GT CAPITAL HOLDINGS, INC.

Primary Offer in the Philippines of [8,000,000] Perpetual Preferred Shares,
with an Oversubscription Option of up to [4,000,000] Perpetual Preferred Shares
at an Offer Price of ₱[1,000.00] per Preferred Share
to be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.

Issue Manager and Sole Bookrunner

FIRST METRO INVESTMENT CORPORATION
Metrobank Group

[First Metro is a 99.23%-owned subsidiary of MBT, an affiliate of GT Capital, which has an effective ownership of [25.37%] in MBT as of [June 30, 2016].

Lead Underwriter

FIRST METRO INVESTMENT CORPORATION
Metrobank Group

THE PHILIPPINE 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 PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

30 June 2016

GT CAPITAL HOLDINGS, INC.
43/F GT Tower International
6813 Ayala Avenue cor. H.V. dela Costa St.,
Makati City, Philippines 1227
Tel No. : + 63 2 836 4500
Website: www.gtcapital.com.ph

This Prospectus relates to the offer and sale of up to 8,000,000 cumulative, non-voting, non-participating, non-convertible peso-denominated perpetual preferred shares constituted into two series designated as Series A Perpetual Preferred Shares and Series B Perpetual Preferred Shares (collectively, the "Preferred Shares" or "Shares") of GT Capital Holdings, Inc. ("GT Capital", the "Company" or the "Issuer"), a corporation duly organized and existing under Philippine law. The offer and sale of the Preferred Shares will be by way of a primary Offer (the "Offer") of 8,000,000 Preferred Shares. In the event of an oversubscription, First Metro Investment Corporation, the Issue Manager, Sole Bookrunner and Lead Underwriter ("First Metro" or the "Issue Manager"), in consultation with the Issuer, reserve the right, but not the obligation, to increase the Offer size up to an additional 4,000,000 Preferred Shares, for an aggregate issue size of up to 12,000,000 Preferred Shares, subject to the registration requirements of the Philippine Securities and Exchange Commission ("SEC") (the "Oversubscription Option"). The Preferred Shares will be issued on [●] (the "Listing Date") by the Company from its 20,000,000 authorized Perpetual Preferred Share capital. Each Preferred Share has a par value of ₱100.00 and a liquidation right equal to the Offer Price of the Preferred Share plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then-current Dividend Period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "Liquidation Right").

The Preferred Shares are being offered for subscription solely in the Philippines through the Lead Underwriter and Selling Agents named herein at a subscription price of ₱1,000.00 per share (the "Offer Price" or "Issue Price").

Following the Offer, if the Oversubscription Option is not exercised, the Company will have the following issued and outstanding shares: (a) 174,300,000 Common Shares, (b) 8,000,000 Preferred Shares and (c) 174,300,000 Voting Preferred Shares. On the other hand, if the Oversubscription Option is exercised in full, the Company will have the following issued and outstanding shares: (a) 174,300,000 Common Shares, (b) 12,000,000 Preferred Shares and (c) 174,300,000 Voting Preferred Shares. The holders of the Preferred Shares do not have identical rights and privileges with holders of the existing Common Shares and existing Voting Preferred Shares of the Company.

The declaration and payment of dividends on the Preferred Shares on each Dividend Payment Date will be subject to the sole and absolute discretion of the Issuer's Board of Directors (the "Board") to the extent permitted by law, [and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party]. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders.

As and if declared by the Board, dividends on the Preferred Shares shall be at a fixed rate of [●]% per annum for Series A Perpetual Preferred Shares and [●]% per annum for Series B Perpetual Preferred Shares, and in all cases calculated in respect of each Preferred Share by reference to the Offer Price thereof in respect of each Dividend Period (the "Dividend Rate"). Subject to the limitations described in this Prospectus, dividends on the Preferred Shares will be payable quarterly in arrears on [●], [●], [●], and [●] of each year (each a "Dividend Payment Date") being the last day of each 3-month period (a "Dividend Period") following the relevant Listing Date. Unless the Preferred Shares are redeemed by the Issuer on the relevant Optional Redemption Date or on any Dividend Payment Date thereafter, the dividend rate on the Preferred Shares will be adjusted on the relevant Rate Re-Setting Date to the higher of (a) the prevailing relevant Dividend Rate on such relevant Rate Re-Setting Date or (b) the relevant Reference Rate plus the relevant Rate Step-Up Spread (see "Summary of the Offering" on page [●]).

Dividends on the Preferred Shares will be cumulative. If for any reason the Issuer's Board does not declare a dividend on the Preferred Shares for a Dividend Period, the Issuer will not pay a dividend on the Dividend Payment Date for the Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Preferred Shares prior to such Dividend Payment Date (see "Description of the Preferred Shares" on page [●]).

As and if declared by the Board (or the Executive Committee) if such power is delegated by the Board to the Executive Committee), the Issuer may redeem the Preferred Shares on the 5th anniversary of the Issue Date for Series A Perpetual Preferred Shares and 7th anniversary for Series B Perpetual Preferred Shares of the Issue Date (the "Issue Date") or on any Dividend Payment Date thereafter, in whole but not in part.

Upon listing on the PSE and subject to compliance with Philippine law, the Issuer may purchase the Preferred Shares, then tradeable at that time at any time in the open market or by public tender or by private contract at any price through The Philippine Stock Exchange, Inc. ("PSE") without any obligation to purchase or redeem the other Preferred Shares. The Preferred Shares so purchased shall be recorded as treasury shares until and unless the same are retired, or may be re-issued in the future at such terms and at such time as the Issuer may determine.

All payments in respect of the Preferred Shares 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 government of the Republic of the Philippines (the "Government"), including, but not limited to, documentary stamp, issue, registration, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer shall not be liable for (a) the final withholding tax or creditable withholding tax applicable on dividends earned by the holders of the Preferred Shares on the Preferred Sharesas prescribed under the National Internal Revenue Code of 1997, as amended, and relevant tax regulations; (b) any income tax, whether or not subject to withholding; (c) expanded value added tax which may be payable by any holder of the Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Preferred Shares; and (d) any withholding tax of any amount payable to any holder of the Preferred Shares or any entity which is a non-resident foreign corporation. If payments become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer having given not more than 60 nor less than 30 days' notice prior to the intended date of redemption, may redeem the Preferred Shares in whole, but not in part at the Offer Price plus all accrued and unpaid dividends, if any. If an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Issuer stating that at the relevant time there is a change in applicable accounting standards that result in more than an insubstantial risk that either the the Preferred Shares or the funds raised through the issuance of the Preferred Shares may no longer be recorded as "equity" to the full extent as at the Issue Date pursuant the Philippine Financial Reporting Standards ("PFRS"), or such other accounting standards which succeed PFRS as adopted by the Philippines, applied by the Issuer for drawing up its financial statements for the relevant financial year, the Issuer having given not more than 60 nor less than 30 days' notice prior to the intended date of redemption, may redeem the Preferred Shares in whole, but not in part at the Offer Price plus all accrued and unpaid dividends, if any. (see "Summary of the Offering" on page [●] and "Taxation" on page [●]).

The Preferred Shares will constitute direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and ratably without preference or priority among themselves and [in respect of payment of dividends and distribution of corporate assets in the event of dissolution, winding-up or liquidation of the Issuer, with the Voting Preferred Shares issued by the Issuer] (see "Summary of the Offering" on page [●]).

The Preferred Shares will be issued in scripless form through the electronic book-entry system of Philippine Depository and Trust Corporation. Legal title to the Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Registrar. Settlement of the Preferred Shares in respect of such transfer or change of title of the Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE (see "Summary of the Offering" on page [●]).

The gross proceeds of the Offer are expected to reach approximately ₱8,000,000,000.00 or ₱12,000,000,000.00, should the Issue Manager, in consultation with the Issuer, exercise in full its Oversubscription Option. The net proceeds from the Offer, estimated to be at ₱[7,947,830,016.67], or ₱[11,925,286,253.23] should the Issuer Manager exercise in full its Oversubscription Option, are determined by deducting from the gross proceeds the total issue management, underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, and will be used by the Issuer primarily to refinance short-term obligations and for general corporate purposes (see "Use of Proceeds" on page [●]). [First Metro Investment Corporation, acting as Issue Manager, Sole Bookrunner, and Lead Underwriter, shall receive an estimated fee of [0.35%] of the gross proceeds of the Offer, inclusive of amounts to be paid to any other participating underwriters, and Selling Agents].

Some of the Company's existing loan agreements contain covenants that restrict the declaration or payments of dividends under certain circumstances, such as the occurrence of an event of default under such loan agreements or if such payment would cause an event of default to occur, if certain financial ratios are not met or payment would cause them not to be met (see "Description of the Preferred Shares" on page [●]).

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or the Issue Manager. The distribution of this Prospectus and the offer and sale of the Preferred Shares may, in certain jurisdictions, be restricted by law. The Company and the Issue Manager require persons into whose possession this Prospectus comes, to inform themselves of and observe all such restrictions. This Prospectus does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer in such jurisdiction.

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Company. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in this Prospectus is correct, and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus. No representation, warranty or undertaking, express or implied, is made by the Issue Manager, and no responsibility or liability is accepted by any thereof to the accuracy, adequacy, reasonableness or completeness of the information and materials contained herein (excluding any and all information pertaining to the Issue Manager) or any other information provided by the Company in connection with the Preferred Shares, their distribution or their future performance. The Issue Manager has not independently verified any of the information contained in this Prospectus or can give any assurance that this information is accurate, truthful or complete.

Unless otherwise indicated, all information in the Prospectus is as of [June 30, 2016]. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and has not been independently verified by the Company. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company and the Issue Manager makes any representation as to the accuracy of such information.

Each person contemplating an investment in the Preferred Shares should make his own investigation and analysis of the creditworthiness of GT Capital and his own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Preferred Shares. A person contemplating an investment in the Preferred Shares 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, especially those high-risk securities. Investing in the Preferred Shares involves a higher degree of risk compared to debt instruments. For a discussion of certain factors to be considered in respect of an investment in the Preferred Shares, see the section on “Risk Factors” starting on page [●].

An application to list the Preferred Shares has been filed with the PSE and has been approved by the Board of Directors of the PSE on [●]. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the Prospectus. The listing of the Preferred Shares is subject to the approval of the Board of Directors of the PSE. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Preferred Shares by the PSE.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

GT Capital Holdings, Inc.

By:
Carmelo Maria L. Bautista
President

SUBSCRIBED AND SWORN to before me this ___ day of ____________________ 2016, affiant exhibiting to me his Philippine Passport no. ___________________________ issued on _______________ at ____________________.

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Page No. ________
Book No. ________
Series of 2016.

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FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical fact constitute "forward-looking statements." Some of these statements can be identified by forward-looking terms, such as "anticipate", "believe", "can", "could", "estimate", "expect", "intend", "may", "plan", "will" and "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, its revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Prospectus involve known and unknown risks, uncertainties and other factors that may cause the Company's actual financial results, performance or achievements to be materially different from any future financial results, performance or achievements expressed or implied by such forward-looking statements or other projections.

The factors that could cause the Company's actual results to be materially different include, among others:

- General economic and business conditions in the Philippines;
- Holding company structure;
- Intensive capital requirements of subsidiaries and affiliates of GT Capital in the course of business;
- Increasing competition in the industries in which GT Capital's subsidiaries and affiliates operate;
- Industry risk in the areas in which GT Capital's subsidiaries and affiliates operate;
- Changes in laws and regulations that apply to the segments or industries in which GT Capital, its subsidiaries and affiliates operate;
- Changes in political conditions in the Philippines;
- Changes in foreign exchange control regulations in the Philippines; and
- Changes in the value of the Philippine Peso.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" starting on page [●].

The forward-looking statements included herein are made only as of the date of this Prospectus, and GT Capital undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

The Issue Manager does not take any responsibility for, or give any representation, warranty or undertaking in relation to, any such forward-looking statement.

DEFINITION OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below.

DEFINITION OF TERMS RELATED TO THE OFFER

Application Forms	the documents to purchase or subscribe to the Offer Shares
Articles of Incorporation or AOI	the Articles of Incorporation of the Company
Base Offer	The offer and sale of 8,000,000 Preferred Shares by the Company
Banking Day or Business Day	Shall be used interchangeably to refer to any day when commercial banks are open for business in Makati City, Metro Manila, except Saturday and Sunday or any legal holiday not falling on either a Saturday or Sunday
BIR	The Bureau of Internal Revenue
Board of Directors or Board	the Board of Directors of the Company
BSP	*Bangko Sentral ng Pilipinas*, the central bank of the Philippines
By-laws	the By-laws of the Company
Common Shares	The Company's shares of common stock with a par value of ₱10.00 per share
Company or GT Capital or Issuer	GT Capital Holdings, Inc.
Director(s)	the director(s) of the Company
Dividend Payment Date	[●]
Dividend Period	[●]
Dividend Rate	[●]
Eligible Investors	Applicants who are qualified to subscribe to the Offer Shares
Government	the government of the Republic of the Philippines
Issue Manager and Sole Bookrunner	First Metro Investment Corporation
Lead Underwriter	First Metro Investment Corporation
Listing Date	[●]
Liquidation Right	[●]
Offer	[●]
Offer Period	[●]
Offer Price or Issue Price	₱[1,000] per Offer Share
Offer Shares	8,000,000 cumulative, non-voting, non-participating, non-convertible peso-denominated Perpetual Preferred Shares, with an Oversubscription Option of 4,000,000 Perpetual Preferred Shares
Oversubscription Option	An option granted by GT Capital and First Metro to up to 4,000,000 additional Preferred Shares during the Offer Period, to be exercisable in the event that there is an oversubscription to the Shares
PCD Nominee	PCD Nominee Corporation
PDTC	the Philippine Depositary & Trust Corporation
Perpetual Preferred Shares	Perpetual preferred shares of the Company with a par value of P100.00 per share
Preferred Shares, or Shares	Perpetual preferred shares of the Company with a par value of ₱100.00 per share constituted into two series designated as Series A Perpetual Preferred Shares and Series B Perpetual Preferred Shares
Pesos, Philippine Pesos, ₱ and Philippine currency	the legal currency of the Republic of the Philippines
PFRS	Philippine Financial Reporting Standards
Philippine Constitution	also known as the 1987 Constitution, the supreme law of the Republic of the Philippines
Philippine Corporation Code	Batas Pambansa Blg. 68, also known as the Corporation Code of the Philippines
Philippine Nationals	The term shall mean any of the following: (1) a citizen of the Philippines; or (2) a domestic partnership or association wholly owned by citizens of the Philippines; or (3) a corporation organized under the laws of the Philippines of which at least 60%

	of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or (4) a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or (5) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of the Philippine nationals. Where a corporation and its non-Filipino stockholders own stocks in an SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both corporations must be owned and held by citizens of the Philippines and at least 60% of the members of the board of directors of both corporations must be citizens of the Philippines, in order that the corporations shall be considered a Philippine national
Preferred Shareholders	Shareholders of Perpetual Preferred Shares of the Company
Prospectus	This Prospectus together with all its annexes, appendices and amendments, if any
PSA	Philippine Standards on Auditing
PSE	The Philippine Stock Exchange, Inc.
PSE Trading Participants or Trading Participants	The trading participants of the PSE in the Philippines
QIB	A qualified institutional buyer, refers to any of the following: mutual funds, pension or retirement funds, commercial or universal banks, trust companies, investment houses, insurance companies, investment companies, finance companies, venture capital firms, government financial institutions, trust departments of commercial or universal banks, non-bank quasi banking institutions, Trading Participants of the PSE for their dealer accounts, non-stock savings and loan associations, educational assistance funds, other juridical persons that possess the following qualifications, and registered with the SEC under Memorandum Circular No. 6, Series of 2007: a) Has a minimum annual gross income of at least One Hundred Million Pesos (₱100,000,000) for at least two years prior to registration; b) A total portfolio investment in securities registered with the SEC of at least Sixty Million Pesos (₱60,000,000); c) A net worth of not less than One Hundred Million (₱100,000,000) and other institutions of similar nature determined as such by the SEC
R.A.	Republic Act
Receiving Agent	Metropolitan Bank and Trust Company – Trust Banking Group
SCCP	Securities Clearing Corporation of the Philippines
SEC	The Philippine Securities and Exchange Commission
Selling Agents	PSE Trading Participants
SRC	R.A. No. 8799, also known as the Securities Regulation Code of the Philippines
SSS	the Republic of the Philippines' Social Security System
Stock Transfer Agent	Metropolitan Bank and Trust Company – Trust Banking Group
Underwriting Agreement	The agreement entered into by and between the Company and the Lead Underwriter, indicating the terms and conditions of the Offer and providing that the Offer shall be fully underwritten by the Lead Underwriter
VAT	Value Added Tax
Voting Preferred Shares	Voting preferred shares of the Company, with a par value of P 0.10 per share.

GLOSSARY OF TERMS RELATED TO THE BUSINESS AND THIS PROSPECTUS

ANZ	Australia New Zealand Banking Group Ltd.
APVI	ARB Power Ventures, Inc.
ATM	Automated teller machine
AUM	Assets under management

Ausan	Ausan Resources Corporation
AVID	Association of Vehicle Importers and Distributors
AXA	Philippine AXA Life Insurance Corporation
AXA APH	AXA Asia Pacific Holdings Limited
AXA Group	The AXA Group of Companies
AXA Shareholders Agreement	The shareholders agreement among AXA APH, FMIC and Ausan dated January 21, 1999 for the acquisition of the Metro Philippines Life Insurance Corporation
BPO	Business processing outsourcing
CAMPI	Chamber of Automotive Manufacturers of the Philippines Inc.
CAR	Capital adequacy ratio
CASA	Checking or demand and savings account
CBU	Completely built-up units; vehicles which are wholly-imported without additional assembly required
CCCS	Central Clearing and Central Settlement system
CEDC	Cebu Energy Development Corporation
CEDC Contract of Services	The operation and maintenance agreement between FHIC and CEDC dated January 26, 2011
CFB	Circulating fluidized bed boiler technology
CKD	Completely knocked down
COC	Certificate of Compliance, which is the permit issued by the ERC that allows a generation facility to generate electricity
DAR	Department of Agrarian Reform
DENR	Department of Environment and Natural Resources
Distribution Code	The Philippine Distribution Code
DMTM	A multi-channel distribution network comprised of agents, bancassurance, corporate solutions and direct marketing/telemarketing
DOE	Department of Energy
DOSRI	Directors, officers, stockholders and related interests
DST	The Philippine documentary stamp tax
FAMI	First Metro Asset Management, Inc.
Fed Land	Federal Land, Inc.
FLOC	Fed Land Orix Corporation
FMIC	First Metro Investment Corporation
FMSBC	First Metro Securities Brokerage Corporation
Foundation	MBT Foundation, Inc.
GBHI	Global Business Holdings, Inc.
GBP	Global Business Power Corporation
General Banking Law	Republic Act No. 8791, otherwise known as the “General Banking Law of 2000”
Generation Subsidiaries	CEDC, PEDC, TPC, PPC and GPRI
Governance Manual	The Manual on Corporate Governance of the Company
GPRI	GBH Power Resources, Inc.
GT-TACC	GT-Toyota Asian Cultural Center
HLURB	Housing and Land Use Regulatory Board, a government agency which enforces statutes affecting the real estate industry
IAG	Internal Audit Group
IBNR	The incurred but not reported death claims for AXA’s group and individual businesses
ICAAP	Internal Capital Adequacy Assessment Process
IFRIC	The International Financial Interpretations Committee
IFRIC 15	International Financial Interpretations Committee’s Interpretation No. 15 on Agreements for the Construction of Real Estate
ISPPIA	International Standards for the Professional Practice of Internal Auditing
LC	Letters of credit
Lexus Distributor Agreement	The Lexus brand distributor agreement among TMP, TMC and TMAP renewed on [●]

