,357,103**	**29,260,323**	43,272,925	55,587,746
	₱4,880,746,438	**₱4,555,973,922**	₱5,300,910,077	₱4,846,720,310
Other liabilities				
Accounts payable and accrued expenses				
Accrued bonus, taxes and licenses and others	**₱2,359,851,444**	**₱2,359,851,444**	₱2,194,353,395	₱2,194,353,395
Accounts payable - trade	**1,821,013,595**	**1,821,013,595**	2,099,810,450	2,099,810,450
Accrued rent expense	**819,516,613**	**819,516,613**	766,169,414	766,169,414
Dividends payable	**7,020,203**	**7,020,203**	6,000,198	6,000,198
Customers' deposit				
Deposits from real estate buyers	**1,541,681,348**	**1,338,755,680**	1,417,602,647	1,209,365,578
Deposits from lessees	**1,578,008,373**	**1,397,649,602**	1,271,304,764	1,089,971,611
Loans payable	**6,453,700,000**	**6,453,700,000**	6,017,000,000	6,017,000,000
Payables to affiliated companies	**171,633,616**	**171,633,616**	1,189,250,880	1,189,250,880
	₱14,752,425,192	**₱14,369,140,753**	₱14,961,491,748	₱14,571,921,526

The fair values of cash and cash equivalents, trade receivables (arising from lease of investment properties), other receivables, certain 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 trade receivable (arising from sale of real estate properties) and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables. The discount rates used range from 4.6% to 7.7% in 2009 and 8.2% to 10.3% in 2008.

29. **Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)**

Certain operations of the Group are registered with the BOI as preferred pioneer and nonpioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Cebu Midtown Hotel
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Modernization Project of Tourist Accommodation Facility (Cebu Midtown Hotel)" on a nonpioneer status at a capacity of ninety six (96) rooms (modernization only), under Certificate of Registration No. 2004-132 dated November 26, 2004. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from the start of commercial operations.

Crowne Plaza Galleria Manila
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Facility (Deluxe Class Hotel - Crowne Plaza Galleria Manila)" on a Pioneer status at a capacity of two hundred sixty five (265) rooms, under Certificate of Registration No. 2006-036 dated March 9, 2006. Under the terms of its registration, the Group is entitled to income tax holiday for a period of six (6) years from the start of commercial operations.

Gateway Garden Ridge - EDSA
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of two hundred ninety two (292) units, under Certificate of Registration No. 2007-195 dated October 31, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Gateway Garden Heights
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of three hundred seventy three (373) units, under Certificate of Registration No. 2007-237 dated December 5, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Woodsville Viverde Mansions
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of three hundred sixty three (363) units, under Certificate of Registration No. 2007-204 dated November 9, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

East of Galleria
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Nonpioneer status at a capacity of four hundred fifty nine (459) units, under Certificate of Registration No. 2007-195 dated December 5, 2007. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from the start of commercial operations.

Robinsons Cyberpark

The Group is also registered with PEZA (beginning October 1, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 68,596 square meters of land located at EDSA corner Pioneer Street, Mandaluyong City as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

30. Commitments and Contingencies

Operating Lease Commitments - Group as Lessee

The Group entered into long-term operating leases of land with lease terms ranging from 25 to 50 years. These leases include clauses to enable escalation of rental charges on the agreed dates. Total rent expense amounted to ₱76 million and ₱81 million in March 31, 2009 and 2008, respectively.

Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱2,491 million and ₱2,113 million in March 31, 2009 and 2008, respectively. Total percentage rent recognized as income for March 31, 2009 and 2008, amounted to ₱686 million and ₱639 million, respectively.

Capital Commitments

The Group has contractual obligations amounting to ₱2,300 million as of March 31, 2009 and September 30, 2008 for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the assessments. No provisions were made during the year.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

PART 1- FINANCIAL INFORMATION

Item 1. Financial Statements required under SRC Rule 68.1		**Remarks**
7. The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report.		
h.	Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;	not applicable
i.	The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations;	not applicable
j.	Changes in contingent liabilities or contingent assets since the last annual balance sheet date.	not applicable
k.	Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.	not applicable
Item 2. Management's Discussion and Analysis (MDA) of Financial Condition and Results of Operations ((Part 111, par. (A) (2) (b))		
2. Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:		
(a)(i)	Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing liquidity.	not applicable
(a)(ii)	Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;	not applicable
(a)(iii)	All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.	not applicable
(a)(iv)	Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.	not applicable
(a)(v)	Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.	not applicable
(a)(vi)	Any significant elements of income or loss that did not arise from the issuer's continuing operations.	not applicable
(a)(viii)	Any seasonal aspects that had a material effect on the financial condition or result of operations.	not applicable
PART 11 - OTHER INFORMATION		
1. Disclosure not made under SEC Form 17-C		not applicable