

MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF

FIL-ESTATE LAND, INC.

Held on 26 August 2010
at Ruby B Room, 4th Floor, Crowne Plaza Galleria Manila,
Ortigas Avenue corner ADB Avenue, Quezon City

PRESENT:

<u>Stockholders</u>	<u>No. of Shares</u>
Fil-Estate Management, Inc.	1,883,378,007
Jaime Borromeo	61,874,000
The Hongkong & Shanghai Banking Corporation	50,007,107
E. Chua Chiacco Securities, Inc.	17,914,052
Philippine Veterans Bank FAO: CAP Pension Trust Fund	1,837,428
Robert John L. Sobrepeña	1,617,485
Amado Lim	451,000
Fil-Estate Sales, Inc.	430,560
Fil-Estate Marketing Associates, Inc.	430,560
Roberto S. Roco	266,448
Fil-Estate Realty Sales & Associates, Inc.	257,400
Alfredo R. Yniguez	106,472
Angping & Associates Securities, Inc.	60,000
Teresa Evangelista	47,998
Rafael Perez de Tagle, Jr.	46,800
Ferdinand T. Santos	30,017
Leticia Chua Frias	28,000
Annabelle Santiago	23,400
Linda Alquinto	22,106
Alan R. Quintana	18,553
Federico Aldecoa	14,040
Guillermo Gili, Jr.	11,700
Rosalinda C. Aquino	11,700
Arnel Nulud	7,703
Bebian Lo	7,020
Eva Frias	6,000
Carliza Ninobla	5,850
Co Kian Chay	5,850
Bonifacio Chua	5,850
Socorro Gianan	3,419
Criselda Viray	3,218

Aida Andrade	3,086
Mirla Artajo	3,023
Francisco Kabling	2,340
Felicitas Tacub	1,872
Bonita Duran	1,579
Reynaldo M. Chua	1,404
Bar M. Famero	1,258
Rita Rabacio	1,092
Elias B. Dulalia	1,000
Leonardo Baisa	702
Jose & Teresita Leonardo	680
Reynaldo N. Tecechian	585
Solita Alcantara	559
Francisco Gonzalez	1
Butch Gregorio	1
 Total number of shares present/ represented at the meeting	 2,018,948,925 shares
 Total number of outstanding shares	 3,350,000,000 shares

1. Call to Order

The President, Atty. Ferdinand T. Santos, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Gilbert Reyes, acted as Secretary of the Meeting and recorded the minutes of the proceedings. Atty. Reyes introduced the following directors who were present during the meeting:

Atty. Ferdinand T. Santos
 Mr. Robert John L. Sobrepeña
 Mr. Noel M. Cariño
 Mr. Rafael Perez de Tagle, Jr.

2. Proof of Notice and Certification of Quorum

The Secretary certified that, in accordance with the rules of the Securities and Exchange Commission and the By-Laws of the Corporation, notices of the Annual Meeting were sent to all stockholders of record as of 2 July 2010, through Ernest Messengerial Services, the Corporation's courier contractor. The Secretary also certified to the presence of a quorum to transact business, there being present in person or represented by proxy, the owners of 60.27% of the outstanding capital stock.

3. Approval of Minutes of Previous Meeting

There being no objections, and upon motion made and duly seconded, the stockholders dispensed with the reading of the minutes of the Annual Meeting of the Stockholders held on 23 November 2009 and approved the same as presented.

4. Financial Report

Mr. Roberto S. Roco, the Chief Financial Officer ("CFO"), delivered the report on the Corporation's financial highlights based on the Audited Financial Statements for the fiscal year ended 30 September 2009, as well as the quarterly reports for the first two quarters of the current fiscal year covering the period 1 October 2009 to 31 March 2010. Copies thereof were received by the stockholders of the Corporation with the Notice of the Meeting.