LGU	Local government unit
MBCL	Metropolitan Bank (China) Ltd.
MBT	Metropolitan Bank & Trust Company
MBT Group	MBT along with its subsidiaries and associates
MCC	MBT Card Corporation
MCIT	Minimum Corporate Income Tax
Metro Manila	The metropolitan area comprising the cities of Kalookan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Quezon, Valenzuela, Taguig and San Juan, which together comprise the "National Capital Region" and are commonly referred to as "Metro Manila"
Mitsui	Mitsui & Co. Ltd.
Monetary Board	Monetary Board of the BSP
MPIC	Metro Pacific Investments Corporation
Named executive officers	The three most highly compensated executive officers of the Company
NEA	National Electrification Administration
New Central Bank Act	Republic Act No. 7653, a Philippine statute entitled the "New Central Bank Act"
NGCP	National Grid Corporation of the Philippines
NPA	Non-performing assets
NPC	National Power Corporation
NPL	Non-performing loans
OEM	Original equipment manufacturer, a category of parts under the Toyota Distributor Agreement
OFW	Overseas Filipino Workers
Open Access	As defined in the implementing rules and regulations of the EPIRA, the system of allowing any qualified person the use of electric power transmission, and/or distribution systems, and associated facilities subject to the payment of transmission and/or distribution retail wheeling rates duly approved by the ERC
Orix	ORIX Corporation of Japan
ORIX Metro Leasing	ORIX Metro Leasing & Finance Corporation
PAS	Philippine Accounting Standards
P.D. 957	Presidential Decree No. 957, as amended, a Philippine statute regulating the development and sale of real property as part of a condominium project or subdivision
PCFI	Property Company of Friends, Inc.
PEDC	Panay Energy Development Corporation
PEDC Contract of Services	The operation and maintenance agreement between FHIC and PEDC dated January 26, 2011
PI One	Philippine Investment One (SPV-AMC), Inc.
PI Two	Philippine Investment Two (SPV-AMC), Inc.
PNB	Philippine National Bank
PPC	Panay Power Corporation
PPHC	Panay Power Holdings Corporation
PPP	Public private partnership
PSA	Power supply agreement
PSBank	Philippine Savings Bank
PSCES	Pulong Sta. Cruz Elementary School
RA 4726	Republic Act No. 4726, a Philippine statute entitled the "Condominium Act"
RA 6552	Republic Act No. 6552, a Philippine statute entitled "An Act to Provide Protection to Buyers of Real Estate on Installment Payments", also known as the Maceda Law
RBC	Risk-based capital
ROPA	Real and other properties acquired
RPB	The regional product blueprint published by AXA which contains the

	AXA Group's Asian businesses' product management and development guidelines
SALFIF	First Metro Save and Learn Fixed Income Fund, Inc.
SCCP	Securities Clearing Corporation of the Philippines
SGV & Co	SyCip Gorres Velayo & Co., a member firm of Ernst & Young Global Limited
SMEs	Small-and-medium-enterprises
TFSPH	Toyota Financial Services Philippines Corporation
TMAP	Toyota Motor Asia Pacific Pte Ltd.
TMAP-EM	TMAP-Engineering and Manufacturing Co., Ltd.
TMC	Toyota Motor Corporation
TMP	Toyota Motor Philippines Corporation
TMPCLO	Toyota Motor Philippines Corporation Labor Organization
TMPCSU	Toyota Motor Philippines Corporation Supervisory Union
Toyota Distributor Agreement	The Toyota brand distributor agreement amongst TMP, TMC and TMAP renewed on December 3, 2009
TPC	Toledo Power Corporation
TPS	The Toyota Production System, TMC's system of just-in-time production and quality control and feedback mechanisms
TSEZ	The TMP facility in Santa Rosa, Laguna, which was given special economic zone status through Presidential Proclamation No. 381
UITF	Unit investment trust funds
Union	Associated Labor Union – Trade Union Congress of the Philippines, the trade union of MBT

EXECUTIVE SUMMARY

OVERVIEW

GT Capital is a major Philippine conglomerate with interests in market-leading businesses across banking, property development, automotive assembly, importation and distribution, life and non-life insurance, and infrastructure, water, power, and healthcare. GT Capital is the primary vehicle for the holding and management of the diversified business interests of the Ty family in the Philippines. GT Capital's business management, investment decisions and future business development are and will be firmly rooted in its corporate values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation.

GT Capital's current portfolio of businesses is well-positioned to benefit from broad-based growth in the Philippine economy, and domestic consumption in particular. The current portfolio comprises directly-held interests in the following GT Capital component companies:

- **Automotive assembly, importation, distribution, dealership and financing –** GT Capital primarily conducts its automotive business through its 51.0% interest in Toyota Motor Philippines Corporation ("TMP"). TMP is engaged in the assembly, importation, and wholesale distribution of Toyota motor vehicles in the Philippines, and is also engaged in the sale of motor vehicle parts and accessories both within the Philippines and abroad through exports. TMP is also engaged in the distribution of Lexus brand motor vehicles in the Philippines. In addition, TMP owns five dealerships, namely, Toyota Makati, Toyota San Fernando, Toyota Plaridel, Toyota Tarlac, and Lexus Manila.

  GT Capital conducts its automotive dealership business through its 58.05% interest in Toyota Manila Bay Corporation ("TMBC"). TMBC exclusively distributes Toyota motor vehicles in the Luzon island, primarily servicing the market in in Metro Manila. They also offer original Toyota brand motor vehicle parts and accessories, and provide after-sales services to Toyota motor vehicles.

  GT Capital provides financing for the acquisition of Toyota motor vehicles through its 40.0% interest in Toyota Financial Services Philippines Corporation ("TFSPH"). TFSPH offers retail loans and finance lease to its individual and corporate clients for the acquisition of brand-new and/or certified pre-owned Toyota vehicles.

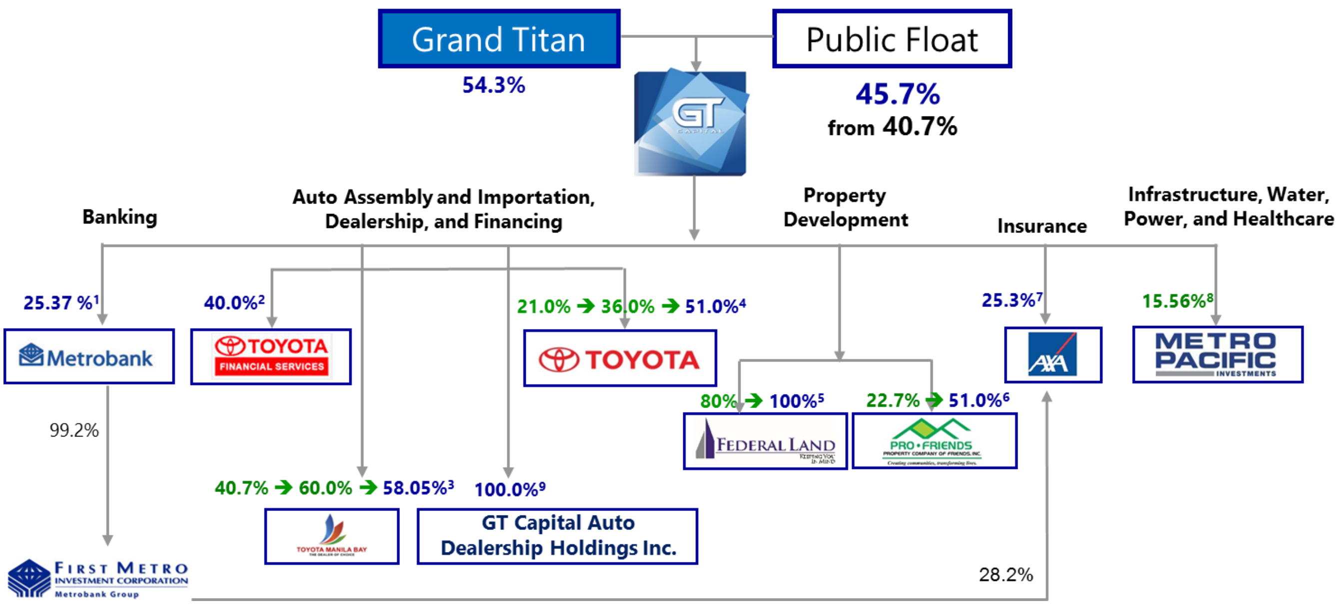
- **Banking** – GT Capital conducts banking services through its 25.37% interest in MBT. MBT is a universal bank that provides, through itself and other members of the MBT Group, a full range of banking and other financial products and services including corporate, commercial and consumer banking products and services as well as credit card, investment banking and trust services. MBT has been listed on the Philippine Stock Exchange since 1981. As of June 30, 2016, the MBT Group had a total of [953] branches in the Philippines, of which [698] were operated by MBT and [255] were operated by Philippine Savings Bank ("PSBank"); and a total of [2,260] automated teller machines ("ATMs").

- **Property development** – GT Capital engages in property development business through its 100.0% interest in fully-consolidated subsidiary Federal Land, Inc. ("Fed Land" or "Federal Land") and 51% interest in affordable housing subsidiary, PCFI. Fed Land primarily focuses on the development of high-rise, vertical residential condominium projects, as well as on master-planned communities that offer residential, retail, office, and commercial space. It caters mainly to the upper mid-end market segment with projects in key strategic urban communities, mostly within Metro Manila. PCFI, on the other hand, focuses on housing development in progressive areas. PCFI primarily targets the property sector's sweet spot, which is the economic and affordable housing segment.

- **Life and Non-Life Insurance** – GT Capital conducts its life and non-life insurance business through its 25.3% interest in Philippine AXA Life Insurance Corporation ("AXA Philippines"), which offers personal and group insurance products in the country, including investment-linked insurance products. AXA Philippines also fully-owns Charter Ping An Insurance Corporation ("CPAIC") which offers non-life insurance products in the Philippines that includes fire/property, marine, motor car, personal accident, other casualty, and engineering insurance, among others. AXA Philippines distributes its products through a multi-channel distribution network comprised of agents, bancassurance (through MBT and PSBank branches), corporate solutions and direct marketing/telemarketing.

- **Infrastructure, Water, Power, and Healthcare –** GT Capital, through its 15.56% stake in Metro Pacific Investments Corporation ("MPIC"), the Philippines' largest infrastructure conglomerate, has exposure in high-growth infrastructure businesses such as toll roads, water, power, railways, healthcare, and logistics. Among MPIC's portfolio is Manila Electric Company, the country's largest power distribution utility, Global Business Power Corporation, one of the largest power generation companies in the Visayas Region, Maynilad Water Services, Inc., which manages Metro Manila's widest water distribution network, and Metro Pacific Tollways Corporation, operator of the country's largest toll road network.

In addition to the direct ownership stakes set out above, GT Capital owns an additional indirect stake in AXA Philippines, as shown in the chart below.



Notes:

1 *On April 7, 2015, GT Capital participated in the MBT Stock Rights Offer to acquire an additional 0.1% equity stake at Php73.5 per share for an aggregate consideration of Php8.3 billion. This effectively increased the direct equity stake of GT Capital in MBT to 25.22%.*
In January 2016, GT Capital acquired additional shares in a secondary market equivalent to 0.15% direct equity stake in MBT for a total consideration of Php0.3 billion.

2 *On August 29, 2014, GT Capital executed a DOAS with selling shareholders of TFSPH to acquire a 40% stake in the said company for an aggregate amount of Php2.1 billion.*

3 *On December 19, 2013, GT Capital executed a DOAS with various selling shareholders of Toyota Manila Bay Corporation to acquire a 40.7% equity stake in the Toyota dealership for an aggregate amount of Php502.25 million.*
On March 4, 2014, GT Capital executed another DOAS with First Metro Investment Corporation ("FMIC") to acquire an additional 19.3% equity stake in Toyota Manila Bay for Php237.26 million.
On March 7, 2016, SEC approved the merger between Toyota Manila Bay and Toyota Cubao. Toyota Manila Bay is the surviving corporation, absorbing the entire assets and liabilities of Toyota Cubao.

4 *On December 3, 2012, GT Capital and MBT executed a Sale and Purchase Agreement (SPA) wherein GT Capital acquired 15% of TMP for a consideration of Php4.5 billion. This effectively increased the direct equity stake of GT Capital in TMP to 36%.*

On January 17, 2013, GT Capital and MBT executed the second SPA wherein GT Capital acquired another 15% of TMP for a consideration of Php4.5 billion. This effectively increased the direct equity stake of GT Capital in TMP to 51%.

5 *On May 3, 2012, GT Capital executed a Deed of Absolute Sale (DOAS) with various selling shareholders to acquire the remaining 20% equity stake in Fed Land for an aggregate consideration of Php2.7 billion. The acquisition increased the direct holdings of GT Capital in Fed Land from 80% to 100%.*

6 *On August 6, 2015, GT Capital and Profriends Group, Inc. executed a Master Subscription Agreement to subscribe 51% Series A Preferred Shares of PCFI over a three-year subscription period.*

On August 20, 2015, after fulfillment of all closing conditions, GT Capital finalized the acquisition of 22.68% equity stake in PCFI for ₱7.24 billion. The parties agreed to cede majority control of PCFI to GT Capital. Subsequently, on June 30, 2016, GT Capital increased its direct equity stake to 51%.

7 *On November 5, 2015, GT Capital and AXA Philippines executed a Sale and Purchase Agreement wherein GT Capital agreed to sell its 100% equity stake in CPAIC, subject to closing conditions, including the receipt of regulatory approvals. The transaction was completed in April 5, 2016.*

8 *On May 27, 2016, GT Capital subscribed to 3.6 billion new common shares of MPIC at a subscription price of ₱6.10 per share for a total cash consideration of ₱21.96 billion. This was booked by MPIC as a deposit for future subscription pending approval by the SEC of MPIC's application for increase in authorized capital stockWith the subscription, GT Capital holds 11.4% of the enlarged common share capital base of MPIC.*

GT Capital also acquired a further 1.3 billion shares from Metro Pacific Holdings, Inc ("MPHI"), the majority shareholder of MPIC, which then increased GT Capital's overall shareholdings in MPIC to 15.56%.

MPIC's associate, Beacon Electric Asset Holdings Inc. ("Beacon Electric"), through a wholly-owned subsidiary Beacon PowerGen Holdings Inc., entered into a Share Purchase Agreement with GT Capital for the acquisition of an aggregate 56% of the issued and outstanding common shares of Global Business Power Corporation ("Global Power") for a total consideration of ₱22.06 billion.

9 *On June 13, 2016, SEC approved the incorporation of GT Capital Auto Dealership Holdings Inc. as the holding entity for the Company's Toyota auto dealerships.*

	As at and for the Six Months Ended June 30, 2016 Unaudited			
	Total Assets	**Total Revenue**	**Net Income**	**Net Income Attributable to Parent Company Shareholders**
Industry/Company Name	**(₱ millions)**			
Automotive assembly, importation, distribution, dealership and financing				
TMP	[●]	[●]	[●]	[●]
TMPB	[●]	[●]	[●]	[●]
TFSPH	[●]	[●]	[●]	[●]
Banking				
MBT	[●]	[●]	[●]	[●]
Real Estate				
Fed Land	[●]	[●]	[●]	[●]
PCFI	[●]	[●]	[●]	[●]
Life and Non-Life Insurance				
AXA Philippines	[●]	[●]	[●]	[●]
Infrastructure, Water, Power, and Healthcare				
MPIC	[●]	[●]	[●]	[●]

GT Capital's revenues were ₱ 105.0 billion, ₱141.1 billion and ₱159.2 billion for the years ended December 31, 2013, 2014 and 2015, respectively, with net income of ₱12.5 billion, ₱15.2 billion and ₱21.0 billion, respectively. Of GT Capital's total revenue for the year ended December 31, 2015, TMP was the largest contributor with ₱120.8billion, while GBP and the real estate businesses under Fed Land and PCFI contributed revenues of ₱18.4

billion and ₱9.0 billion, respectively. GT Capital's total assets amounted to ₱192.4 billion, ₱218.3 billion, and ₱317.3 billion as of December 31, 2013, 2014, and 2015, respectively.

GT CAPITAL'S HISTORY

GT Capital was organized and registered with the Philippine SEC on July 26, 2007, with an initial authorized capital stock of ₱20.0 million and subscribed and paid-up capital of ₱5.0 million. GT Capital was formed as a holding company to consolidate the various business interests of the Ty family in the Philippines. In order to implement the infusion of the component companies into GT Capital, share-for-share swaps were executed.

On July 15, 2008, GT Capital's stockholders approved an increase in authorized capital stock from ₱20.0 million divided into 2.0 million shares, with a par value of ₱10.00 per share, to ₱5.0 billion, divided into 500 million shares with a par value of ₱10.00 per share. The following companies subscribed to the increase in the authorized capital stock of GT Capital:

Subscriber	No. of Shares Subscribed
Grand Titan Capital Holdings, Inc	114,520,452
Titan Resources Corporation	7,532,333
Ausan Resources Corporation	2,447,215
Total	124,500,000

The payment for the above subscriptions was through the conveyance of the subscribers' respective shareholdings in MBT, Fed Land, TMP and AXA Philippines, which had an aggregate value of ₱24.3 billion. The MBT shares were valued at the market price prevalent as of the date of the acquisition, while the Fed Land, TMP and AXA Philippines shares were valued based on each respective company's net book value as of June 30, 2008.

In July of 2012, GT Capital was listed on the Philippine Stock Exchange ("PSE"). The initial public offering raised a total of ₱18,753,851,500.00, making it one of the largest IPOs at the time.

THE TY FAMILY

GT Capital and the MBT Group of Companies trace their history to MBT, one of the Philippines' largest banks, and its founder, Group Chairman Dr. George S.K. Ty.

The early 1960s saw the emergence of several commercial and thrift banks to answer the financial needs of the country's growing economy. It was at this time that Dr. George S.K. Ty saw an opportunity to provide needed funding to entrepreneurs, and therefore, founded MBT, which opened its doors to the public on September 5, 1962.

MBT took its first steps toward building a financial conglomerate in 1972 when it established FMIC, which is now the largest local investment house in the Philippines. In 1980, MBT acquired controlling interests in PSBank, currently the Philippines' second largest thrift bank. Through the years, MBT acquired and merged with other banks, making it one of the country's largest banks today.

With MBT functioning as their holding company, the Ty family diversified into both financial and non-financial industries through several strategic partnerships and joint ventures with best-of-class global brands.

Being a universal bank, MBT was licensed to invest in allied undertakings and, in 1988, entered into a business venture with the Ty family-owned Titan Resources Corporation and Japan's largest automaker, Toyota Motor Corp. (TMC), to form TMP. This successful strategic partnership model was replicated in the group's other businesses. In 1999, the Ty family's Metro Philippines Life Insurance Corporation (formerly known as Pan-Philippine Life Insurance Corporation) entered into a business venture with FMIC and the AXA Group of France (then National Mutual Holdings Limited of Australia) to form AXA Philippines. Another successful partnership was when MBT formed a business venture with the Australia New Zealand Banking Corporation in 2003 to form MBT Card Corporation ("MCC").

Other business ventures of the Ty family companies include Sumisho Motor Finance Corporation between PSBank and Sumitomo Corporation of Japan; Orix Metro Leasing & Finance Corporation ("ORIX Metro Leasing") with Orix Corporation of Japan; TFSPH with Toyota Financial Services Corporation of Japan; and Philippine Charter Insurance Corporation with Sumitomo Insurance Co., Ltd.

In the non-financial sector, one of the core business activities of the Ty family is property development. The Ty family, through its various property interests, has made its mark as one of the top developers in the country, with more than 50 completed projects in the Philippines. Its focus is primarily on residential projects in Metro Manila. One of its most recognizable developments is GT Tower International on Ayala Avenue in Makati City. Other notable completed projects are the Bay Garden and Blue Wave Mall, both located along Macapagal Avenue in Pasay City and Marquinton Residences in Marikina City. Another of the Ty family companies' projects is the Grand Midori in Makati, which is a joint venture between Fed Land and Orix.

The Ty family's interests in the property sector have expanded to the affordable economic subsegment, where PCFI is a leading developer. PCFI's flagship project, Lancaster New City (LNC), spans more than 1,500 hectares of contiguous, fully-developable land in Cavite, just an hour away from the Makati Central Business District. PCFI is known for significant land developments in Next Wave Cities outside Metro Manila, that have become hubs for business process outsourcing (BPO) firms and beneficiaries of overseas Filipino (OFW) remittances.

Over the years, the Ty family has successfully entered into long-term strategic partnerships in various industries with globally-recognized corporate leaders. GT Capital believes that this is a testament to the recognition and acceptance of the Ty family as a reputable local business partner.

Apart from the aforementioned sectors, the Ty family has also, through GT Capital, entered into a strategic partnership agreement with Metro Pacific Investments Corporation ("MPIC"). MPIC is the country's leading private infrastructure company, which owns leading power distribution and generation companies, Metro Manila's widest water distributor, the Philippines' broadest hospital chain, and the country's largest toll road network. This expands the family's business portfolio to include infrastructure, water, railways, hospitals, logistics, and toll roads.

The Ty family companies are run by professionals who are experts in their respective fields. At the helm is Group Chairman Dr. George S.K. Ty, who is actively and ably assisted by his two sons, Arthur and Alfred Ty.

COMPETITIVE STRENGTHS

GT Capital is the primary vehicle for the holding and management of the various business interests of the Ty family in the Philippines. GT Capital is actively involved in the management of its market-leading businesses and continuously considers and evaluates new business initiatives and growth projects for the future. GT Capital believes that its principal strengths, enumerated below, are firmly rooted in its corporate values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation:

Established market leadership in underpenetrated, high-growth sectors of the Philippine economy

Each of the GT Capital companies is an established franchise and market leader in its respective industry sector:

- **TMP** is the Philippines' largest automobile assembler and the exclusive importer and wholesale distributor in the Philippines of the leading global automotive brand. TMP has been number one in total vehicle sales in 25 out of 27 years since 1989 as of [June 30, 2016] based on data from the Chamber of Automotive Manufacturers of the Philippines, Inc. ("CAMPI") and Association of Vehicle Importers and

Distributors ("AVID"). Since 2001, TMP has consistently received the Triple Crown Award, which recognizes leadership in passenger car, commercial vehicle, and overall sales.

- **TMBC**, with its five outlets strategically-located in Metro Manila and Cavite, is the 2nd leading dealership group within the Toyota dealership network in terms of retail car sales. As of [June 30, 2016], TMBC's retail sales volume accounted for [●]% of total Toyota sales. TMBC is a joint venture between GT Capital and Mitsui & Co., Ltd. of Japan ("Mitsui").

- **TFSPH** is the only financing company that offers Finance Lease (Lease-to-Own) to retail customers where they can enjoy lower cash out lay – no chattel mortgage fees. Based on company data, the top six financing companies accounted for 90.2% of the total financed Toyota vehicles in 2015. TFSPH has the highest market share at 30.4% which is 9 percentage points higher than its closest competitor, PSBank at 21.0%.

- As of [June 30, 2016], the **MBT Group** was the second largest Philippine bank by asset size and net loans and receivables with total assets of ₱1.4 trillion and net loans and receivables of ₱623.5 billion. MBT enjoys strong brand recognition throughout the Philippines and was named the "Best Bank in the Philippines" by Euromoney for 2010, 2011 and 2012; and the "Strongest Bank in the Philippines" by The Asian Banker for 2011 and 2013.

- **Fed Land** is one of the major property developers involved in vertical master-planned communities in the Philippines. Fed Land is the upper mid-end property development company of GT Capital and is currently implementing a comprehensive and sustainable growth program to fully capitalize on its expertise, land bank and brand recognition. As of [June 30, 2016], Fed Land had [●] different ongoing residential projects at various stages of completion.

- **PCFI** is one of the Philippines' largest affordable economic property developers with a significant presence in Next Wave Cities outside Metro Manila. The company holds a strategic, contiguous land bank of over 1,500 hectares in Cavite, through its flagship project LNC, a live-work-play township community and home to over 48,000 residents. Through its proprietary technology, PCFI is able to manufacture affordable housing on a highly efficient pace.

- **AXA Philippines** is one of the largest life insurance companies in the Philippines, based on premium income, according to Insurance Commission data as of December 31, 2015. AXA Philippines provides a diverse range of innovative products under the 'AXA' brand, which has been named as the 2013 top insurance brand in the world for the five consecutive years according to Interbrand.

- **MPIC** is the Philippines' largest infrastructure conglomerate, with broad interests in high-growth sectors—toll roads, water, power, railways, logistics and healthcare. MPIC owns Meralco, the country's largest power distribution utility, Global Business Power, one of the Visayas' largest power generation company, Maynilad Water, which manages Metro Manila's widest water distribution network, and Metro Pacific Tollways, operator of the country's largest toll road network.

Significant levels of ownership in all its businesses
Currently, GT Capital directly owns 100.0% of its fully-consolidated, unlisted subsidiary Fed Land. GT Capital conducts its automotive businesses through TMP , TMBC, and TFSPH, in which it holds 51.0%, 58.05%, and 40% direct equity, respectively. GT Capital's involvement in the insurance business is through AXA Philippines, in which GT Capital directly owns 25.3%. An additional 28.2% of AXA Philippines is held by FMIC.

Strong strategic partnerships with best-of-class global brands
A key element of GT Capital's business model is to combine local talent and expertise with the technology and resources of leading global business partners. To this end, several of the GT Capital businesses have benefited

from strong strategic partnerships with best-of-class global brands such as AXA, ANZ, Mitsui, Orix, Sumitomo and TMC. For instance, in addition to its market-leading brand value, TMC has contributed a superior product range as well as its excellence in manufacturing, marketing and customer service to TMP. AXA is a leading global insurance brand with recognized leadership in product design and risk management practices.

GT Capital is a strong local business partner for global investors in search of opportunities in the Philippines. The Ty family has a well-established reputation and credibility for integrity, sound business practices and strong corporate governance. GT Capital has earned the trust and confidence of clients, suppliers, regulators and business partners, as well as strong support from the capital markets and the general investing public. Furthermore, GT Capital has a large geographic footprint in its coverage of the domestic economy as it deals with many of the key segments of the Philippine economy in Luzon, Visayas, and Mindanao. GT Capital also has an established track record of successfully growing its various businesses under various socio-economic and political environments. GT Capital possesses in-depth knowledge of the local business environment, including the legal, regulatory, and political landscapes which are key considerations for any foreign investor looking to do business in the Philippines.

Experienced management teams that are consistently focused on promoting synergies across the businesses
GT Capital has an experienced management team with a proven ability to efficiently build and operate market-leading businesses, and to identify and exploit profitable growth opportunities. GT Capital Group Chairman Dr. George S.K. Ty founded MBT in 1962, and since then has been the driving force behind the GT Capital companies and many of the successful business ventures of the Ty family.

GT Capital considers active management to be a key part of its investment policy and has maintained a strict focus on recruiting and retaining strong management teams for each of its businesses. Furthermore, GT Capital's management has consistently and successfully promoted and implemented business plans across the GT Capital companies to enhance available synergies. GT Capital has the market experience and knowledge that key members of its businesses management teams possess and the business relationships they have developed in the various industries in which they are involved has been, and will continue to be, an integral part of GT Capital's ability to retain and further expand its market leadership positions, to promote synergies among the GT Capital companies, and to identify profitable growth opportunities and business initiatives.

Strong financial profile based on track record of sustained and profitable growth
GT Capital and its component companies exhibit a strong and resilient financial profile. As of June 30, 2016, GT Capital's consolidated net income attributable to the Parent Company reached ₱[●] billion. As of December 31, 2015, the consolidated net income grew (CAGR) by 18% to ₱12.1 billion, from ₱8.6 billion in 2013. In addition, total revenues increased to ₱159.2 billion, from ₱105.0 billion in 2013, resulting to a 23% compounded growth.

Diversified portfolio geared towards growth in domestic consumption and the broader Philippine economy
The Philippine economy has experienced significant growth from 2008 to 2015, with real gross domestic product ("GDP") growing at a compound rate of 5.5% per annum according to Bangko Sentral ng Pilipinas ("BSP"). The economy maintained positive growth throughout the global financial crisis of 2008-09 and according to publication *The Economist*, real GDP growth in the Philippines is expected to continue on a strong upward trajectory, maintaining above-6% growth, according to consensus estimates. The Philippine economy particularly benefits from several key pillars of growth, including sustained increases in remittances from overseas Filipinos ("OFs") and domestic consumption, which in 2015 accounted for 69% of GDP according to the BSP. Fed Land and PCFI, for example, stand to benefit from strong growth in the business process outsourcing ("BPO") sector and OF remittances by tailoring its commercial and residential property products to cater to these markets.

The Philippines is one of the most populous countries in the world with a total population of 101.6 million in 2015, according to the BSP. Based on United Nations data as of 2015, approximately 55% of the Philippine population is below the age of 24 (the median age of the population being 22.2 years), and strong population growth is expected to continue in the future. The United Nations' estimate for the Philippine population in 2030 is

126.3 million. According to the World Bank, the primary school completion rate in the Philippines in 2013 was 100% and the adult literacy rate in 2013 was 97.5%, both well above the worldwide 2013 averages of 88% and 84%, respectively. Overall, the Philippines has a large, growing, young and well-educated population, which provides the domestic economy with strong fundamentals for further growth.

As one of the leading Philippine conglomerates with a highly diversified business portfolio, GT Capital is broadly exposed to the Philippine economy through its range of businesses spanning financial services, property development, automotive and insurance. GT Capital's businesses are well positioned within these industries which it sees are underpenetrated high-growth sectors that particularly stand to benefit from the projected strong and sustained growth in Philippine domestic consumption.

STRATEGY, FUTURE PLANS AND PROSPECTS

Further strengthen GT Capital's leadership position across its existing businesses
In each of its existing businesses, GT Capital intends to further strengthen its market position by targeted strategies and investments that leverage its existing expertise, market insights, partnerships, and brand value and customer recognition:

- TMP will capitalize on the growth of the local automotive sector as the country enters its motorization phase and maintain and leverage on the strength of and customer loyalty to the Toyota brand. TMP also intends to expand manufacturing capacity and dealership network to better accommodate the market's growing demand. Moreover, TMP will intensify value engineering and cycle time reduction programs in order to achieve operational efficiencies to further reduce costs and improve margins.

- TMBC will continue its business growth by offering top-quality facilities and innovative approaches to ensure excellent dealership experience. The strong branch network of MBT and PSBank, provides a firm source of volume for bank referrals and to further fortify its market share. TMBC aims to improve market penetration through mall displays, new car financing schemes as well as parts and after sales service packages. The downward trend in interest rates, strong buyer acceptance of the "all-in-promo", and financing-related revenues are viable opportunities for TMBC to further improve its profit margin.

- TFSPH will continue to offer competitive interest rates and attractive financing products. TFSPH will also focus its efforts to significantly reduce loan processing time to enhance customer service, through the automation of processes. Moreover, it will continue to innovate products and services to make Toyota vehicle ownership more affordable to its customers by offering flexible payment terms.

- MBT's organizational efforts will focus on implementing a medium-term strategy aimed at increasing market share and business volumes through improved products and services, increasing operational efficiency, and becoming an employer of choice with continuous enhancements for its employees and organization.

- Fed Land will continue to offer diversified products for upper-mid and high-end markets. Development of master-planned communities shall likewise continue with the construction of additional residential towers at existing sites. Recurring income will improve by launching commercial and retail projects in key locations. Furthermore, business synergies with other GT Capital companies shall be enhanced.

- PCFI will further develop its flagship project, LNC, into a complete live-work-play-worship master-planned community. PCFI will make its initial investment in the BPO sector, through Suntech i-Park, as well as expand Downtown Lancaster, a commercial zone still located within LNC. PCFI will sustain its landbanking and construction efforts to create robust and sustainable communities.

- AXA Philippines will continue to increase brand awareness, while tailor-fitting product propositions to specific segment requirements. AXA has enhanced its presence in the Philippines by acquiring CPAIC from GT Capital. The market-leading bancassurance distribution will be further optimized together with building up agency and direct marketing initiatives. There will be continued product innovation and targeting of new customers.

- MPIC will complete various infrastructure projects such as the Cavite-Laguna Expressway (CALAX) and Cavite Expressway (CAVITEX), which will further increase synergies with GT Capital’s affordable property developer, PCFI. MPIC will also continue improving Maynilad’s wide water distribution network, providing better service to more Metro Manila homes. Through Meralco and Beacon Power, MPIC will expand Global Business Power Corporation’s (“GBPC”) capacity and improve electricity distribution to the Meralco network. MPIC will also continue to build more hospitals to provide quality care to Filipinos.

Seek profitable growth opportunities in other key domestic industries via proven partnership model
GT Capital’s management is focused on identifying and addressing long-term profitable business opportunities in key sectors of the economy. These include sectors where GT Capital companies are already present, such as property development. Fed Land intends to capitalize on the significant future growth expected in the BPO sector by providing innovative commercial property solutions in key locations to potential BPO customers. Beyond its existing business interests, GT Capital is also actively considering and evaluating new business initiatives in sectors that complement GT Capital’s existing portfolio and where GT Capital will be able to contribute strategic direction, expertise, and resources. Where appropriate value-enhancing business initiatives exist, GT Capital will seek to expand on its successful partnership model with recognized global brands.

Further optimize synergy creation among the GT Capital companies
GT Capital’s management intends to continuously seek and realize synergies among the GT Capital companies in areas including strategy, fund deployment, human resources and sharing of common IT and service platforms in order to further enhance cost efficiencies, competitive strengths and market positions across the group. Furthermore, there exist significant revenue synergies as many products and services offered by GT Capital are attractive to a common consumer target group and stand to benefit from cross-selling. For example, MBT’s large depositor base represents a significant opportunity for the cross-selling of other GT Capital companies’ products through coordinated efforts. In addition, mortgage products can be offered to potential purchasers of Fed Land condominium units, and the same target demographic may also be interested in automotive products (including lease financing) or life insurance-linked investment products. GT Capital aims to maximize such synergies from both existing and future business initiatives.

SUMMARY FINANCIAL INFORMATION

Consolidated Statements of Financial Position *Amounts in millions*	Audited **As at 31 December**			Audited **As at 30 June**	
	2015	**2014**	**2013**	**2016**	**2015**
ASSETS					
Current Assets					
Cash and cash equivalents	₱37,861	₱29,702	₱27,168	₱[●]	₱[●]
Short-term investments	1,861	1,309	1,466	[●]	[●]
Receivables	25,417	16,223	12,451	[●]	[●]
Reinsurance assets	-	3,879	4,965	[●]	[●]
Inventories	53,274	31,426	20,813	[●]	[●]
Due from related parties	370	171	849	[●]	[●]
Prepayments and other current assets	7,674	5,468	5,969	[●]	[●]
	126,430	88,179	73,682	[●]	[●]
Assets of disposal group classified as held-for-sale	8,434	-	-	[●]	[●]
Total Current Assets	134,864	88,179	73,682	[●]	[●]
				[●]	[●]
Noncurrent Assets				[●]	[●]
Noncurrent receivables	9,186	4,897	4,929	[●]	[●]
Land held for future development	27,356	-	-	[●]	[●]
Available-for-sale investments	3,195	4,127	3,111	[●]	[●]
Investments in associates and joint ventures	60,265	47,451	40,559	[●]	[●]
Investment properties	10,797	8,643	8,329	[●]	[●]
Property and equipment	51,972	44,801	41,163	[●]	[●]
Goodwill and intangible assets	17,001	17,806	18,275	[●]	[●]
Deferred tax assets	1,771	1,726	1,109	[●]	[●]
Other noncurrent assets	878	634	1,202	[●]	[●]
Total Noncurrent Assets	182,421	130,084	118,678	[●]	[●]
TOTAL ASSETS	**₱317,285**	**₱218,263**	**₱192,360**	**₱[●]**	**₱[●]**
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts and other payables	₱22,407	₱19,280	₱20,837	₱[●]	₱[●]
Insurance contract liabilities	-	5,665	6,684	[●]	[●]
Short-term debt	7,318	2,347	1,744	[●]	[●]
Current portion of long-term debt	6,757	3,061	3,364	[●]	[●]
Current portion of liabilities on purchased properties	637	783	783	[●]	[●]
Customers' deposit – current	3,691	2,549	1,844	[●]	[●]
Dividends payable	2,860	2,034	1,966	[●]	[●]
Due to related parties – current	174	176	188	[●]	[●]
Income tax payable	1,013	476	876	[●]	[●]
Other current liabilities	520	882	907	[●]	[●]
	45,377	37,253	39,193	[●]	[●]
Liabilities of disposal group classified held-for-sale	6,444	-	-	[●]	[●]
Total Current Liabilities	51,821	37,253	39,193	**₱** [●]	**₱** [●]

	Audited **As at 31 December**			Audited **As at 30 June**	
	2015	**2014**	**2013**	**2016**	**2015**
Noncurrent Liabilities					
Long-term debt net of current portion	₱82,021	₱42,118	₱40,584	₱[●]	₱[●]
Bonds payable	21,801	21,775	9,883	[●]	[●]
Liabilities on purchased properties – net of current portion	2,146	2,729	3,537	[●]	[●]
Pension liability	2,219	2,261	1,704	[●]	[●]
Deferred tax liability	10,826	3,532	3,252	[●]	[●]
Other non-current liabilities	2,609	2,654	1,643	[●]	[●]
Total Noncurrent Liabilities	121,622	75,069	60,603	[●]	[●]
Total Liabilities	173,443	112,321	99,796	[●]	[●]

EQUITY					
Equity attributable to equity holders of Parent Company					
Capital Stock	₱1,760	₱1,743	₱1,743	₱[●]	₱[●]
Additional paid-in capital	46,695	46,695	46,695	[●]	[●]
Treasury Shares	(6)	(2)	(6)	[●]	[●]
Retained Earnings				[●]	[●]
Unappropriated	33,267	24,432	21,802	[●]	[●]
Appropriated	8,760	6,000	-	[●]	[●]
Other equity adjustments	576	(103)	53	[●]	[●]
Other comprehensive income	(918)	582	583	[●]	[●]
	90,134	79,347	79,347	[●]	[●]
Non-controlling interest	53,709	26,595	26,595	[●]	[●]
Total Equity	143,842	105,942	105,942	[●]	[●]
TOTAL LIABILITIES AND EQUITY	**₱317,285**	**₱218,263**	**₱218,263**	**₱[●]**	**₱[●]**

Results of Operations
Amounts in millions

	Audited **For the year ended 31 December**			Audited **For the six months ended 30 June**	
	2015	**2014**	**2013**	**2016**	**2015**
REVENUE					
Automotive operations	₱120,802	₱108,816	₱74,359	₱[●]	₱[●]
Net fees	18,391	18,973	16,944	[●]	[●]
Real estate sales	9,000	5,841	4,702	[●]	[●]
Equity in net income of associates and joint ventures	5,616	3,420	3,588	[●]	[●]
Interest income	1,973	1,521	1,413	[●]	[●]
Rent income	870	764	592	[●]	[●]
Sale of goods and services	636	603	657	[●]	[●]
Commission income	192	80	163	[●]	[●]
Gain on revaluation of previously held interest	-	-	2,046	[●]	[●]
Other income	1,778	1,087	520	[●]	[●]
	159,231	141,106	104,943	[●]	[●]
COST AND EXPENSES Cost of goods and services sold	74,941	70,597	45,469	[●]	[●]
Cost of goods manufactured and sold	27,838	24,213	19,986	[●]	[●]
General and administrative expenses	10,858	10,392	9,045	[●]	[●]
Power plant operation and maintenance expenses	9,478	10,328	8,945	[●]	[●]
Cost of real estate sales	6,487	4,334	3,667	[●]	[●]
Interest expense	3,932	3,240	3,462	[●]	[●]
Cost of rental	272	270	113	[●]	[●]
	133,805	123,374	90,688	[●]	[●]
Income Before Income Taxes From Continuing Operations	25,426	17,732	14,296	[●]	[●]
Provision For Income Tax	4,517	2,681	1,800	[●]	[●]
Net Income from Continuing Operations	20,909	15,052	12,496	[●]	[●]
Net Income from Disposal Group	50	100	35	[●]	[●]
NET INCOME	**₱20,959**	**₱15,151**	**₱12,531**	**₱[●]**	**₱[●]**
Net Income Attributable to: Equity holders of the parent company					
Profit for the year from continuing operations	₱12,069	₱9,058	₱8,614	₱[●]	₱[●]
Profit for the year from disposal group	50	95	26	[●]	[●]
	12,119	9,153	8,640	[●]	[●]
Non-controlling interests				[●]	[●]
Profit for the year from continuing operations	₱8,840	₱5,994	₱3,882	[●]	[●]
Profit for the year from disposal group	-	5	9	[●]	[●]
	8,840	5,999	3,890	[●]	[●]
	₱20,959	**₱15,151**	**₱12,531**	**₱[●]**	**₱[●]**