Consolidated Revenues for the fiscal year ended 30 September 2009 decreased to P642 million, which is 29% down from the previous year. Despite an increase in Gross Profit on Sale of Real Estate, Financial Income, Other Income, and Equity in Earnings of Associates, revenues decreased due to a reduction in Service and Rental Income and Gain on Sale of Assets. Also, in 2008, Revenues included a non-recurring Guarantee Income which the Corporation received from CJH Development Corporation as guarantor in connection with CJH Suites and Forest Cabins, which was non-recurring.

Financial Income, representing interest income on financial assets such as Receivables, Money Market Placements, and Realized and Unrealized Foreign Exchange Gains, accounted for 31% of total Revenues, while Gross Profit on Sale of Real Estate accounted for 27% thereof. Another 19% was contributed by Service Income from Golf Course Maintenance Contracts and Rental Income from Splash Island and Renaissance Towers. The rest came from Other Income (19%), Gain on Sale of Asset (2%), and Equity in Earnings of Associates and Joint Ventures (2%).

Cost and Expenses increased slightly from P766 million to P768 million. Operating Expenses increased by 2%, while Financial Expenses (including interest expense on financial liabilities, such as Payables to Other Realty and Development Companies, Bonds Payable, and Loans Payable, as well as Realized and Unrealized Foreign Exchange Losses) increased by 15%. As a result of lower Income from Service and Rental, Cost of Service decreased by 30% from P105 million to P73 million. Operating Expenses accounted for 54% of total Costs and Expenses for

the year. Financial Expenses accounted for 36%, and Cost of Services, 10%.

Revenues less Cost and Expenses resulted in a loss of P126 million. (In comparison, the Corporation realized a P140 million income the previous year.) The Corporation incurred a Net Loss of P134 million, net of Income Tax and Adjustment for Minority Interest for the period.

Consolidated Assets as of 30 September 2009 totaled P15.1 billion, down slightly from P15.3 billion the previous year. Cash and cash equivalents decreased from P329 million to P193 million, as funds were utilized for development and operations.

Receivables increased to P1.2 billion from previous year's level of P973 million. Increases in Installment Contract Receivables, Rental Receivables, Advances to Landowners, and Advances to Contractors and Suppliers contributed to the increase in Receivables. Real Estate, Golf and Resort Shares for Sale remained at P7.11 billion. Land Held for Future Development amounted to P1.848 billion.

Total Liabilities amounted to P5.8654 billion, which is slightly lower than the previous year's level. Loans Payable increased by P235 million as drawdowns were made from the construction facility granted by LIM Asia for the completion of CJH Suites and Forest Cabins.

The Corporation nonetheless continued to maintain its solvency position. As of 30 September 2009, Total Assets over Total liabilities was 2.67 times, which is slightly lower than the previous year's ratio of 2.69. In other words, the Corporation had P2.67 in assets to cover each peso of liability.

Liquid assets consisting of Cash, Cash Equivalents and Receivables increased to 24% of Total Liabilities. Total Liabilities over Equity was at 60%, which is slightly higher than last year's percentage of 59%.

Loans and Bonds Payable totaling P1.65 billion over Stockholders' Equity of P9.46 billion increased to 18%, which is still manageable.

For the second quarter ended 31 March 2010, Consolidated Revenues amounted to P311 million, representing a 13% decrease from the previous year. Sale of Real Estate accounted for 39% of Total Revenues, while the rest came from Other Income (26%), Financial Income (19%), and Service Income from Golf Course Maintenance Contracts and Rental Income (16%).

Cost and Expenses decreased by 33% to P284 million from P424 million the previous year. Operating expenses accounted for 42% of total Costs and Expenses, while the rest are accounted for by Cost of Sales (20%), Financial Expenses (18%), Cost of Services (13%), and Other Expenses (7%).

Revenues less Cost and Expenses resulted in a P27 million income, which represents an improvement on last year's loss of P65 million. Net of provision for Income Tax and Adjustment for Minority Interest, the Corporation already realized a Net Income of P32 million.