Statement of Cash Flows *Amounts in millions*	Audited **For the year ended 31 December**			Audited **For the six months ended 30 June**	
	2015	**2014**	**2013**	**2016**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax from continuing operations	₱25,426	₱17,732	₱14,296	₱[●]	₱[●]
Income before income tax from disposal group	65,607	129,432	38,217	[●]	[●]
Adjustments for:				[●]	[●]
Equity in net income of associates and joint ventures	(5,616)	(3,420)	(3,588)	[●]	[●]
Interest expense	3,933	3,241	3,462	[●]	[●]
Depreciation and amortization	3,414	3,203	2,857	[●]	[●]
Interest income	(2,052)	(1,597)	(1,429)	[●]	[●]
Pension expense	454	344	329	[●]	[●]
Loss from initial recognition of financial asset	-	-	0.275	[●]	[●]
Gain on revaluation of previously held	-	-	(2,046)	[●]	[●]
Dividend income	(49)	(53)	(77)	[●]	[●]
Gain on disposal of property and equipment	(30)	(90)	(16)	[●]	[●]
Gain on sale of available-for-sale investments	(18)	(12)	(9)	[●]	[●]
Provisions	350	445	44	[●]	[●]
Loss on impairment of available-for-sale investments	-	10	-	[●]	[●]
Unrealized foreign exchange losses	89	1	47	[●]	[●]
Operating income before changes in working capital	25,966	19,933	13,910	[●]	[●]
Decrease (increase) in:				[●]	[●]
Short-term investments	408	157	(1,466)	[●]	[●]
Receivables	(2,953)	(1,794)	(3,567)	[●]	[●]
Reinsurance assets	1,005	1,086	(1,264)	[●]	[●]
Inventories	(9,682)	(12,554)	(1,241)	[●]	[●]
Land held for future development	(2,856)	-	-	[●]	[●]
Due from related parties	(200)	274	(360)	[●]	[●]
Prepayments and other current assets	(1,020)	602	913	[●]	[●]
Increase (decrease) in:				[●]	[●]
Accounts and other payables	905	(1,131)	3,247	[●]	[●]
Insurance contract liabilities	(613)	(1,019)	1,357	[●]	[●]
Customers' deposits	466	705	868	[●]	[●]
Due to related parties	(2)	(12)	(3)	[●]	[●]
Other current liabilities	(215)	(1,732)	(558)	[●]	[●]
Cash provided by operations	11,208	4,516	11,834	[●]	[●]
Dividends paid	(6,005)	(4,775)	(2,972)	[●]	[●]
Interest paid	(4,163)	(2,955)	(4,035)	[●]	[●]
Income tax paid	(4,216)	(2,832)	(1,031)	[●]	[●]
Interest received	1,993	1,542	1,499	[●]	[●]
Dividends received	918	1,247	833	[●]	[●]
Contributions to pension plan assets	(205)	(129)	(108)	[●]	[●]
Net cash provided (used) in operating activities	(469)	(3,386)	6,019	₱[●]	₱[●]
CASH FLOWS FROM INVESTING ACTIVITIES Proceeds from:					

Disposal of property and equipment	₱566	₱675	₱161	₱[●]	₱[●]
Sale of available-for-sale investments	271	566	63	[●]	[●]
Settlement of deposits	-	-	2,085	[●]	[●]
Disposal of investment property	140	-	-	[●]	[●]
Additions to:				[●]	[●]
Investments in associated and joint ventures	(8,833)	(4,225)	(502)	[●]	[●]
Investment properties	(485)	(87)	(144)	[●]	[●]
Property and equipment	(9,954)	(6,663)	(7,025)	[●]	[●]
Available-for-sale investments	(526)	(594)	690	[●]	[●]
Intangible assets	(29)	(12)	(9)	[●]	[●]
Acquisitions of subsidiary, net of cash acquired	(6,902)	(282)	2,677	[●]	[●]
Effect of business combination	-	-	-	[●]	[●]
Decrease (increase) in other noncurrent assets	243	(64)	(200)	[●]	[●]
Net cash used in investing activities	(25,510)	(10,687)	(2,204)	₱[●]	₱[●]
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from:					
Loan availments	₱57,830	₱7,660	₱7,341	₱[●]	₱[●]
Issuance of bonds payable	-	11,875	9,895	[●]	[●]
Issuance of capital stock	17	-	10,105	[●]	[●]
Payment of loans payable	(21,911)	(5,800)	(18,047)	[●]	[●]
Increase (decrease) in)				[●]	[●]
Liabilities on purchased properties	(729)	(809)	1,740	[●]	[●]
Other noncurrent liabilities	(162)	1,006	858	[●]	[●]
Non-controlling interests	76	2,677	(45)	[●]	[●]
Due to related parties	-	-	-	[●]	[●]
Cash provided by financing activities	35,121	16,609	11,845	[●]	[●]
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(89)	(1)	(47)	[●]	[●]
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,053	2,536	15,614	[●]	[●]
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	29,702	27,167	11,553	[●]	[●]
CASH AND CASH EQUIVALENTS OF DISPOSAL GROUP AT END OF YEAR/PERIOD	(894)	-	-	-	-
CASH AND CASH EQUIVALENTS OF CONTINUING OPERATION AT END OF YEAR/PERIOD	**₱37,961**	**₱29,702**	**₱27,167**	[●]	[●]

SUMMARY OF THE OFFERING

The following does not purport to be a complete listing of all the rights, obligations, and privileges attaching to or arising from the Preferred Shares. Some rights, obligations, or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective investors are enjoined to perform their own independent investigation and analysis of the Company and the Preferred Shares. Each prospective investor must rely on its own appraisal of the Company and the Preferred Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Preferred Shares and must not rely solely on any statement or the significance, adequacy, or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis.

Issuer	GT Capital Holdings, Inc. ("GT Capital")
Issue Manager and Sole Bookrunner	First Metro Investment Corporation
Lead Underwriter	First Metro Investment Corporation
Selling Agents	PSE Trading Participants
The Offer	GT Capital, through the Lead Underwriter and Selling Agents, is offering by way of a primary Offer 8,000,000 cumulative, non-voting, non-participating, non-convertible, peso-denominated Perpetual Preferred Shares, with an Oversubscription Option of up to an additional 4,000,000 Preferred Shares, for an aggregate Offer of up to 12,000,000 Preferred Shares, with a par value of ₱100.00 per Share, constituted into two series designated as Series A Perpetual Preferred Shares and Series B Perpetual Preferred Shares (the "Shares") and at an offer price of ₱1,000.00 per Share (the "Offer Price" or "Issue Price").
Use of Proceeds	The Company intends to use the net proceeds from the Offer for [payment of short-term financial obligations, and general corporate requirements]. See "Use of Proceeds" on page [●] of this Prospectus for details of how the total net proceeds are expected to be applied.
Dividend Rate	The Shares will, subject to the Dividend Payment Conditions (see below), bear cumulative, non-participating dividends based on the Offer Price, payable quarterly in arrears on the relevant Dividend Payment Date (as defined below) at the respective rates: <u>Series A Perpetual Preferred Shares</u>: [●] per annum from the Issue Date, as may be subsequently adjusted on the Series A Rate Re-Setting Date (as defined below). <u>Series B Perpetual Preferred Shares</u>: [●] per annum from the Issue Date, as may be subsequently adjusted on the Series B Rate Re-Setting Date (as defined below). Dividends will be calculated on a 30/360-day basis. Dividends will be calculated in respect of each Share by reference to the Offer Price thereof in respect of each Dividend Period.

Rate Re-Setting Date	Unless such date is a Redemption Date, the relevant Dividend Rate will be re-set on the following dates: Series A Perpetual Preferred Shares: the 7th anniversary of the Issue Date ("Series A Rate Re-Setting Date") Series B Perpetual Preferred Shares: the 10th anniversary of the Issue Date ("Series B Rate Re-Setting Date")
Dividend Rate Adjustments	If not redeemed on the relevant Optional Redemption Date or on any Dividend Payment Date thereafter, the relevant Dividend Rate will be adjusted on the relevant Rate Re-Setting Date to the higher of: a) the prevailing relevant Dividend Rate on such relevant Rate Re-Setting Date; or b) the relevant Reference Rate, plus the relevant Rate Step Up Spread
Reference Rate	The per annum rate that is the simple average of three (3) closing per annum rates as shown on the PDEX page (or such successor page) of Bloomberg (or such successor electronic service provider), as relevant: Series A Perpetual Preferred Shares: the closing 7-year PDST-R2 for each of the three (3) consecutive days ending on (and including) the Series A Rate Re-Setting Date. [In the event that the 7-year PDST-R2 is illiquid, an alternative benchmark rate may be determined, based on the interpolated 7-year yield of relevant liquid government securities to be agreed upon between the Issuer and the Lead Underwriter.] ("Series A Reference Rate") Series B Perpetual Preferred Shares: the closing 10-year PDST-R2 for each of the three (3) consecutive days ending on (and including) the Series B Rate Re-Setting Date. [In the event that the 10-year PDST-R2 is illiquid, an alternative benchmark rate may be determined, based on the interpolated 10-year yield of relevant liquid government securities to be agreed upon between the Issuer and the Lead Underwriter.] ("Series B Reference Rate")
Rate Step Up Spread	As relevant, the fixed per annum rate to be used for calculating any Dividend Rate Adjustments being: Series A Perpetual Preferred Shares: [●] per annum ("Series A Rate Step Up Spread") Series B Perpetual Preferred Shares: [●] per annum ("Series B Rate Step Up Spread")
Conditions for the Declaration and Payment of Dividends	GT Capital has full discretion over the declaration and payment of dividends on the Shares, to the extent permitted by law. GT Capital's Board will not declare and pay dividends on any Dividend Payment Date where (a) payment of the dividend would cause GT Capital to breach any of its financial covenants; or (b) the unrestricted retained earnings available to GT Capital for distribution as dividends are not sufficient to enable GT Capital to pay the dividends in full on all other classes of GT

	Capital's outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right and priority to dividends as the Shares, if any. If the unrestricted retained earnings available for distribution as dividends are, in the opinion of GT Capital's Board, not sufficient to enable GT Capital to pay both dividends on the Shares and the dividends on other shares that have an equal right and priority to dividends as the Shares, in full and on the same date, then GT Capital may: first, pay in full, or set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking higher in priority than that of the Shares; and second, to pay dividends on the Shares and any other shares ranking equally with the Shares as to participation in such retained earnings *pro rata* to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on any past cumulative dividends on any shares ranking equal in priority with the Shares to receive dividends. The profits available for distribution are, in general and with some adjustments, equal to GT Capital's accumulated, realized profits less accumulated, realized losses. If for any reason, GT Capital's Board does not declare a dividend on the Shares for a Dividend Period, GT Capital will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, Preferred Shareholders must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the Preferred Shareholders prior to such Dividend Payment Date. Preferrred Shareholders shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Shares. See discussion under "Description of the Preferred Shares"
Dividend Payment	Dividends will be payable on [●], [●], [●], and [●] of each year (each a "Dividend Payment Date"), being the last day of each 3-month dividend period (a "Dividend Period"), as and if declared by GT Capital in accordance with the terms and conditions of the Shares. If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid.
Payment on the Shares	All payments of dividends and any other amounts under the Shares shall be paid in Philippine Pesos. On the relevant payment dates, the Paying Agent shall make available to Preferred Shareholders, checks drawn against the Payment Settlement Account in the amount due to each Preferred Shareholder of record as of the relevant record date, either (i) for pick-up by the Preferred Shareholder or its duly authorized representative at the office of the Paying Agent or (ii) delivery via courier or, if courier service is unavailable for deliveries to the address of the Preferred Shareholder, via mail, at the Preferred Shareholder's risk, to the address of the Preferred Shareholder appearing in the Register of Preferred Shareholders.

Optional Redemption and Purchase	GT Capital has the option, but not the obligation, to redeem in whole (but not a part of) the Shares on the following Optional Redemption Dates: <u>Series A Perpetual Preferred Shares</u>: 5th anniversary of the Issue Date, or any Dividend Payment Date occurring thereafter <u>Series B Perpetual Preferred Shares</u>: 7th anniversary of the Issue Date, or any Dividend Payment Date occurring thereafter Exercise of GT Capital's redemption option shall be completed by payment of redemption price equal to the Issue Price plus any accrued and unpaid dividends after deduction for any taxes and customary transfer costs to effect the redemption (the "Redemption Payment"). Administrative costs and expenses, including the cost of checks used, suppliers, paying agent services, courier and mailing costs in relation to effecting the redemption shall be for the sole account of GT Capital. The Redemption Payment shall be made to Preferred Shareholders as of the record date set by GT Capital for such redemption. Upon listing on the PSE and subject to compliance with law, GT Capital may purchase the Shares, then tradeable at that time at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Shares. Any Shares redeemed or purchased by GT Capital shall be recorded as treasury shares of GT Capital until and unless the same are retired, or may be re-issued in the future at such terms and at such time as GT Capital may determine.
Early Redemption Due to Occurrence of a Tax Event	If payments become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to GT Capital, GT Capital may redeem the Shares in whole, but not in part, having given not more than sixty 60 days nor less than 30 days' notice prior to the intended date of redemption, at the Offer Price plus all accrued and unpaid dividends, if any.
Early Redemption Due to Changes in Accounting Treatment of the Shares	If an Accounting Event occurs that will result in a change in accounting treatment of the Shares, the Issuer may redeem the Shares in whole, but not in part, having given not more than 60 nor less than 30 days' notice prior to the intended date of redemption, at the Offer Price plus all accrued and unpaid dividends, if any. An Accounting Event shall occur if an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to GT Captial stating that at the relevant time there is a change in applicable accounting standards that result in more than an insubstantial risk that either the Shares or the funds raised through the issuance of the Shares may no longer be recorded as "equity" to the full extent as at the Issue Date pursuant to PFRS, or such other accounting standards which succeed PFRS, as adopted by the Philippines, applied by the Issuer for drawing up its financial statements for the relevant financial year.

No Sinking Fund	GT Capital has not established, and currently does not intend to establish, a sinking fund for the redemption of the Shares.
Taxation	All payments in respect of the Shares 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 Government, including but not limited to, documentary stamp, issue, registration, value-added or any similar tax, or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, GT Capital will pay additional amounts so that Preferred Shareholders will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that GT Capital shall not be liable for: (a) the final withholding tax or creditable withholding tax applicable to dividends earned by the Preferred Shareholders on the Preferred Shares as prescribed under National Internal Revenue Code of 1997, as amended, and relevant regulations; (b) any income tax, whether or not subject to withholding; (c) expanded value added tax which may be payable by any Prerferred Shareholder on any amount to be received from GT Capital under the terms and conditions of the Shares; and (d) any withholding tax on any amount payable to any Preferred Shareholder or any entity which is a non-resident foreign corporation. Any documentary stamp tax for the recording of the Shares in the name of an investor under the Offer shall be paid for by GT Capital. After the Issue Date, taxes generally applicable to a subsequent sale of the Shares by any Preferred Shareholder, including receipt by such Preferred Shareholder of a Redemption Payment, shall be for the account of the said Preferred Shareholder. See discussion under "Taxation".
Liquidation Rights	In the event of a return of capital in respect of GT Capital's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by GT Capital of any of its share capital), the Preferred Shareholders at the time outstanding will be entitled to receive, in Pesos out of GT Capital's assets available for distribution to Preferred Shareholders, together with the holders of any other of GT Capital's shares ranking, as regards repayment of capital, *pari passu* with the Shares and before any distribution of assets is made to holders of any class of GT Capital's shares ranking junior to the Shares as regards repayment of capital, liquidating distributions in an amount equal to the Issue Price plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then-current Dividend Period to (and including) the date of commencement of GT Capital's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in GT Capital's winding up, the amount payable with respect to the Shares and any other of GT Capital's shares ranking as to any such distribution *pari passu* with the Shares are not paid in full, the Preferred Shareholders and holders of such other shares will share rateably in any such distribution of GT Capital's assets in proportion to the full respective

	preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the Preferred Shareholders will have no right or claim to any of GT Capital's remaining assets and will not be entitled to any further participation or return of capital in a winding up.
Form, Title and Registration of the Preferred Shares	The Shares will be issued in scripless form through the electronic book-entry system of Philippine Depository and Trust Corporation ("PDTC") as Registrar, and lodged with the PDTC as Depository Agent on Listing Date through PSE Trading Participants nominated by the accepted Applicants. For this purpose, Applicants shall indicate in the proper space provided for in the Application Form the name of the PSE Trading Participant under whose name their Shares will be registered. After Issue Date, Preferred Shareholders may request the Registrar, through their nominated PSE Trading Participant, to (a) open a scripless registry account and have their holdings of the Shares registered under their name ("name-on-registry account"), or (b) issue stock certificates evidencing their investment in the Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting Preferred Shareholder. Legal title to the Shares will be shown in an electronic register of shareholders (the "Registry of Shareholders") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Shares that is effected in the Registry of Shareholders (at the cost of the requesting Preferred Shareholder). The Registrar shall send (at the cost of GT Capital) at least once every quarter a Statement of Account to all Preferred Shareholders named in the Registry of Shareholders, except certificated Preferred Shareholders and Depository Participants, confirming the number of Shares held by each Preferred Shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Preferred Shareholder as of a given date thereof. Any request by a Preferred Shareholder for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Shareholder.
Status of the Shares in the Distribution of Assets in the Event of Dissolution	The Shares will constitute the direct and unsecured subordinated obligations of GT Capital ranking at least *pari passu* in all respects and rateably without preference or priority among themselves, [and in respect of payment of dividends and distribution of corporate assets in the event of dissolution, winding-up or liquidation of GT Capital, with the Voting Preferred Shares issued by GT Capital].
Selling and Transfer Restrictions	After listing, the subsequent transfers of interests in the Shares shall be subject to applicable selling restrictions and registration requirements for equity securities as may prevail in the Philippines from time to time.
Title and Transfer	Legal title to the Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by the Registrar. Settlement of the Shares on the PSE including liability for the

	settlement of transaction and documentary stamp taxes, if any, arising from such transfers, will be subject to the requirements and procedures for the transfer of title and settlement for listed securities in the PSE.
Governing Law	The Shares will be issued pursuant to, and terms and conditions of the Shares will be governed by, the laws of the Republic of the Philippines.
Offer Period	The Offer Period shall commence at 9:00 a.m. on [September 19, 2016] and end at 5:00 p.m. on [September 23, 2016]. GT Capital and the Lead Underwriter reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE.
Minimum Subscription to the Shares	Each Application shall be for a minimum of [50] Shares, and thereafter, in multiples of [10] Shares. No Application for multiples of any other number of Shares will be accepted.
Eligible Investors	The Shares may be owned or purchased by any person, partnership, association or corporation regardless of nationality, provided that at any time, at least 60% of the outstanding capital stock of GT Capital shall be owned by citizens of the Philippines or by partnerships, associations or corporations at least 60% of whose outstanding capital stock and whose voting stock or voting power is owned and controlled by citizens of the Philippines. In addition, under certain circumstances GT Capital may reject an Application or reduce the number of Shares applied for purchase. Subscription to the Shares may be restricted by law or regulation in certain jurisdictions. Foreign investors interested in subscribing to or purchasing the Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Shares.
Application Procedure	Application Forms may be obtained from an Underwriter or Selling Agent. All applications shall be evidenced by the Application Form, duly executed in each case by an authorized signatory of the Applicant and accompanied by two (2) completed signature cards, the corresponding payment for the Shares covered by the application and all other required documents including documents required for registry with the Registrar. The duly executed Application Form and required documents should be submitted to the Lead Underwriter or Selling Agents on or prior to the set deadline for submission of Applications for Lead Underwriter and Selling Agents, respectively (see “Schedule of the Offer” below). If the Applicant is a corporation, partnership, or trust account, the application must be accompanied by therequired documents indicated on the Application Form.
Payment for the Shares	The purchase price must be paid in full in Pesos upon the submission of the duly completed and signed application form and signature card together with the requisite attachments. Payment for the Shares shall be made either by: (i) a personal or corporate check drawn against an account with a BSP

	authorized bank at any of its branches located in Metro Manila, or (ii) a manager's or cashier's check issued by an authorized bank. All checks should be made payable to "[●]", crossed "Payee's Account Only," and dated the same date as the application. The applications and the related payments will be received at any of the offices of the Receiving and Paying Agent, the Lead Underwriter or the Selling Agents.
Acceptance/Rejection of Applications	The actual number of Shares that an Applicant will be allowed to purchase is subject to acceptance and confirmation. GT Capital reserves the right to accept or reject, in whole or in part, or to reduce any Application due to any grounds specified in the Issue Management and Underwriting Agreement entered into by GT Capital, and the Lead Underwriter. Applications which are incomplete, unpaid or where payments were insufficient and those that do not comply with the terms of the Offer shall be rejected. Payment received pursuant to any Application does not ensure or indicate approval or acceptance by GT Capital of the Application. An Application, when accepted, shall constitute an agreement between the Applicant and GT Capital for the purchase of the Shares at the time, in the manner and subject to terms and conditions set forth in the Application Form and those described in this Prospectus. Notwithstanding the acceptance of any Application by GT Capital, the actual purchase by the Applicant for the Shares will become effective only upon issuance of the Shares by GT Capital and upon the obligations of the Lead Underwriter under the Underwriting Agreement becoming unconditional and not being suspended, terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. If such conditions have not been fulfilled on or before the periods provided above, all Application payments will be returned to the Applicants without interest.
Refunds of Application Payments	In the event that the number of Shares to be allotted to an Applicant, as confirmed by an Underwriter, is less than the number covered by its Application, or if an Application is wholly or partially rejected by GT Capital, then GT Capital shall refund, without interest, within 5 Banking Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of Shares wholly or partially rejected. All refunds shall be made through the Underwriter or Selling Agent with whom the Applicant has filed the Application.
Registration of Foreign Investments	The Bangko Sentral ng Pilipinas ("BSP") requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Shares shall be the sole responsibility of the foreign investor (see discussion under "Philippine Foreign Investment, Foreign Ownership and Exchange Controls").
Receiving and Paying Agent	Metropolitan Bank and Trust Co. – Trust Banking Group
Registrar and Depository Agent	Philippine Depository and Trust Corporation
Indicative Schedule of the Offer	The timetable of the Offer is scheduled to be as follows:

Bookbuilding	[30 August to 15 September 2016]
Dividend rate-setting date	[15 September 2016]
Start of Offer Period for PSE Trading Participants and the general investing public	[19 September 2016]
Submission of firm commitments by PSE Trading Participants	[21 September 2016]
End of Offer Period for PSE Trading Participants and the general investing public	[23 September 2016]
Issue Date	[28 September 2016]

The dates listed above are subject to market and other conditions and may be changed at the discretion of the Company and the Lead Underwriter, subject to the approval of the PSE.

Risks of Investing	Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Shares. Certain of these risks are discussed in the section entitled "Risk Factors" on page [●].

DESCRIPTION OF THE PREFERRED SHARES

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in its articles of incorporation and the by-laws. The current authorized capital stock of the Company is ₱5,000,000,000.00 divided into 298,257,000 Common Shares with a par value of ₱10.00 per share, 20,000,000 Perpetual Preferred Shares with a par value of ₱100.00 per share, and 174,300,000 Voting Preferred Shares with a par value of ₱0.10 per share. As of date, 174,300,000 Common Shares, all of which are listed in the PSE, and 174,300,000 Voting Preferred Shares are issued and outstanding.

Following the Offer, and assuming the Oversubscription Option is exercised in full, the Company will have the following issued and outstanding shares: (a) 174,300,000 Common Shares, (b) 12,000,000 Preferred Shares and (c) 174,300,000 Voting Preferred Shares. Following the Offer, and assuming the Oversubscription Option is not exercised, the Company will have the following issued and oustnading shares: (a) 174,300,000 Common Shares, (b) 8,000,000 Preferred Shares and (c) 174,300,000 Voting Preferred Shares.

The holders of the Preferred Shares do not have identical rights and privileges with holders of the existing Common Shares or Voting Preferred Shares of the Company.

THE PREFERRED SHARES

General Features of Perpetual Preferred Shares

Under the Articles of Incorporation, the Perpetual Preferred Shares (which includes the Preferred Shares) have the following features, rights, and privileges:

- The Issue Value and Dividend Rate shall be determined by the Board at the time of the issuance thereof;
- The Perpetual Preferred Shares shall be entitled to the payment of current as well as any accrued or unpaid dividends before any dividends can be paid to the holders of Common Shares. No dividend shall be declared or paid on the Common Shares unless the full accumulated dividends on all the Perpetual Preferred Shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Company;
- The holders of the Perpetual Preferred Shares shall have preference over holders of Common Shares in the distribution of corporate assets in the event of dissolution, liquidation or winding up of the Company, whether voluntary or involuntary;
- The Perpetual Preferred Shares shall not be entitled to vote, except in those cases specifically provided by law;
- The Perpetual Preferred Shares shall be non-participating in any other further dividends beyond that specifically payable thereon;
- The Perpetual Preferred Shares shall be non-convertible to Common Shares or Voting Preferred Shares;
- The Perpetual Preferred Shares shall be redeemable at the option of the Company under such terms that the Board may approve at the time of the issuance thereof;
- The Perpetual Preferred Shares shall have no pre-emptive rights to any issue of shares, common or preferred; and
- Other features, rights and privileges as determined by the Board.

Features Specific or Particular to the Preferred Shares

Following are certain features specific or particular to the Preferred Shares.

In General: No Voting Rights

Under the Articles of Incorporation, the holders of the Preferred Shares shall have no voting rights except as specifically provided by law. Thus, holders of the Preferred Shares shall not be eligible, for example, to vote for or elect the Company's directors or to vote for or against the issuance of a stock dividend.

Holders of Preferred Shares, however, may vote on matters which the Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the Company in a meeting duly called for the purpose, are as follows:

- Amendment of the Articles of Incorporation (including any increase or decrease in capital stock);
- Amendment of the By-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part
- of the Company's assets;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of capital stock;
- Merger or consolidation of the Company with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose
- other than the primary purpose for which the Company was organized; and
- Dissolution of the Company.

Dividend Policy In Respect of the Preferred Shares

The declaration and payment of dividends on each Dividend Payment Date will be subject to the sole and absolute discretion of the Board to the extent permitted by law.

As and if declared by the Board, dividends on the Preferred Shares shall be at a fixed rate of [●]%per annum for Series A Perpetual Preferred Share and at a fixed rate of [●]% per annum for Series B Perpetual Preferred Share, and in all cases calculated in respect of each Preferred Share by reference to the Offer Price thereof in respect of each Dividend Period.

Unless the Preferred Shares are redeemed by the Company on the relevant Optional Redemption Date or on any Dividend Payment Date thereafter, the dividend rate on the Preferred Shares will be adjusted on the relevant Rate Re-Setting Date to the higher of (a) the prevailing relevant Dividend Rate on such relevant Rate Re-Setting Date or (b) the relevant Reference Rate plus the relevant Rate Step-Up Spread.

As and if declared by the Board, the dividends on the Preferred Shares will be calculated on a 30/360 day basis and will be paid quarterly in arrears on a Dividend Payment Date, which is the last day of each Dividend Period. Subject to limitations described in this Prospectus, dividends on the Preferred Shares will be payable on [●], [●], [●] and [●] of each year (each, a "Dividend Payment Date").

If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid.

The Board will not declare and pay dividends on any Dividend Payment Date where (a) payment of the Dividend would cause the Issuer to breach any of its financial covenants or (b) the unrestricted retained earnings available to the Issuer to distribute as dividends are not sufficient to enable the Issuer to pay in full both the dividends on the Preferred Shares and the dividends on all other classes of the Issuer's shares that are scheduled to be paid on or before the same date as the dividends on the Preferred Shares and that have an equal right to dividends as the Preferred Shares.
If the unrestricted retained earnings available to distribute as dividends are, in the Board's opinion, not sufficient to enable the Issuer to pay in full on the same date both dividends on the Preferred Shares and the dividends on

other shares that have an equal right to dividends as the Preferred Shares, the Issuer is required first, to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking higher in priority to that of the Preferred Shares; and second, to pay dividends on the Preferred Shares and any other shares ranking equally with the Preferred Shares as to participation in such unrestricted retained earnings pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Preferred Shares.

The profits available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated, realized profits less accumulated, realized loss. In general, under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends.

Dividends on the Preferred Shares will be cumulative. If for any reason the Issuer's Board does not declare a dividend on the Preferred Shares for a Dividend Period, the Issuer will not pay a dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Preferred Shares prior to such Dividend Payment Date.

Holders of Preferred Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Preferred Shares.

Redemption of the Preferred Shares

As and if declared by the Board, the Issuer may redeem the Preferred Shares on relevant Optional Redemption Date or on any Dividend Payment Date thereafter in whole (but not in part only), at a redemption price equal to the Issue Price plus any accrued and unpaid dividends after deduction for any tax and customary transfer costs to effect the redemption (the "Redemption Payment"). The Redemption Payment shall be made to holders of the Preferred Shares as of the record date set by GT Capital for such redemption.

The Issuer has not established, and currently has no plans to establish, a sinking fund for the redemption of the Preferred Shares.

Upon listing with the PSE and subject to compliance with Philippine law, the Issuer may purchase the Preferred Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Preferred Shares. The Preferred Shares so purchased shall be recorded as treasury shares until and unless the same are retired, or may be re-issued in the future at such terms and at such time as the Issuer may determine.

The Issuer shall give not less than 30 or more than 60 days prior written notice of its intention to redeem the Preferred Shares, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Preferred Shares at the Redemption Date stated in such notice.

Early Redemption Due to Taxation

If payments become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Preferred Shares in whole, but not in part, having given not more than 60 nor less than 30 days' notice prior to the intended date of redemption, at the Issue Price plus all accrued and unpaid dividends, if any.

Liquidation Rights In Respect of the Preferred Shares

The Preferred Shares will constitute direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and rateably without preference or priority among themselves, and in respect of payment of dividends and distribution of corporate assets in the event of dissolution, winding-up or liquidation of the Issuer, with Voting Preferred Shares issued by the Issuer.

In the event of a return of capital in respect of the Issuer's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by the Issuer of any of its share capital), the holders of the Preferred Shares at the time outstanding will be entitled to preference, together with the holders of any other of the Issuer's shares ranking, as regards repayment of capital, *pari passu* with the Preferred Shares and before any distribution of assets is made to holders of any class of the Issuer's shares ranking after the Preferred Shares as regards repayment of capital and liquidating distributions in an amount equal to the Issue Price plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the current Dividend Period to (and including) the date of commencement of the Issuer's winding-up or the date of any such other return of capital, as the case may be. If, upon any return of capital in the Issuer's winding up, the amount payable to the Preferred Shares and any other shares of the Issuer ranking equally with the Preferred Shares as to such distribution are not paid in full, the Preferred Shares and the holders of any other of the Issuer's shares ranking *pari passu* will share ratably in the distribution of the Issuer's assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the Preferred Shares will have no right to claim to any of the Issuer's remaining assets and will not be entitled to further participation or return of capital.

Payments of the Preferred Shares

All payments in respect of the Preferred Shares 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 Republic of the Philippines, including but not limited to, documentary stamp, issue, registration, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that holders of the Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that the Issuer shall not be liable for: (a) the final withholding tax or creditable withholding tax applicable on dividends earned on the Preferred Shares prescribed under the National Internal Revenue Code of 1997, as amended, and relevant regulations, (b) any income tax, whether or not subject to withholding, (c) expanded value added tax which may be payable by any holder of the Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Preferred Shares and (d) any withholding tax on any amount payable to any holder of the Share or any entity which is a non-resident foreign corporation.

Documentary stamp tax for the issuance of the Shares and the documentation, if any, shall be for the account of the Issuer.

The standard taxes applicable to the subsequent sale of the Preferred Shares by any holder of the Preferred Shares shall be for the account of the said holder.

No Pre-emptive Rights

The Articles of Incorporation currently deny pre-emptive rights to holders of Preferred Shares over all issuances of the Company's common and preferred shares. However, shareholders representing at least two-thirds of the Company's issued and outstanding capital stock voting at a shareholders' meeting duly called for the purpose may amend the Articles of Incorporation to grant pre-emptive rights to subscribe to a particular issue or other disposition of shares from GT Capital's capital. Pre-emptive rights may not extend to shares to be issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares to be issued in good faith with the approval of the shareholders representing two-thirds of the outstanding capital stock in exchange for property needed for corporate purposes or in payment of a previously contracted debt.

Transfer of Shares and Share Register

The Preferred Shares will be issued in scripless form.

Legal title to the Preferred Shares will be shown in the Registry of Shareholders which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Preferred Shares that is effected in the Registry of Shareholders (at the cost of the requesting Preferred Shareholder). At least once every quarter, the Registrar shall send (at the cost of the Issuer) a Statement of Account to all Preferred Shareholders named in the Registry of Shareholders confirming the number of Preferred Shares held by each Preferred Shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Preferred Shareholder as of a given date thereof. Any request by a Preferred Shareholder for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Preferred Shareholder.

Initial placement of the Preferred Shares and subsequent transfers of interests in the Preferred Shares shall be subject to normal Philippine selling restrictions for listed securities as may prevail from time to time and to restrictions on foreign ownership of the Preferrd Shares by non-Philippine nationals. See "Restrictions on Foreign Ownersip of GT Capital's Shares by Non-Philippine Nationals"..

After Issue Date, Preferred Shareholders may request the Registrar, through their nominated PSE Trading Participant, to (a) open a scripless registry account and have their holdings registered under their name, or (b) issue stock certificates evidencing their investment in the Preferred Shares. Any expense that will be incurred in relation to such issuance shall be for the account of the requesting Preferred Shareholder.

Philippine law does not require transfers of the Preferred Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See "*Taxation*". All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.

Not Convertible into Common Shares

The Preferred Shares shall not be convertible into GT Capital's Common Shares.

Other Rights and Incidents Relating to the Preferred Shares

Following are other rights and incidents relating to the Preferred Shares, which may also apply to other classes of GT Capital's stock.

Restrictions on Foreign Ownership of GT Capital's Shares by Non-Philippine Nationals

Under Philippine law, no more than 40% of the capital of corporations owning land may be owned by non-Philippine nationals. GT Capital, through its subsidiaries, currently owns certain parcels of land. Accordingly, the Preferred Shares and GT Capital's other shares may be owned or subscribed by or transferred to any person, partnership, association or corporation regardless of nationality, provided that at any time at least (a) 60% of the Company's total number of outstanding shares of stock entitled to vote in the election of directors, and (b) 60% of the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors shall be owned by citizens of the Philippines or by partnerships, associations or corporations 60% of the voting stock or voting power of which is owned and controlled by citizens of the Philippines as provided under SEC Memorandum Circular No. 8, Series of 2013.

Directors

Unless otherwise provided by law or the Articles, the Company's corporate powers are exercised, its business is conducted, and its property is controlled by the Board. GT Capital has 11 directors who are elected by holders of shares entitled to voting rights under the Articles during each annual meeting of the shareholders for a term of one year. As mentioned, holders of Preferred Shares are not entitled to vote for and elect the Company's directors.

GT Capital's By-laws currently disqualify or deem ineligible for nomination or election to the Board any person who is engaged in any business which competes with or is antagonistic to that of the Company. Without limiting the generality of the foregoing, a person shall be deemed so engaged:

If he is, or he is an officer, manager, or controlling person of, or the owner or a member of his immediate family is the owner (either of record or beneficial owner) of 20% or more of any outstanding class of shares of any corporation (other than one in which this Company owns at least 30% of the capital stock) which is, hostile or antagonistic to or is engaged in a business competitive or antagonistic to that of the Company or any of its subsidiaries or affiliates, both as determined by the Board, by at least two-third (2/3) vote;

If he is, or he is an officer, manager, or controlling person of, or the owner or a member of his immediate family is the owner (either of record or beneficial owner) of 20% or more of any outstanding class of shares of any corporation (other than one in which this Company owns at least 30% of the capital stock) which is, an adverse party in any suit, action or proceeding (of whatever nature, whether civil, criminal, administrative or judicial) by or against the Company or any of its subsidiaries or affiliates, which has been actually filed or threatened, imminent or probable to be filed, as determined by the Board by at least two thirds (2/3) vote;

If the Board, in the exercise of its judgment in good faith, determined by at least two-thirds (2/3) vote that he is the nominee, officer, trustee, adviser, legal counsel, of any individual set forth in (a) or (b).

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations. The Company conforms to the requirement to have at least 2 independent directors or 20% of the members of the Board, whichever is lesser. As of the date of this Prospectus, the Company's 4 independent directors are Jaime Miguel G. Belmonte, Christopher P. Beshouri, Wilfredo A. Paras, and Peter B. Favila.

Appraisal Rights

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights, as for example, where the directors themselves are the malefactors.

In addition, the Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;

the investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized; and

- a merger or consolidation
- extension of corporate term.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The dissenting stockholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Shareholders' Meeting

At the annual meeting or at any special meeting of the Company's shareholders, the latter may be asked to approve actions requiring shareholder approval under Philippine law.

Quorum

The Corporation Code provides that, except in instances where the assent of shareholders representing two-thirds of the outstanding capital stock is required to approve a corporate act (usually involving the significant corporate acts where even non-voting shares may vote, as identified above) or where the by-laws provide otherwise, a quorum for a meeting of shareholders will exist if shareholders representing a majority of the capital stock are present in person or by proxy.

Voting

At each shareholders' meeting, each shareholder shall be entitled to vote in person, or by proxy, all shares held by him which have voting power (in the case of the Company, Common Shares and Voting Preferred Shares), upon any matter duly raised in such meeting.

The Company's By-laws provide that all proxies must be in the hands of the secretary before the time set for the meeting. Proxies are to be filed with the secretary by the stockholder either in an instrument in writing duly presented and records with the secretary prior to a scheduled meeting or by their personal presence at the meeting..

Fixing Record Dates

The Board has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their votes voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. No transfer will be recorded in the stock and transfer book on the date of a shareholders' meeting and within 5 working days from the record date of such meeting.

Issues of Shares

Subject to applicable limitations, the Company may issue additional shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued shares.

Mandatory Tender Offers

Under the Securities Regulation Code and its implementing rules, subject to certain exceptions:
Any person or group of persons acting in concert, who intends to acquire 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months, shall disclose such intention and contemporaneously make a tender offer for the percentage sought to all holders of such securities within the said period.

If the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed across selling shareholders with whom the acquirer may have been in private negotiations and other shareholders. For purposes of Securities Regulation Code Rule 19.2.2, the last sale that meets the threshold shall not be consummated until the closing and completion of the tender offer.

Any person or group of persons acting in concert, who intends to acquire 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company through the Exchange trading system shall not be required to make a tender offer even if such person or group of persons acting in concert acquire the remainder through a block sale if, after acquisition through the Exchange trading system, they fail to acquire their target of 35% or such outstanding voting shares that is sufficient to gain control of the board.

Any person or group of persons acting in concert, who intends to acquire 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders shall be required to make a tender offer for all the outstanding voting shares. The sale of shares pursuant to the private transaction or block sale shall not be completed prior to the closing and completion of the tender offer.

If any acquisition that would result in ownership of over 50% of the total outstanding equity securities of a public company, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholder of the said company at a price supported by the fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer in such a tender offer shall be required to accept all securities tendered.

Accounting and Auditing Requirements / Rights of Inspection

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a balance sheet as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

Notice to the Preferred Shareholders

Notices to the Preferred Shareholders shall be sent to their mailing address, as appearing in the Registry of Shareholders, by the Registrar when required to be made through registered mail, surface mail or personal delivery. Except where a specific mode or notification is provided for herein, notices to Preferred Shareholders 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; (iv) personal delivery to the address on record in the Registry of Shareholders or (v) disclosure through the Online Disclosure System of the Philippine Dealing & Exchange Corp. (PDEx) or the PSE EDGE. The Registrar shall rely on the Registry of Shareholders in determining the Shareholders entitled to the notice. All notices shall be deemed to have been received (i) 10 days from posting if transmitted by registered mail; (ii) 15 days from mailing, if transmitted by surface mail; (iii) on date of publication; (iv) on date of delivery, by personal delivery; or (v) on the date that the disclosure is uploaded on the website of the PDEx or the PSE.

The publication in a newspaper of general circulation in the Philippines of a press release or news item about a communication or disclosure made by GT Capital to the SEC, the PDEx or the PSE on a matter relating to the Preferred Shares shall be deemed a notice to the Preferred Shareholders of said matter on the date of the first publication.

RISK FACTORS

An investment in securities involves a number of risks. The prices of securities can and do 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 bought from smaller companies and there may be a large difference between the buying price and the selling price of these securities. Investors deal with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below and elsewhere in this Prospectus, before deciding to invest in the Offer.

This section does not purport to disclose all of the risks or other significant aspects of investing in the Offer. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and on the Offer and the investors may lose all or part of their investment. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. Investors may request publicly available information on the Offer and the Company from the SEC and PSE.

An investor should seek professional advice if he or she is uncertain of, or has not understood, any aspect of the securities to invest or the nature of risks involved in the trading of securities specially those high risk securities. Each investor should consult his or her own counsel, accountant, and other advisors as to legal, tax, business, financial and related aspects of an investment in the Offer.

The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.

RISKS RELATING TO GT CAPITAL

GT Capital is a holding company that depends on dividends and distributions from the GT Capital companies.

GT Capital is a holding company and conducts no independent business operations other than providing certain corporate and other support services to the GT Capital companies. GT Capital conducts most of its operations through the GT Capital companies. Most of its assets are held by, and most of its earnings and cash flows are attributable to, the GT Capital companies. GT Capital's liquidity, ability to pay interest and expenses, meet obligations and providing funds to its subsidiaries are dependent upon the flow of funds from the GT Capital companies. There can be no assurance that the GT Capital companies will generate sufficient earnings and cash flows to pay dividends or otherwise distribute sufficient funds to GT Capital to enable it to meet its own financial obligations.

The ability of direct and indirect subsidiaries of GT Capital to pay dividends to its shareholders is subject to applicable laws and restrictions contained in debt instruments of such subsidiaries and may also be subject to deduction of taxes. No assurance can be given that GT Capital will have sufficient cash flow from dividends to satisfy its own financial obligations or to make payments to the GT Capital companies to enable them to meet their obligations. Any shortfall would have to be made up from other sources of revenue, such as a sale of investments or financing, available to GT Capital, which could materially and adversely affect GT Capital's business, financial condition and results of operations.

To mitigate the abovementioned risks, GT Capital follows conservative and prudential liquidity and capital management practices. The company is careful in its selection of its investments and the management of its existing portfolio ensuring always that it has adequate funds to meet its short and long term obligations, and create value for its shareholders.