Total Consolidated Assets as of 31 March 2010 amounted to P14.9 billion. Cash and Cash Equivalents decreased to P77 million, as funds were utilized for development and operations. Real Estate for Sale remained at P7 billion. Land Held for Future Development likewise remained at P1.8 billion.

Total Liabilities amounted to P5.413 billion. Loans Payable slightly decreased to P460 million from P468 million due to movements of foreign exchange rates on dollar-denominated loans. Bonds Payable remained at P1.1 billion. Accounts Payable decreased to P1.1 billion from P1.3 billion (as of 30 September 2009).

Net Equity increased to P9.504 billion due to the Net Income of P32.1 million and the Minority Interest of P9.1 million posted during the period.

The Corporation continued to maintain its solvency position. As of 31 March 2010, Total Assets of P14.9 billion over Total Liabilities of P5.4 billion was 2.76 times, which means that the Corporation had P2.76 in assets to cover each peso of liability. The ratio of liquid assets, consisting of Cash and Cash Equivalents and Receivables, to Total Liabilities, was down to 21% primarily due to increase in Loans Payable. Total Liabilities over Equity decreased to 57% from 60% (30 September 2009). The ratio of Debt, consisting of Loans Payable and Bonds Payable of P1.5 billion, to Stockholders' Equity, is at 17%.

5. Report of the Chairman

The Chairman and Chief Executive Officer of the Company, Mr. Robert John L. Sobrepeña, delivered his report to the stockholders.

Mr. Sobrepeña presented the eight-point program of the Corporation for 2010 and beyond, as well as its various projects.

(1) Debt-refinancing

(2) Project financing from local banks for vertical projects

The Corporation intends to take advantage of the currently strong peso and refinance short-term foreign loans into longer-term peso-denominated loans by securing credit lines from local banks. This was in fact done by the Corporation to retire certain LIM Asia loans for the development of CJH Suites and Forest Cabins, Boracay Villas Maria & Margarita, and Cathedral Heights.

The Corporation also intends to pursue project financing from local banks for some of its projects, namely, Sto. Domingo Tower, The Steps, and Capitol Plaza.

(3) Liquefying matured assets

The Corporation intends to "liquefy" its "matured assets", including Fairways and Bluewater, the lot pads of Fil-Estate Properties, Inc. ("FEPI", a subsidiary of the Corporation) in Boracay, as well as the Park Lane Estates in Las Piñas along Daang Hari Road.

(4) Development of projects that will yield recurring revenues

The Corporation intends to develop a Business Process Outsourcing ("BPO") and Commercial Complex in Southwoods Ecocentrum. It also plans to pursue BPO and mixed-use development of the Corporation's North Triangle lot pads.

(5) Joint development of leisure projects

The Corporation has major assets that could be developed, but these will surely require major funding and may take a longer time to yield returns. These projects are Nasugbu Harbortown in Batangas, Twin Lakes in Laurel, lot pads in Boracay, and the Renaissance 5000 Condotel.

(6) Increase in affordable housing inventories

The Corporation's projects which target the affordable housing segment of the market are Southwest Hills Residential Development (next to Southwoods 1 and 2), Naic Residential Development, Pioneer Central Park Place, and Cathedral Heights Tower.

(7) Development of strong-performing projects

Among the Corporation's projects which are expected to perform strongly include Sta. Barbara Heights in Iloilo. This is a 150-hectare project with a Phase 1 of about 17 hectares. This project is right beside the Iloilo Golf Club and will feature fairway lots overlooking the golf course. Phase 1 was launched in December 2009.

Another project that is expected to perform well is Riverina in San Pablo City, Laguna, which consists of 43 hectares. The Corporation entered into a 50-year lease agreement with Shoemart on a 5-hectare portion of the project. The SM mall in front of the subdivision is currently under construction and is expected to open in November 2010.

Holiday Homes is a 15.7-hectare residential project located in Gen. Trias, Cavite.