GT Capital's ability to grow its revenue in the future will depend, in part, on its ability to acquire additional companies or additional stakes in existing component companies.

As part of its business strategy, GT Capital has acquired and expects to continue to acquire businesses and assets in the Philippines, including additional stakes in existing component companies. No assurance can be given as to the timing of any additional acquisitions, or the likelihood that GT Capital will complete a transaction on favorable terms and conditions, or at all. GT Capital's ability to continue to expand successfully through acquisitions or alliances depends on many factors, including its ability to identify new targets and to negotiate, finance and close the acquisitions.

Furthermore, certain sectors in which the GT Capital companies operate, or may in the future operate, are undergoing consolidation, and several parties may compete for a given opportunity. In respect of these opportunities, some of GT Capital's competitors may have greater resources, financial or otherwise, which could reduce the likelihood that GT Capital will successfully complete desirable acquisitions. In addition, for acquisitions within certain sectors, such as public utilities, GT Capital's bid may be subject to regulatory approval processes, which GT Capital may not be able to complete on a timely basis, or at all.

Lastly, the acquisition of additional companies or additional stakes in existing component companies may be subject to the compulsory notification requirements of the Philippine Competition Commission, pursuant to the Philippine Competition Act and its implementing rules and regulations.

To mitigate the abovementioned risks, GT Capital deliberately seeks out business opportunities that will fulfill its strategic goals and objectives, provide synergy opportunities across the group, and create value for all its stakeholders. GT Capital prudently selects projects that capitalize on the group's resources and capabilities.

GT Capital may face risks associated with inorganic growth through acquisitions.

Growth through acquisitions involve business risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the acquisition is finalized, successful integration and management of the acquired entity within GT Capital, retention of key personnel, ability to realize synergies with other GT Capital companies, and management of a larger business. Acquisitions could also materially increase GT Capital's costs or liabilities and divert management's attention from its other business activities. If GT Capital is unable to successfully manage and grow any future acquisitions, its business, financial condition and results of operations could be adversely affected.

GT Capital undertakes prudent review and due diligence, and evaluates the viability and risk associated with any acquisition or investment. In addition, the Company is guided by metrics when assessing possible investments, which include, but not limited to, financial returns and possible synergies across the Group, with an overall objective of maximizing returns for its shareholders.

Failure to obtain financing on reasonable terms or at all could affect the execution of GT Capital's growth strategies and increased debt financing may have a material adverse effect on GT Capital.

GT Capital's ability to make strategic investments and acquisitions may depend on external fundraising activities, including debt and equity financing. GT Capital's ability to raise additional equity financing from non-Philippine investors is subject to prevailing market risks and foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. GT Capital's access to debt financing for new projects and acquisitions and its ability to refinance maturing debt is subject to many factors, some of which are outside of GT Capital's control. For example, political instability, economic downturns, liquidity of the U.S. dollar and Peso debt capital and the banking market, social unrest or changes in the GT Capital companies' regulatory environments could increase

GT Capital's cost of borrowing or restrict GT Capital's ability to obtain debt financing. GT Capital cannot guarantee that it will be able to arrange financing on acceptable terms, if at all. The inability of GT Capital to obtain debt financing from banks and other financial institutions would adversely affect its ability to execute its growth strategies or refinance maturing debt.

In addition, any future debt incurred by GT Capital may:

- increase GT Capital's vulnerability to adverse economic and industry conditions, limit GT Capital's flexibility to react to changes in the sectors in which its companies operate, and place GT Capital at a competitive disadvantage in relation to competitors that have less debt;
- restrict GT Capital's ability to make additional capital expenditures;
- require GT Capital to dedicate a substantial portion of its cash flow to service debt payments; and/or
- subject GT Capital companies to restrictive financial and other covenants, including restrictions on the ability of GT Capital companies to declare dividends or incur additional indebtedness.

Any of these factors, alone or together, could materially and adversely affect GT Capital's business, financial condition or results of operations.

GT Capital observes a prudential and conservative liquidity management policy by anticipating its maturing obligations and requirements, maintaining adequate banking lines, and maintaining access to the capital markets.

GT Capital depends on the continued service of its senior management team, and its ability to attract and retain talented personnel.

GT Capital is, and will continue to be, dependent on the continued service of its senior management team, including members of the Ty family, whose details are set out in "Board of Directors and Senior Management". GT Capital's senior management team is critical to GT Capital's success and the loss of the services of any key member of the team could materially impair GT Capital's operations and impede the execution of its strategies.

GT Capital does not carry key person insurance and may not be able to replace members of its senior management within a reasonable period of time or with a person of equivalent expertise and experience, which could materially and adversely affect GT Capital's business, financial condition and results of operations.

Training being a crucial factor in organizational development and success, GT Capital's HR and Administration Department identifies programs and allocates a budget that allows employees to acquire and enhance technical and behavioral competencies. To supplement mentoring provided by each Department Heads and the President, both employees and Senior Management are encouraged to attend programs which address any competency gaps and expose them to the latest concepts, information and techniques in their respective fields, as well as further build their competencies in preparation for higher responsibilities in the future.

GT Capital's corporate structure, which consists of a number of companies in multiple business lines, exposes GT Capital to challenges not found in companies with a single business line.

GT Capital consists of portfolio companies operating in multiple industries, including some publicly-traded companies with unrelated businesses. Due to the diverse characteristics of GT Capital's portfolio companies, GT Capital faces challenges not found in companies with a single business line. In particular:

- GT Capital is exposed to business and market risks relating to different industries. GT Capital needs to devote substantial resources to monitor changes in different operating environments so that it can react with appropriate strategies that fit the needs of the portfolio companies affected.
- Some of the GT Capital companies are subject to stringent government regulation, including (i) MBT and the Philippine Savings Bank ("PSBank"), which are regulated by the BSP, AXA Philippines Insurance Corporation ("AXA"),(ii) AXA, which is regulated by the Philippine Insurance Commission, (iii) Federal Land, Inc. ("Fed Land") and Property Company of Friends, Inc. ("PCFI"), which are regulated by the

Housing and Land Use Regulatory Board and (iv) MPIC, which is regulated by the Philippine Energy Regulatory Commission ("ERC"), the Philippine Department of Energy ("DOE"), Toll Regulatory Board ("TRB") and Metropolitan Waterworks and Sewerage System ("MWSS"). Pursuant to existing regulations, such portfolio companies are required to obtain licenses and comply with regulations, obtain permission to engage in certain activities, and maintain certain operating performance obligations and financial standards. The large number of regulators and regulatory regimes impacting the GT Capital companies' businesses requires a significant amount of GT Capital management's time and effort to understand and oversee the regulatory compliance of its portfolio companies.

- Due to GT Capital's large number of portfolio companies, its success requires an effective management system that emphasizes accountability, imposes financial discipline on portfolio companies, and creates value-focused incentives for management.
- As MBT, PSBank and MPIC are publicly traded, transfers of funds into or out of these companies are subject to various regulatory restrictions. Intra-group transactions may also be subject to applicable disclosure and other regulatory requirements, such as issuing press notices, securing shareholders' approval at general meetings, and disclosing material information in annual reports and accounts.

The failure of GT Capital to meet the challenges mentioned above could materially and adversely affect GT Capital's business, financial condition and results of operations.

To mitigate the above mentioned risks, GT Capital and its portfolio companies shall continue to adopt financial and operational controls and policies within the context of the prevailing business, economic, and political environments taking into consideration the interests of its customers, stockholders and creditors. In addition, GT Capital has also established an Enterprise Risk Management Framework to assist the corporation in identifying new and emerging risks aside from the risks mentioned above. The ERM framework also provides a mechanism to continuously monitor and assure risk exposure is within GT Capital risk appetite.

GT Capital's reputation may be affected by the operations of some of its portfolio companies.

Actions taken that adversely impact the reputation of one GT Capital company may also have an adverse impact on other GT Capital companies or GT Capital as a whole. Several of the GT Capital companies cross-sell products and coordinate marketing campaigns that associate them with other GT Capital companies. If GT Capital's, or any GT Capital companies', reputation or corporate image were to suffer, GT Capital's business, financial condition and results of operations would be materially and adversely affected.

GT Capital senior management sit in the various boards and executive committees of its portfolio companies enabling it to identify issues and risks that may affect GT Capital's reputation.

The interests of the strategic business partners of the GT Capital companies may conflict with the interests of GT Capital and its shareholders.

A significant proportion of GT Capital's operations are held through business ventures or other similar structures between a GT Capital company and third parties. For example, TMP is a business venture with TMC and Mitsui.

These relationships and any similar future relationships subject GT Capital and the GT Capital companies to the risk that the interests of their strategic business partners may conflict with the interests of GT Capital and its shareholders. For instance, the GT Capital companies' strategic business partners may:

- have economic or business interests or goals that are inconsistent with those of GT Capital and its shareholders;
- take actions contrary to the instructions or requests of or contrary to the policies and objectives of GT Capital and its shareholders;
- be unable or unwilling to fulfill their obligations under the relevant agreements;
- experience financial difficulties;

- have disputes with GT Capital or the GT Capital companies; or
- decide against renewal of the relevant agreements, and partner with a competitor of GT Capital.

A serious dispute with the strategic business partners of GT Capital and the GT Capital companies, the dissolution or the early termination of the respective arrangements or agreements with the strategic business partners could materially and adversely affect GT Capital's business, financial condition and results of operations.

GT Capital continues to engage and generally has good working relationships with both shareholders and business partners to ensure sound operation and financial success of GT Capital businesses. GT Capital senior management sit at the boards of the various GT Capital component companies to ensure that shareholder interests are represented.

RISKS RELATING TO THE BUSINESS

GT Capital is an investment holding company that conducts its business through its eight (8) component companies, which operate in their respective sectors, namely banking, property development, automotive manufacturing, insurance, power, water, and infrastructure. Each of these sectors is exposed to intrinsic risks, as follows:

Banking

The Philippine banking industry remains highly competitive, and increases in competition may result in declining margins. In addition, the industry operates in a very mature, highly regulated market. It also continues to face significant financial and operating challenges. These challenges include, among others, variations of asset and credit quality, low loan growth, and potential or actual under-capitalization.

Fresh disruptions in the country's financial sector, or general economic conditions in the Philippines may cause the banking sector to experience similar challenges that it had to contend with in the past, including substantial increases in NPLs, problems meeting capital adequacy requirements, liquidity problems, and other difficulties.

To mitigate the abovementioned risks, the banking business has an independent Risk Management Group that identifies, analyzes, measures, and monitors credit, market, liquidity, and operational risks in close coordination with other business units. This group reports to a Board Risk Oversight Committee who actively oversees risk infrastructure, operating policies, and exposures.

Property Development

The Philippine property development industry is highly regulated. The development of condominium projects, subdivisions, and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits.

Furthermore, developers, owners of, or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of condominium units, subdivision lots, and housing units. Project permits and any license to sell may be suspended, cancelled, or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that developers will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the developers' ability to complete projects on time and within budget, and could materially and adversely affect their business, financial condition, and results of operations.

In addition, under PFRS, real estate companies are allowed to recognize revenues from construction of real estate based on a percentage of completion method, wherein portions of the sales price is recognized as revenue once a certain percentage of payment has been received from buyers, but before the real estate project's construction has been completed. However, the International Financial Interpretations Committee's ("IFRIC") Interpretation No. 15 on Agreements for the Construction of Real Estate ("IFRIC 15") will require real estate companies to recognize, subject to certain exceptions, revenue from real estate only when construction of the real estate asset has been completed. Once real estate companies begin to account for revenues from its real estate sales under IFRIC 15, amounts recorded for certain items in their financial statements, such as gross and net income, as well as receivables, may be materially affected. The SEC and the FRSC have however, deferred the effectivity of this implementation until the final revenue standard is issued by the IASB and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed.

In the event of an asset bubble, there may be a reduction in reservation sales or pre-sales of Fed Land and PCFI. This may then lead to a reduction in real estate revenues of Fed Land in one and a half years to two years down the road when revenues are recognized based on Fed Land's revenue recognition policy. In Fed Land's case, real estate revenues are only recognized once the buyer pays 10% of the purchase of a residential condominium unit and the construction of the residential project is beyond preliminary stage.

Property developers also face certain risks related to the cancellation of sales involving its residential projects and if it were to experience a material number of sales cancellations, its historical revenues would be overstated. Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the developers and their customers' ability to obtain financing.

To mitigate the regulatory risks, the property businesses have dedicated experienced personnel who manage realtionships with regulators, keep management up to date on the status of the relationship and kensure the company is well prepared for any forthcoming regulatory changes or challenges. For market risks, GT Capital companies mitigate these through carefully planned project launches, clear product differentiation, product innovation, and increased market expansion.

Automotive Assembly (Dealership and Auto Financing)

The Philippine automotive market has been subject to considerable volatility in demand and is highly sensitive to sales volume. Demand for vehicles depends to a large extent on general, social, political, and economic conditions in the Philippines. Demand may also be affected by factors directly impacting vehicle prices or the cost of purchasing and operating vehicles such as sales and financing incentives, prices of raw materials and parts and components, and the cost of fuel, exchange rates, and governmental regulations (including tariffs, import regulations and other taxes). Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses per vehicle and could materially and adversely affect the financial condition and results of operations of participating companies.

The country's automotive market is also highly competitive. Factors affecting competition include product quality and features, innovation and development time, production capacity, pricing, reliability, safety, fuel economy, customer service and financing terms. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in higher selling expenses. Competition has a direct effect on selling prices of vehicles. In general, vehicle price setting is based on specification differences. However, upward or downward price adjustments may be made to respond to competitors' pricing strategy and the target market's purchasing behavior.

Moreover, the industry is subject to various stringent laws and government regulations. These regulations include environmental protection and conservation rules that regulate the levels of air, water, noise, and solid waste pollution produced by automotive manufacturing activities, and vehicle performance. The Government also imposes tariffs, taxes, and levies.

To mitigate the abovementioned risks, GT Capital has partnered with Toyota Motors Corporation (TMC) who is well known and highly respected for its efficient global manufacturing capabilities. TMC is one of the leading global brands that has a proven track record evidenced by its product and market leadership and its reputation for quality and safety over the years. Its management is highly regarded and emulated.

Insurance

The country's life insurance industry could experience catastrophic losses from large-scale losses of life that may have an adverse impact on its business, results of operations and financial condition. Such catastrophes can be caused by various events, including terrorist attacks, earthquakes, typhoons, floods, tsunamis, fires, and epidemics.

The industry is also highly regulated. The Philippine Insurance Commission ("IC"), in exercising its authority, is given wide discretion to administer applicable laws. The IC's regulations provide for, among other matters, assets, liabilities, and solvency margins of insurers; reporting requirements of life insurance providers; licensing of insurance agents; investment restrictions for life insurance providers; and advertising, sale and distribution of insurance products.

The Philippines' insurance regulatory regime is undergoing significant changes toward a more transparent regulatory process and a convergent movement toward international standards. Some of these changes may result in additional costs or restrictions on the activities and initiatives of insurance companies. Among other things, changes to determination of statutory reserves and solvency requirements may affect these companies' income and the amount of capital they are required to maintain. Because the terms of insurance products are subject to insurance as well as tax regulations, changes in regulations – in particular tax regulations and its rulings – may affect underlying costs in the products, thus impacting the profitability of the policies and contracts issued.

Furthermore, the Philippine insurance market may not grow at the rate anticipated by insurance firms. This may be the case even though industry participants expect insurance penetration rates to rise with the growth of the Philippine economy and household wealth, continued social welfare reform, demographic changes, and the continued opening of the Philippine insurance market to foreign participants. The impact on the Philippine insurance industry of certain trends and events, such as the pace of economic growth in the Philippines and the progression of economic reforms is generally prospective and is not clear. Consequently, the growth and development of the Philippine insurance market are subject to a number of uncertainties that are beyond the control of insurance companies. Any reduction of growth in the insurance industry as compared to estimates could materially and adversely affect the business, financial condition, or results of operations of insurance firms.

To mitigate the abovementioned risks, GT Capital has partnered with AXA, a leader in the Global Insurance industry, that seeks to grow its business in the Philippines. AXA is known for its strong asset, liability, and risk management. It operates in a highly regulated industry, complying with regulators from its home country and the local insurance commission. Its officers maintain good relationships with the Insurance Commission members and are up to date on any regulatory changes that may affect the business.

Power

The power business operates in a highly regulated environment. The Philippine government has sought to implement measures designed to establish a competitive power market. These measures include the privatization of NPC-owned-and-controlled power generation assets, the establishment of the WESM and the start of the Retail Competition and Open Access ("RCOA"). The move towards a more competitive environment could result in the emergence of new competitors.

The regulators have also placed a limit on market share of industry players. The EPIRA limits the market share of a participant to 30.0% per grid and 25.0% of the national grid by installed capacity. This creates a barrier for industry players to continuously grow profitability.

The Power businesses have highly experienced management teams composed of experts having an extensive knowledge of the Philippine power industry to help it sustain its position as one of the major players in the industry. Moreover, the power businesses continue to engage and have good working relationship with its regulators to manage regulatory risks.

Water

The water sector operates in a highly regulated environment under the terms of Concession Agreements entered into with Metropolitan Waterworks and Sewerage System ("MWSS"). Risks of the business include ability to implement rate increases, meet capital expenditure requirements and concession fee payments (to the Government), comply with operating and performance targets specified under the Concession Agreement, and the availability of adequate raw water supply.

To mitigate the abovementioned risks, close relationships with regulators are maintained. Planning and budgeting processes are also in place to ensure targets specified in the Concession Agreements are achieved.

Infrastructure

The success of infrastructure businesses is highly dependent on the validity and enforceability of applicable concession agreements which contain all the obligations and responsibilities of the concessionaire and grantor over the relevant concession period.

There is also a risk on the ability to implement tariff increases. While tariff increases are permitted contractually pursuant to pricing formulas set forth in the applicable concession agreements, these may be subject to the approval of relevant government and regulatory agencies. Any constraint on the ability to increase tariffs could have a material adverse effect on business, financial condition and results of operations of the infrastructure business.

Another risk is the ability to maintain or increase utilization of infrastructure facilities. External events may decrease the number of vehicle passengers that utilize the infrastructure facilities which may result in fewer passenger vehicle journeys. Any decrease in utilization or any factor that would decrease patronage could have a material adverse effect on the financial condition and results of operations of the infrastructure business.

The infrastructure business have been compliant with and continues to perform its obligation under the applicable concession agreements. The infrastructure business continues to engage in comprehensive discussions and has good working relationships with the relevant government and regulatory agencies to obtain proper resolutions to the pending tariff increases.

The infrastructure business continually adopts efficiency improvement programs maintenance of the facilities that would improve utilization while providing convenience to motorists.

RISKS RELATING TO THE PHILIPPINES

Substantially all of the GT Capital companies' business activities and assets are based in the Philippines, which exposes GT Capital to risks associated with the country, including the performance of the Philippine economy.

Historically, the GT Capital companies have derived substantially all of their revenues and operating profits from the Philippines and, as such, their businesses are highly dependent on the state of the Philippine economy.

Demand for banking services, residential real estate, automotives, power, insurance, and infrastructure are all directly related to the strength of the Philippine economy (including its overall growth and income levels), the overall levels of business activity in the Philippines as well as the amount of remittances received from OFWs and overseas Filipinos. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- exchange rate fluctuations;
- inflation or increases in interest rates;
- levels of employment, consumer confidence and income;
- changes in the Government's fiscal and regulatory policies;
- re-emergence of SARS, avian influenza (commonly known as bird flu), or H1N1, or the emergence of another similar disease in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other social, political or economic developments in or affecting the Philippines.

There can be no assurance that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect GT Capital's business, financial condition and results of operations.

Any political instability in the Philippines may adversely affect GT Capital's business, results of operations and financial condition.

The Philippines has from time to time experienced political and military instability. The May 2016 elections paved the way for the new administration of President Rodrigo R. Duterte. Leadership change and shifting political alliances could alter national and local political dynamics and result in changes of policies and priorities. In addition, organized armed threats from communist insurgents and Muslim separatists persist in certain parts of the country. Any of these political risks could materially and adversely affect GT Capital's business, financial condition and results of operations.

Acts of terrorism and violent crimes could destabilize the country and could have a material adverse effect on GT Capital's business and financial condition.

The Philippines has been subject to a number of terrorist attacks since 2000. In recent years, the Philippine military has also been in conflict with the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network and the ISIS, and has been identified as being responsible for certain kidnapping incidents and other terrorist activities, particularly in the southern part of the Philippines. Moreover, isolated bombings have taken place in the Philippines in recent years, mainly in cities in that part of the country. On January 25, 2011, a bomb was detonated on a bus in the northern city of Makati, Metro Manila, killing five persons. Although no one has claimed responsibility for these attacks, it is believed that the attacks were the work of various separatist groups, possibly including the Abu Sayyaf organization. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy.

There have also been a number of violent crimes in the Philippines, including the August 2010 incident involving the hijacking of a tour bus carrying 25 Hong Kong tourists in Manila, which resulted in the deaths of eight tourists. High-profile violent crimes have, in the past, had a material adverse effect on investment and confidence in, and the performance of, the Philippine economy.

The sovereign credit ratings of the Philippines may adversely affect GT Capital's business.

Last April 24, 2015, the Philippines received a BBB Stable sovereign credit rating from the Standard & Poor's Financial Services (S&P), the highest rating recorded by the country. Aside from S&P, Fitch Ratings (Fitch) and Moody's Investors Service (Moody's) also granted the Philippines a BBB- Positive Investment Grade and Baa2 Stable Investment Grade, respectively in the same year. The sovereign credit ratings of the Government directly and adversely affect companies residing in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that S&P's, Moody's, Fitch or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, of Philippine companies, including GT Capital. Any of such downgrades could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including GT Capital, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

The occurrence of natural catastrophes could adversely affect the GT Capital companies' business, financial condition and results of operations.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, volcanic eruptions and earthquakes that may materially disrupt and adversely affect the GT Capital companies' business operations. In particular, damage caused by natural catastrophes may materially disrupt the business operations of the GT Capital companies' customers, suppliers and partners, which may, in turn, materially and adversely affect GT Capital's business, financial condition and results of operations. There can be no assurance that the GT Capital companies are fully capable of dealing with these situations as they arise and that the insurance coverage they maintain will fully compensate them for all the damages and economic losses resulting from these catastrophes.

Management of risks related to the Philippines

GT Capital has survived major economic and political crises brought about by domestic and international developments through the implementation of its core strategies. Constant monitoring of the key economic and market indicators allows the Company to detect risk exposures and react to the external environment appropriately. Although there is no assurance that the Company will be able to fully overcome the adverse effects of any or all crisis, it has in place a system of financial prudence and corporate governance that provides the foundation for its risk management initiatives.

RISKS RELATING TO THE OFFER

Subordination to the Issuer's Other Indebtedness

GT Capital's obligations in respect of the Preferred Shares are subordinated to all of the Company's indebtedness, and it will not make any payments under the Preferred Shares unless it can satisfy in full all of its other obligations that rank senior to the Preferred Shares. GT Capital's obligations under the Preferred Shares are unsecured and will, in the event of the winding up of the Company, rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Preferred Shares. Accordingly, GT Capital's obligations under the Preferred Shares will not be satisfied unless GT Capital can satisfy in full all of its other obligations ranking senior to the Preferred Shares. There are no terms in the Preferred Shares that limit GT Capital's ability to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Preferred Shares.

Insufficient Distributions upon Liquidation

Upon any voluntary or involuntary dissolution, liquidation or winding up of GT Capital, holders of Preferred Shares will be entitled only to the available assets of the Company remaining after the Company's indebtedness is satisfied. If any such assets are insufficient to pay the full amount due to the holders of the Preferred Shares, then holders of Preferred Shares shall share ratably in any such distribution of assets in proportion to the full distributions to which they would otherwise be respectively entitled.

Lack of Public Market for the Shares

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions, and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Preferred Shares will always be active or liquid upon commencement of their trading on the PSE. The nationality restriction on ownership of the Preferred Shares may also restrict the trading and liquidity of the Shares.

Limited Liquidity

The Lead Underwriter is not obligated to create a trading market for the Preferred Shares and any such market making will be subject to the limits imposed by applicable law, and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Preferred Shares will develop or if such a market develops, if it can be sustained. Consequently, a holder may be required to hold his Preferred Shares for an indefinite period of time or sell them for an amount less than the Offer Price.

Non-payment of Dividends May Affect the Trading Price of the Preferred Shares

If Dividends on the Preferred Shares are not paid in full, or at all, the Preferred Shares may trade at a lower price than they might otherwise have traded if Dividends had been paid. The sale of Preferred Shares during such a period by a holder of Preferred Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Preferred Shares until Dividend payments resume. In addition, because of the dividend limitations, the market price for the Preferred Shares may be more volatile than that of other securities that do not have these limitations.

No Voting Rights

Holders of Preferred Shares will not be entitled to elect the Directors of the Company. Except as specifically set forth in the Articles and as provided by Philippine law, holders of Preferred Shares will have no voting rights (see ‘‘Description of the Shares’’).

Restrictions on Foreign Ownership of the Preferred Shares by Non-Philippine Nationals

Under Philippine law, no more than 40% of the capital of corporations owning land may be owned by non-Philippine nationals. GT Capital, through its subsidiaries, currently owns certain parcels of land. Accordingly, the Preferred Shares may be owned or purchased by or transferred to any person, partnership, association or corporation regardless of nationality, provided that at any time at least 60% of the Company’s outstanding capital stock shall be owned by citizens of the Philippines or by partnerships, associations or corporations, 60% of the voting stock or voting power of which is owned and controlled by citizens of the Philippines pursuant to SEC Memorandum Circular No. 8, Series of 2013.

USE OF PROCEEDS

GT Capital expects to raise gross proceeds of approximately up to [₱8,000,000,000.00] from the Offer. In the event that the Oversubscription Option is exercised in full, the Company expects to raise gross proceeds from the Offer of [₱12,000,000,000.00.]

The following are the estimated expenses to be incurred in relation to the Offer:

		Base Issue Size	With Oversubscription
SEC Registration, Filing and Research Fees	₱	2,590,650.00	3,600,650.00
PSE Listing and Processing Fees (incl. VAT)	₱	9,016,000.00	13,496,000.00
Documentary Stamp Tax	₱	4,000,000.00	6,000,000.00
Issue Management, Underwriting, and Selling Fees	₱	33,333,333.33	48,387,096.77
Estimated Professional Expenses	₱	2,150,000.00	2,150,000.00
Other related expenses	₱	1,080,000.00	1,080,000.00
Total		52,169,983.33	74,713,746.77

The Company expects to use the net proceeds from the Offer, estimated to be ₱[7,947,830,016.67] or ₱ [11,925,286,253.23], if the Oversubscription Option is exercised in full, after deducting the above expenses, on the following:

		Amount	Estimated Timing
To refinance previous acquisitions paid through bridge financing	₱	9,000,000,000.00	4th Quarter 2016
For general corporate purposes	₱	2,925,286,253.23	From 4th Quarter 2016 onwards
Total	**₱**	**11,925,286,253.23**	

Bridge Financing

The Company intends to allocate ₱9 billion as payment for outstanding short-term loans. The loans were availed to bridge finance acquisitions. The details of the loans are described in the table below:

Creditor	Amount of Loan (in ₱ million)	Annual Interest Rate	Maturity
PNB	4,000.00	2.6%	September 27, 2016
Security Bank	2,000.00	2.7%	September 27, 2016
BPI	2,000.00	2.6%	September 27, 2016
DBP	1,000.00	2.6%	September 27, 2016
TOTAL	9,000.00		

General Corporate Purposes

The Company intends to allocate ₱2.9 billion for general corporate purposes such as:

- Interest payments
- Capital expenditures
- Capital calls
- New investments
- Operating expenses

In the event that the Offer proceeds are less than the expected amount, the Company intends to allocate the proceeds solely to refinance short-term loans.

To the extent that the Offer proceeds are not immediately applied to the above purposes, the Company will invest the net proceeds in short-term demand deposits and/or money market placements.

The proposed use of proceeds described above represents a best estimate of the use of the net proceeds of the Offer based on the Company's current plans and expenditures.

The actual amount and timing of disbursement of the net proceeds from the Offer for the use stated above will depend on various factors. To the extent that the net proceeds from the Offer are not immediately applied to the above purpose, the Company will invest the net proceeds in interest-bearing short-term demand deposits and/or money market instruments. Aside from underwriting and selling fees, the Lead Underwriter and the participating underwriters will not receive any of the net proceeds from the Offer.

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 material deviation or substantial adjustment in the planned use of proceeds, the Company shall inform its shareholders, the SEC and the PSE in writing at least 30 days before such deviation or adjustment is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, will be approved by the Company's Board of Directors and disclosed to the SEC and the PSE. In addition, the Company shall submit via the PSE's Online Disclosure System, the PSE EDGE Portal, the following disclosure to ensure transparency in the use of proceeds:

- Any disbursements made in connection with the planned use of proceeds from the Offer,
- Quarterly Progress Report on the application of the proceeds from the Offer on or before the first 15 days of the following fiscal quarter, the quarterly progress reports should be certified by the Company's Chief Financial Officer or Treasurer and external auditor,
- Annual summary of the application of the proceeds on or before 31 January of the following year, the annual summary report should be certified by the Company's Chief Financial Officer or Treasurer and external auditor, and
- Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the Work Program. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items (ii) and (iii) above must include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Prospectus, if any. The detailed explanation must state the approval of the Board as required in item (iv) above.

DETERMINATION OF THE OFFER PRICE

The Offer Price of ₱1,000.00 is at a premium to the Preferred Share's par value per share of ₱100.00. The Offer Price was arrived at by dividing the desired gross proceeds of [₱8,000,000,000.00], or [₱12,000,000,000.00] if the Oversubscription is fully exercised, by the amount of Preferred Shares allocated for this offering.

PLAN OF DISTRIBUTION

The offer by the Company by way of an issuance of Preferred Shares is purely domestic and will not include an international offering. The Company plans to issue the Preferred Shares through the Lead Underwriter, First Metro Investment Corporation. First Metro has likewise been appointed by the Company to act as Issue Manager for the Offer. The Trading Participants, who are member-brokers of the PSE, shall act as Selling Agents for the Offer, pursuant to the PSE's rules and regulations.

OBLIGATIONS OF THE UNDERWRITERS AND SELLING AGENTS

In accordance with the Underwriting Agreement to be entered into with GT Capital, the Lead Underwriter has agreed to underwrite up to [₱8,000,000,000.00], with an oversubscription option of up to [₱4,000,000,000.00], for an aggregate issue size of [₱12,000,000,000.00], of Preferred Shares at the Offer Price on a firm basis, and to distribute and sell the Preferred Shares in the Offer, subject to the satisfaction of certain conditions, in consideration for certain fees and expenses.

The Lead Underwriter may enter into other sub-underwriting agreements with other participating underwriters who may want to participate in the issuance. There is no agreement for the Lead Underwriter to put back to GT Capital any unsold Preferred Shares.

The Lead Underwriter is duly licensed by the SEC to engage in the underwriting or distribution of the Preferred Shares. The Lead Underwriter may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or other members of the GT Capital Group.

First Metro is a 99.23%-owned subsidiary of MBT, an affiliate of GT Capital, which has an effective ownership of [25.37%] in MBT as of June 30, 2016. First Metro has undertaken the requisite due diligence over GT Capital as Lead Underwriter of the Preferred Shares. First Metro's relationship with the Issuer had no effect in its conduct of due diligence.

The Lead Underwriter does not have a contract or other arrangement with the Company under which the Lead Underwriter may put back to the Company any unsold securities of the Offer. Except as disclosed above, the Lead Underwriter does not have any direct or indirect interest in the Company or in any securities thereof including options, warrants or rights thereto. The Lead Underwriter does not have any right to designate or nominate any member of the Company's Board.

FIRST METRO INVESTMENT CORPORATION

First Metro Investment Corporation is a 99.23%-owned subsidiary and the investment banking arm of MBT. It is a leading investment bank in the Philippines with over 50 years of service in the development of the country's capital markets. Together with its subsidiaries – First Metro Securities Brokerage corporation and First Metro Asset Management, Inc. – First Metro offers a wide range of services, from debt and equity underwriting, loan syndication, project finance, financial advisory, securitization, investment advisory, trust, government securities and corporate debt trading, equity brokering, asset management, online trading, fund management, and research.

First Metro was incorporated in 1972, making it one of the Philippines' oldest and most established investment banks. In September 2000, MBT acquired Solid Bank Corporation, a listed Philippine commercial bank, and Solid Bank Corporation's investment banking license was later transferred to First Metro. This merger resulted in First Metro becoming the first PSE-listed investment bank. Since that time, First Metro has become the largest Philippine investment banking institution in terms of total assets.

First Metro's total assets amounted to ₱82.8 billion, ₱69.9 billion, ₱71.6 billion, and ₱[●] billion as of December 31, 2013, 2014 and 2015, and June 30, 2016, respectively. First Metro's total assets as of December 31, 2015 were 2% higher than as of December 31, 2014, and capital rose by 1% , which translates into a capital adequacy ratio of 38.26%. In 2013, 2014 and 2015, First Metro's net income was ₱11.6 billion, ₱2.4 billion and ₱401 million, respectively. For the six months ended June 30, 2015 and 2016, First Metro's net income was ₱578 million and ₱[●] billion, respectively. Year-on-year return on equity in June 30, 2016 was [●]%. As of June 30, 2016, First Metro had [●] employees. For more information about First Metro, see "Business – MBT – Investment Banking" on page [●].

SALE AND DISTRIBUTION

The distribution and sale of the Preferred Shares shall be undertaken by the Lead Underwriter who shall sell and distribute the Preferred Shares to third party buyers/investors. The Lead Underwriter is authorized to organize a syndicate of participating underwriters, soliciting dealers and/or agents for the purpose of the Offer. Of the 8,000,000 Preferred Shares to be offered, 80% or 6,400,000 shares are being offered through the Lead Underwriter for subscription and sale to Qualified Institutional Buyers and the general public. The Company plans to make available 20% or 1,600,000 shares for distribution to the respective clients of the [133] Trading Participants of the PSE, acting as Selling Agents. Each Trading Participant shall be allocated [12,030] shares (computed by dividing the Preferred Shares allocated to the Trading Participants by 133), subject to reallocation as may be determined by the Receiving Agent. Trading Participants may undertake to purchase more than their allocation of [12,030] shares. Any requests for shares in excess of [12,030] may be satisfied via the reallocation of any Preferred Shares not taken up by other Trading Participants.

The Company will not allocate any Preferred Shares for the Local Small Investors. As defined in the PSE Revised Listing Rules, a Local Small Investor is a share subscriber whose subscription does not exceed ₱25,000.00. The Offer will have a minimum subscription amount of ₱50,000.00, which is beyond the prescribed maximum subscription amount for Local Small Investors.

Prior to the close of the Offer Period, any Preferred Shares not taken up by the Trading Participants shall be distributed by the Lead Underwriter directly to their clients and the general public.

All Preferred Shares not taken up by the Trading Participants, general public and the Lead Underwriter's clients shall be purchased by the Lead Underwriter pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the rights of the Lead Underwriter from purchasing the Preferred Shares for their own respective accounts.

TERM OF APPOINTMENT

The engagement of the Lead Underwriter shall subsist so long as the SEC's permit to sell the Preferred Shares remains valid, unless otherwise terminated by the Company and the Lead Underwriter.

The underwriting and selling fees to be paid by the Company to the Issue Manager in relation to the Offer shall be equivalent to [0.35]% of the gross proceeds of the Offer. This shall be inclusive of underwriting and selling fees to be paid to the Lead Underwriter and selling commissions to be paid to the Trading Participants, which selling commissions shall be equivalent to 1% of the total proceeds from the sale of the Preferred Shares by such Selling Agent.

The Underwriting Agreement may be terminated by the Lead Underwriter prior to payment being made to the Company of the net proceeds of the Preferred Shares under certain circumstances such as [(a) a cancellation order from a Government authority, (b) a change or an impending change of law that would materially and adversely affect GT Capital's profitability or (c) financial, political or economic conditions in the Philippines which would materially and adversely affect the Offer.]

MANNER OF DISTRIBUTION

The Lead Underwriter shall, at its discretion, determine the manner by which proposals for subscriptions to, and issuances of, Preferred Shares shall be solicited, with the primary sale of the Preferred Shares to be effected only through the Lead Underwriterand Selling Agents.

OFFER PERIOD

The Offer Period shall commence at 9:00 a.m. on [September 19, 2016] and end at 5:00 p.m. on [September 23, 2016]. The Company and the Lead Underwriter reserve the right to extend or terminate the Offer Period with the approval of the SEC and the PSE.

DILUTION

The Company is offering to the public by way of issuance [8,000,000] Preferred Shares, with an Oversubscription Option of up to an additional [4,000,000] Preferred Shares with a par value of ₱100.00 per share. The issuance of the Preferred Shares will not have any effect on the amount and percentage of present holdings of holders of Common Shares, or any dilutive effect on the earnings per Common Share (EPS) of the Company, since the Preferred Shares are not convertible to Common Shares. Therefore, the outstanding number of Common Shares that will be used in computing the EPS will not change. Consolidated net income is reduced by the dividends on Preferred Shares in determining Common Share EPS.

The Preferred Shares may be owned or purchased by any person, partnership, association or corporation regardless of nationality, provided that at any time, at least 60% of the outstanding capital stock of GT Capital shall be owned by citizens of the Philippines or by partnerships, associations or corporations at least 60% of whose outstanding capital stock and whose voting stock or voting power is owned and controlled by citizens of the Philippines. Accordingly, GT Capital may reject an Application for the Preferred Shares or reduce the number of Preferred Shares applied for purchase by a foreign investor to maintain the 60% Philippine ownership requirement.

CAPITALIZATION

The following table sets forth the unaudited consolidated short-term and long-term debt and capitalization of GT Capital as of June 30, 2016. This table should be read in conjunction with the more detailed information in the unaudited financial statements, including notes thereto, found in Appendix "[●]" of the Prospectus.

(in ₱ Millions)	As of June 30, 2016 (unaudited)	Adjustments	Notes	As adjusted for maximum Issue Size of ₱[●] billion (Upon issuance of Offer Shares)
LIABILITIES AND EQUITY	[●]	[●]		[●]
Current Liabilities	[●]	[●]		[●]
Accounts and other payables	[●]	[●]		[●]
Insurance contract liabilities	[●]	[●]		[●]
Current portion of liabilities on purchased properties	[●]	[●]		[●]
Short-term debt	[●]	[●]		[●]
Current portion of long-term debt	[●]	[●]		[●]
Customers' deposits	[●]	[●]		[●]
Dividends payable	[●]	[●]		[●]
Due to related parties	[●]	[●]		[●]
Income tax payable	[●]	[●]		[●]
Other current liabilities	[●]	[●]		[●]
Total Current Liabilities				[●]
Noncurrent Liabilities	[●]	[●]		[●]
Long-term debt –net of current portion	[●]	[●]		[●]
Bonds payable	[●]	[●]		[●]
Liabilities on purchased properties- noncurrent	[●]	[●]		[●]
Pension liability	[●]	[●]		[●]
Deferred tax liability	[●]	[●]		[●]
Other noncurrent liabilities	[●]	[●]		[●]
Total Noncurrent Liabilities				[●]
	[●]	[●]		[●]
Equity	[●]	[●]		[●]
Equity attributable to equity holders of GT Capital Holdings, Inc.	[●]	[●]		[●]
Capital stock	[●]	[●]		[●]
Additional paid-in capital	[●]	[●]		[●]
Treasury shares	[●]	[●]		[●]
Retained earnings	[●]	[●]		[●]
Other comprehensive income	[●]	[●]		[●]
Other equity adjustment				[●]
	[●]	[●]		[●]
Non-controlling interests	[●]	[●]		[●]
Total Equity	[●]	[●]		[●]
TOTAL LIABILITIES AND EQUITY				

Notes:

1 The Parent Company issued [●] preferred shares, at ₱[1,000.00] per share amounting to ₱[●] million.

2 The adjustment does not include any transaction cost.

THE COMPANY

OVERVIEW

GT Capital is a major Philippine conglomerate with interests in market-leading businesses across banking, property development, automotive assembly, importation and distribution, life and non-life insurance, and infrastructure, water, power, and healthcare. GT Capital is the primary vehicle for the holding and management of the diversified business interests of the Ty family in the Philippines. GT Capital's business management, investment decisions and future business development are and will be firmly rooted in its corporate values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation.

GT Capital's current portfolio of businesses is well-positioned to benefit from broad-based growth in the Philippine economy, and domestic consumption in particular. The current portfolio comprises directly-held interests in the following GT Capital component companies:

- **Automotive assembly, importation, distribution, dealership and financing –** GT Capital primarily conducts its automotive business through its 51.0% interest in Toyota Motor Philippines Corporation ("TMP"). TMP is engaged in the assembly, importation, and wholesale distribution of Toyota motor vehicles in the Philippines, and is also engaged in the sale of motor vehicle parts and accessories both within the Philippines and abroad through exports. TMP is also engaged in the distribution of Lexus brand motor vehicles in the Philippines. In addition, TMP owns five dealerships, namely, Toyota Makati, Toyota San Fernando, Toyota Plaridel, Toyota Tarlac, and Lexus Manila.