Finally, Scout Hill Forest Cabin Units in Camp John Hay, Baguio City have all been sold.

(8) Maximization of MRT-related Development Projects

The Corporation plans to maximize revenues from advertising rights in the MRT stations. Metro Rail Transit Development Corporation ("MRTDevCo") (of which 30.89% is owned by the Corporation's subsidiary, FEPI) owns these rights. Mr. Sobrepeña informed the stockholders that MRTDevCo terminated its agreement with its previous agent due to the latter's outstanding obligation of around P376 million.

The Chairman ended his report by thanking the stockholders for their continued trust in management.

At this point, a stockholder asked for the Corporation's comments on news reports that MRTDevCo allegedly failed to make any monthly contribution to the government since 2005, such that its alleged outstanding obligation to the government amounted to more than P1 billion. Mr. Sobrepeña answered that the news report assumes that MRTDevCo holds development rights to the air space above eleven stations of the Metro Rail Transit ("MRT") in EDSA. However, MRTDevCo legally lost the said development rights in 2000 when it failed to develop the air space above the same stations. Under its 8 August 1997 Build Lease and Transfer Agreement with the Department of Transportation and Communications ("DOTC"), MRTDevCo automatically forfeited said development rights. The government, through the DOTC, nonetheless continued to bill the Corporation, hence the reported claim of over P1 billion. According to Mr. Sobrepeña, the parties have since agreed that MRTDevCo has no outstanding obligation to the government. Atty. Reyes

underscored that the reported government claim of P1 billion was precisely that, a *claim*, and not an established debt of MRTDevCo.

At this juncture, Atty. Santos clarified the equity structure of MRTDevCo and MRT Corporation (which is a distinct corporation established solely to run the rail business), in relation to the Corporation and its affiliate, Fil-Estate Corporation. The Corporation, through its subsidiary, FEPI, holds 30.89% of the outstanding capital stock of MRTDevCo, while it is Fil-Estate Corporation that has shareholdings in MRTC.

The same stockholder also asked whether the Corporation can reverse the decline in gross income from 2008 to 2009. Mr. Roco answered in the affirmative, as the Corporation expects P30-P50 million gross income for the fiscal year 30 September 2010. The Corporation already has P32 million in gross income for the first half of the fiscal year, and expects sales of matured assets in the fourth quarter.

Finally, the stockholder asked whether the directors will receive any *per diems* for attending the annual stockholders' meeting, to which Atty. Santos replied in the negative.

Another stockholder asked what the Corporation's plans are for the succeeding fiscal years. Mr. Sobrepeña answered that, as he explained in his report, the Corporation intends to liquefy major assets to generate funds to develop projects, targeting the affordable segment of the market. The Corporation also intends to focus on projects which generate recurring revenues.

The same stockholder also asked what the Corporation's defense will be in the event that the government of the United States of America lays claim on a vast area of Metro Manila, including areas which are now properties of the Corporation, based on a purported Original Certificate of Title No. 8037. Atty. Reyes answered that the prevailing titling system in the Philippines is the Torrens system, where only the Philippine government issues *indefeasible* titles over properties in the Philippines. All other titling systems, including the one under which OCT No. 8037 may have been issued, are defeated.

A stockholder inquired on the status of the joint venture agreement executed between the Corporation and Megaworld Corporation, which agreement was reported to the stockholders a few years ago. Mr. Sobrepeña answered that the Memorandum of Agreement previously entered into between the Corporation and Megaworld Corporation, which covered the development of Taal Ridge in Laurel, Batangas, was not implemented due to the intervening global financial meltdown a few years back. However, the parties are currently in discussions to explore the possibility of entering into some agreement concerning a project in Las Piñas along Daang Hari Road. At this point, however, no definitive agreement has been arrived at by the parties.

Finally, the same stockholder asked how soon the CJH Suites will generate revenues for the Corporation. Mr. Sobrepeña replied that the Corporation expects to launch CJH Suites in November to December of 2010, and expects revenues to come in from that time until around June 2011.

Another stockholder then asked what projects, aside from a BPO complex, are intended to be developed in the Southwoods area. Mr. Sobrepeña answered that the Corporation, through subsidiary Fil-Estate Ecocentrum Corporation, intends to develop retail and outlet malls in Southwoods.

Another stockholder inquired on the means of transportation to and from Nasugbu. Mr. Sobrepeña answered that one could go to and from Nasugbu by land, through the Coastal Road, or by ferry (from the Cultural Center of the Philippines).

With regard to the Sto. Domingo Project, the same stockholder inquired on the Corporation's plans to address the presence of informal settlers along Don Manuel Street. Atty. Santos answered that the property where the informal settlers constructed their homes is not owned by the Corporation; hence, it cannot do anything about the informal settlers' presence. He observed, however, that the Sto. Domingo Project is fenced.

There being no further questions or comments, the reports presented by the Chairman of the Board and the CFO were noted.

6. **Approval of the Annual Report and the Audited Financial Statements**

The President asked the stockholders to approve the Corporation's Annual Report and Audited Financial Statements for the year ending 30

September 2009. There being no objections, and upon motion made and duly seconded, the stockholders passed the following resolution:

“RESOLVED, That the stockholders of the Corporation hereby approve the Annual Report and Audited Financial Statements of the Corporation for the fiscal year ending 30 September 2009.”

7. **Ratification of Acts and Resolutions of the Board of Directors, Executive Committee and Corporate Officers**

The President asked the stockholders present or represented to ratify the acts of the Corporation's Board of Directors, Executive Committee, and corporate officers from 23 November 2009 (the date of the previous Annual Stockholders' Meeting) up to the present. There being no objections, and upon motion duly made and seconded, the stockholders approved the following resolution:

“RESOLVED, That the stockholders of the Corporation hereby adopt, confirm and ratify all acts, resolutions and decisions of the Corporation's Board of Directors, Executive Committee and corporate officers from 23 November 2009 up to the present.”

8. **Election of Directors**

The Corporate Secretary announced the Final List of Candidates eligible for election as members of the Board of Directors for 2010-2011, as approved by the Nomination Committee. There being no objections and upon motion made and duly seconded, the following persons were unanimously elected by acclamation as members of the Board of Directors for fiscal year 2010-2011 and until their successors are elected and qualified:

Mr. Robert John L. Sobrepeña
 Atty. Ferdinand T. Santos
 Mr. Noel M. Cariño
 Atty. Enrique A. Sobrepeña, Jr.
 Mr. Rafael Perez de Tagle, Jr.
 Mr. Francisco C. Gonzalez (as independent director)
 Mr. Dominador T. Gregorio III (as independent director)

9. **Election of Auditors**

The auditing firm of KL Siy & Associates was nominated as independent external auditor of the Corporation for fiscal year 2010-

2011. There being no objections, and upon motion made and duly seconded, the stockholders thus passed the following resolution:

"RESOLVED, That the stockholders of the Corporation here by appoint the auditing firm of KL Six & Associates as independent external auditor of the Corporation for fiscal year 2010-2011."

10. Other Matters

On the Corporation's recent disclosure to the Philippine Stock Exchange regarding the change of the conversion price from P1.50 to P1.00 under the 14 September 2007 Convertible Bonds Issuance Facility Agreement, Mr. Roco explained that such adjustment was intended to encourage UJM Asia to effect the conversion of the bonds.

On the alleged gas leak in the pipeline of West Tower Condominium in Makati City, Atty. Santos emphasized that the Corporation has long turned over the condominium project's management and administration to West Tower Condominium Corporation.

11. Adjournment

There being no further business to discuss, upon motion made and seconded, the meeting was adjourned.

ATTEST:


ROBERT JOHN L. SOBREPENA
Chairman of the Board


GILBERT RAYMUND T. REYES
Corporate Secretary


FERDINAND T. SANTOS
President