  GT Capital conducts its automotive dealership business through its 58.05% interest in Toyota Manila Bay Corporation ("TMBC"). TMBC exclusively distributes Toyota motor vehicles in the Luzon island, primarily servicing the market in in Metro Manila. They also offer original Toyota brand motor vehicle parts and accessories, and provide after-sales services to Toyota motor vehicles.

  GT Capital provides financing for the acquisition of Toyota motor vehicles through its 40.0% interest in Toyota Financial Services Philippines Corporation ("TFSPH"). TFSPH offers retail loans and finance lease to its individual and corporate clients for the acquisition of brand-new and/or certified pre-owned Toyota vehicles.

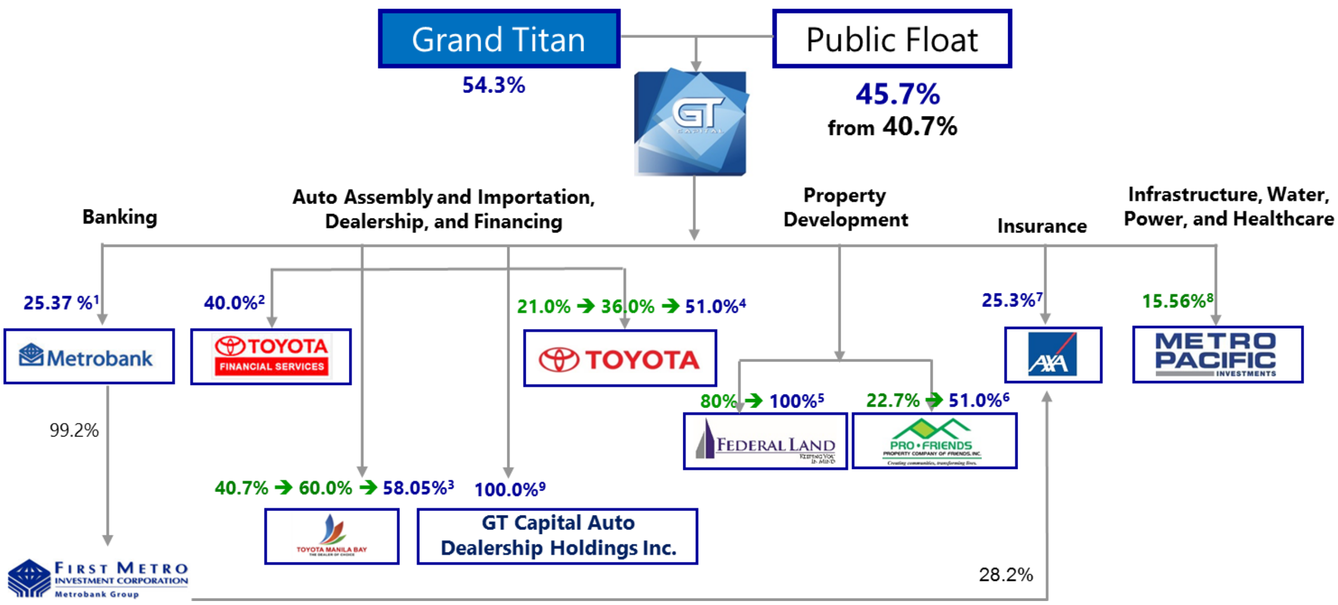
- **Banking** – GT Capital conducts banking services through its 25.37% interest in MBT. MBT is a universal bank that provides, through itself and other members of the MBT Group, a full range of banking and other financial products and services including corporate, commercial and consumer banking products and services as well as credit card, investment banking and trust services. MBT has been listed on the Philippine Stock Exchange since 1981. As of June 30, 2016, the MBT Group had a total of [953] branches in the Philippines, of which [698] were operated by MBT and [255] were operated by Philippine Savings Bank ("PSBank"); and a total of [2,260] automated teller machines ("ATMs").

- **Property development** – GT Capital engages in property development business through its 100.0% interest in fully-consolidated subsidiary Federal Land, Inc. ("Fed Land" or "Federal Land") and 51% interest in affordable housing subsidiary, PCFI. Fed Land primarily focuses on the development of high-rise, vertical residential condominium projects, as well as on master-planned communities that offer residential, retail, office, and commercial space. It caters mainly to the upper mid-end market segment with projects in key strategic urban communities, mostly within Metro Manila. PCFI, on the other hand, focuses on housing development in progressive areas. PCFI primarily targets the property sector's sweet spot, which is the economic and affordable housing segment.

- **Life and Non-Life Insurance** – GT Capital conducts its life and non-life insurance business through its 25.3% interest in Philippine AXA Life Insurance Corporation ("AXA Philippines"), which offers personal and group insurance products in the country, including investment-linked insurance products. AXA Philippines also fully-owns Charter Ping An Insurance Corporation (“CPAIC”) which offers non-life insurance products in the Philippines that includes fire/property, marine, motor car, personal accident, other casualty, and engineering insurance, among others. AXA Philippines distributes its products through a multi-channel distribution network comprised of agents, bancassurance (through MBT and PSBank branches), corporate solutions and direct marketing/telemarketing.

- **Infrastructure, Water, Power, and Healthcare –** GT Capital, through its 15.56% stake in Metro Pacific Investments Corporation (“MPIC”), the Philippines’ largest infrastructure conglomerate, has exposure in high-growth infrastructure businesses such as toll roads, water, power, railways, healthcare, and logistics. Among MPIC’s portfolio is Manila Electric Company, the country’s largest power distribution utility, Global Business Power Corporation, one of the largest power generation companies in the Visayas Region, Maynilad Water Services, Inc., which manages Metro Manila’s widest water distribution network, and Metro Pacific Tollways Corporation, operator of the country’s largest toll road network.

In addition to the direct ownership stakes set out above, GT Capital owns an additional indirect stake in AXA Philippines, as shown in the chart below.



Notes:

3 *On April 7, 2015, GT Capital participated in the MBT Stock Rights Offer to acquire an additional 0.1% equity stake at Php73.5 per share for an aggregate consideration of Php8.3 billion. This effectively increased the direct equity stake of GT Capital in MBT to 25.22%.*
In January 2016, GT Capital acquired additional shares in a secondary market equivalent to 0.15% direct equity stake in MBT for a total consideration of Php0.3 billion.

4 *On August 29, 2014, GT Capital executed a DOAS with selling shareholders of TFSPH to acquire a 40% stake in the said company for an aggregate amount of Php2.1 billion.*

3 *On December 19, 2013, GT Capital executed a DOAS with various selling shareholders of Toyota Manila Bay Corporation to acquire a 40.7% equity stake in the Toyota dealership for an aggregate amount of Php502.25 million.*
On March 4, 2014, GT Capital executed another DOAS with First Metro Investment Corporation (“FMIC”) to acquire an additional 19.3% equity stake in Toyota Manila Bay for Php237.26 million.
On March 7, 2016, SEC approved the merger between Toyota Manila Bay and Toyota Cubao. Toyota Manila Bay is the surviving corporation, absorbing the entire assets and liabilities of Toyota Cubao.

4 *On December 3, 2012, GT Capital and MBT executed a Sale and Purchase Agreement (SPA) wherein GT Capital acquired 15% of TMP for a consideration of Php4.5 billion. This effectively increased the direct equity stake of GT Capital in TMP to 36%.*

On January 17, 2013, GT Capital and MBT executed the second SPA wherein GT Capital acquired another 15% of TMP for a consideration of Php4.5 billion. This effectively increased the direct equity stake of GT Capital in TMP to 51%.

5 *On May 3, 2012, GT Capital executed a Deed of Absolute Sale (DOAS) with various selling shareholders to acquire the remaining 20% equity stake in Fed Land for an aggregate consideration of Php2.7 billion. The acquisition increased the direct holdings of GT Capital in Fed Land from 80% to 100%.*

6 *On August 6, 2015, GT Capital and Profriends Group, Inc. executed a Master Subscription Agreement to subscribe 51% Series A Preferred Shares of PCFI over a three-year subscription period.*

On August 20, 2015, after fulfillment of all closing conditions, GT Capital finalized the acquisition of 22.68% equity stake in PCFI for ₱7.24 billion. The parties agreed to cede majority control of PCFI to GT Capital. Subsequently, on June 30, 2016, GT Capital increased its direct equity stake to 51%.

7 *On November 5, 2015, GT Capital and AXA Philippines executed a Sale and Purchase Agreement wherein GT Capital agreed to sell its 100% equity stake in CPAIC, subject to closing conditions, including the receipt of regulatory approvals. The transaction was completed in April 5, 2016.*

8 *On May 27, 2016, GT Capital subscribed to 3.6 billion new common shares of MPIC at a subscription price of ₱6.10 per share for a total cash consideration of ₱21.96 billion. This was booked by MPIC as a deposit for future subscription pending approval by the SEC of MPIC's application for increase in authorized capital stockWith the subscription, GT Capital holds 11.4% of the enlarged common share capital base of MPIC.*

GT Capital also acquired a further 1.3 billion shares from Metro Pacific Holdings, Inc ("MPHI"), the majority shareholder of MPIC, which then increased GT Capital's overall shareholdings in MPIC to 15.56%.

MPIC's associate, Beacon Electric Asset Holdings Inc. ("Beacon Electric"), through a wholly-owned subsidiary Beacon PowerGen Holdings Inc., entered into a Share Purchase Agreement with GT Capital for the acquisition of an aggregate 56% of the issued and outstanding common shares of Global Business Power Corporation ("Global Power") for a total consideration of ₱22.06 billion.

9 *On June 13, 2016, SEC approved the incorporation of GT Capital Auto Dealership Holdings Inc. as the holding entity for the Company's Toyota auto dealerships.*

	As at and for the Six Months Ended June 30, 2016 Unaudited			
	Total Assets	**Total Revenue**	**Net Income**	**Net Income Attributable to Parent Company Shareholders**
Industry/Company Name	**(₱ millions)**			
Automotive assembly, importation, distribution, dealership and financing				
TMP	[●]	[●]	[●]	[●]
TMPB	[●]	[●]	[●]	[●]
TFSPH	[●]	[●]	[●]	[●]
Banking				
MBT	[●]	[●]	[●]	[●]
Real Estate				
Fed Land	[●]	[●]	[●]	[●]
PCFI	[●]	[●]	[●]	[●]
Life and Non-Life Insurance				
AXA Philippines	[●]	[●]	[●]	[●]
Infrastructure, Water, Power, and Healthcare				
MPIC	[●]	[●]	[●]	[●]

GT Capital's revenues were ₱ 105.0 billion, ₱141.1 billion and ₱159.2 billion for the years ended December 31, 2013, 2014 and 2015, respectively, with net income of ₱12.5 billion, ₱15.2 billion and ₱21.0 billion, respectively. Of GT Capital's total revenue for the year ended December 31, 2015, TMP was the largest contributor with

₱120.8billion, while GBP and the real estate businesses under Fed Land and PCFI contributed revenues of ₱18.4 billion and ₱9.0 billion, respectively. GT Capital's total assets amounted to ₱192.4 billion, ₱218.3 billion, and ₱317.3 billion as of December 31, 2013, 2014, and 2015, respectively.

GT CAPITAL'S HISTORY

GT Capital was organized and registered with the Philippine SEC on July 26, 2007, with an initial authorized capital stock of ₱20.0 million and subscribed and paid-up capital of ₱5.0 million. GT Capital was formed as a holding company to consolidate the various business interests of the Ty family in the Philippines. In order to implement the infusion of the component companies into GT Capital, share-for-share swaps were executed.

On July 15, 2008, GT Capital's stockholders approved an increase in authorized capital stock from ₱20.0 million divided into 2.0 million shares, with a par value of ₱10.00 per share, to ₱5.0 billion, divided into 500 million shares with a par value of ₱10.00 per share. The following companies subscribed to the increase in the authorized capital stock of GT Capital:

Subscriber	**No. of Shares Subscribed**
Grand Titan Capital Holdings, Inc.	114,520,452
Titan Resources Corporation	7,532,333
Ausan Resources Corporation	2,447,215
Total	124,500,000

The payment for the above subscriptions was through the conveyance of the subscribers' respective shareholdings in MBT, Fed Land, TMP and AXA Philippines, which had an aggregate value of ₱24.3 billion. The MBT shares were valued at the market price prevalent as of the date of the acquisition, while the Fed Land, TMP and AXA Philippines shares were valued based on each respective company's net book value as of June 30, 2008.

In July of 2012, GT Capital was listed on the Philippine Stock Exchange ("PSE"). The initial public offering raised a total of ₱18,753,851,500.00, making it one of the largest IPOs at the time.

THE TY FAMILY

GT Capital and the MBT Group of Companies trace their history to MBT, one of the Philippines' largest banks, and its founder, Group Chairman Dr. George S.K. Ty.

The early 1960s saw the emergence of several commercial and thrift banks to answer the financial needs of the country's growing economy. It was at this time that Dr. George S.K. Ty saw an opportunity to provide needed funding to entrepreneurs, and therefore, founded MBT, which opened its doors to the public on September 5, 1962.

MBT took its first steps toward building a financial conglomerate in 1972 when it established FMIC, which is now the largest local investment house in the Philippines. In 1980, MBT acquired controlling interests in PSBank, currently the Philippines' second largest thrift bank. Through the years, MBT acquired and merged with other banks, making it one of the country's largest banks today.

With MBT functioning as their holding company, the Ty family diversified into both financial and non-financial industries through several strategic partnerships and joint ventures with best-of-class global brands.

Being a universal bank, MBT was licensed to invest in allied undertakings and, in 1988, entered into a business venture with the Ty family-owned Titan Resources Corporation and Japan's largest automaker, Toyota Motor Corp. (TMC), to form TMP. This successful strategic partnership model was replicated in the group's other businesses. In 1999, the Ty family's Metro Philippines Life Insurance Corporation (formerly known as Pan-

Philippine Life Insurance Corporation) entered into a business venture with FMIC and the AXA Group of France (then National Mutual Holdings Limited of Australia) to form AXA Philippines. Another successful partnership was when MBT formed a business venture with the Australia New Zealand Banking Corporation in 2003 to form MBT Card Corporation ("MCC").

Other business ventures of the Ty family companies include Sumisho Motor Finance Corporation between PSBank and Sumitomo Corporation of Japan; Orix Metro Leasing & Finance Corporation ("ORIX Metro Leasing") with Orix Corporation of Japan; TFSPH with Toyota Financial Services Corporation of Japan; and Philippine Charter Insurance Corporation with Sumitomo Insurance Co., Ltd.

In the non-financial sector, one of the core business activities of the Ty family is property development. The Ty family, through its various property interests, has made its mark as one of the top developers in the country, with more than 50 completed projects in the Philippines. Its focus is primarily on residential projects in Metro Manila. One of its most recognizable developments is GT Tower International on Ayala Avenue in Makati City. Other notable completed projects are the Bay Garden and Blue Wave Mall, both located along Macapagal Avenue in Pasay City and Marquinton Residences in Marikina City. Another of the Ty family companies' projects is the Grand Midori in Makati, which is a joint venture between Fed Land and Orix.

The Ty family's interests in the property sector have expanded to the affordable economic subsegment, where PCFI is a leading developer. PCFI's flagship project, Lancaster New City (LNC), spans more than 1,500 hectares of contiguous, fully-developable land in Cavite, just an hour away from the Makati Central Business District. PCFI is known for significant land developments in Next Wave Cities outside Metro Manila, that have become hubs for business process outsourcing (BPO) firms and beneficiaries of overseas Filipino (OFW) remittances.

Over the years, the Ty family has successfully entered into long-term strategic partnerships in various industries with globally-recognized corporate leaders. GT Capital believes that this is a testament to the recognition and acceptance of the Ty family as a reputable local business partner.

Apart from the aforementioned sectors, the Ty family has also, through GT Capital, entered into a strategic partnership agreement with Metro Pacific Investments Corporation ("MPIC"). MPIC is the country's leading private infrastructure company, which owns leading power distribution and generation companies, Metro Manila's widest water distributor, the Philippines' broadest hospital chain, and the country's largest toll road network. This expands the family's business portfolio to include infrastructure, water, railways, hospitals, logistics, and toll roads.

The Ty family companies are run by professionals who are experts in their respective fields. At the helm is Group Chairman Dr. George S.K. Ty, who is actively and ably assisted by his two sons, Arthur and Alfred Ty.

COMPETITIVE STRENGTHS

GT Capital is the primary vehicle for the holding and management of the various business interests of the Ty family in the Philippines. GT Capital is actively involved in the management of its market-leading businesses and continuously considers and evaluates new business initiatives and growth projects for the future. GT Capital believes that its principal strengths, enumerated below, are firmly rooted in its corporate values of integrity, competence, respect, entrepreneurial spirit and commitment to value creation:

Established market leadership in underpenetrated, high-growth sectors of the Philippine economy

Each of the GT Capital companies is an established franchise and market leader in its respective industry sector:

- **TMP** is the Philippines' largest automobile assembler and the exclusive importer and wholesale distributor in the Philippines of the leading global automotive brand. TMP has been number one in total vehicle sales in 25 out of 27 years since 1989 as of [June 30, 2016] based on data from the Chamber of

Automotive Manufacturers of the Philippines, Inc. ("CAMPI") and Association of Vehicle Importers and Distributors ("AVID"). Since 2001, TMP has consistently received the Triple Crown Award, which recognizes leadership in passenger car, commercial vehicle, and overall sales.

- **TMBC**, with its five outlets strategically-located in Metro Manila and Cavite, is the 2nd leading dealership group within the Toyota dealership network in terms of retail car sales. As of [June 30, 2016], TMBC's retail sales volume accounted for [●]% of total Toyota sales. TMBC is a joint venture between GT Capital and Mitsui & Co., Ltd. of Japan ("Mitsui").

- **TFSPH** is the only financing company that offers Finance Lease (Lease-to-Own) to retail customers where they can enjoy lower cash out lay – no chattel mortgage fees. Based on company data, the top six financing companies accounted for 90.2% of the total financed Toyota vehicles in 2015. TFSPH has the highest market share at 30.4% which is 9 percentage points higher than its closest competitor, PSBank at 21.0%.

- As of [June 30, 2016], the **MBT Group** was the second largest Philippine bank by asset size and net loans and receivables with total assets of ₱1.4 trillion and net loans and receivables of ₱623.5 billion. MBT enjoys strong brand recognition throughout the Philippines and was named the "Best Bank in the Philippines" by Euromoney for 2010, 2011 and 2012; and the "Strongest Bank in the Philippines" by The Asian Banker for 2011 and 2013.

- **Fed Land** is one of the major property developers involved in vertical master-planned communities in the Philippines. Fed Land is the upper mid-end property development company of GT Capital and is currently implementing a comprehensive and sustainable growth program to fully capitalize on its expertise, land bank and brand recognition. As of [June 30, 2016], Fed Land had [●] different ongoing residential projects at various stages of completion.

- **PCFI** is one of the Philippines' largest affordable economic property developers with a significant presence in Next Wave Cities outside Metro Manila. The company holds a strategic, contiguous land bank of over 1,500 hectares in Cavite, through its flagship project LNC, a live-work-play township community and home to over 48,000 residents. Through its proprietary technology, PCFI is able to manufacture affordable housing on a highly efficient pace.

- **AXA Philippines** is one of the largest life insurance companies in the Philippines, based on premium income, according to Insurance Commission data as of December 31, 2015. AXA Philippines provides a diverse range of innovative products under the 'AXA' brand, which has been named as the 2013 top insurance brand in the world for the five consecutive years according to Interbrand.

- **MPIC** is the Philippines' largest infrastructure conglomerate, with broad interests in high-growth sectors—toll roads, water, power, railways, logistics and healthcare. MPIC owns Meralco, the country's largest power distribution utility, Global Business Power, one of the Visayas' largest power generation company, Maynilad Water, which manages Metro Manila's widest water distribution network, and Metro Pacific Tollways, operator of the country's largest toll road network.

Significant levels of ownership in all its businesses

Currently, GT Capital directly owns 100.0% of its fully-consolidated, unlisted subsidiary Fed Land. GT Capital conducts its automotive businesses through TMP , TMBC, and TFSPH, in which it holds 51.0%, 58.05%, and 40% direct equity, respectively. GT Capital's involvement in the insurance business is through AXA Philippines, in which GT Capital directly owns 25.3%. An additional 28.2% of AXA Philippines is held by FMIC.

Strong strategic partnerships with best-of-class global brands

A key element of GT Capital's business model is to combine local talent and expertise with the technology and resources of leading global business partners. To this end, several of the GT Capital businesses have benefited from strong strategic partnerships with best-of-class global brands such as AXA, ANZ, Mitsui, Orix, Sumitomo and TMC. For instance, in addition to its market-leading brand value, TMC has contributed a superior product range as well as its excellence in manufacturing, marketing and customer service to TMP. AXA is a leading global insurance brand with recognized leadership in product design and risk management practices.

GT Capital is a strong local business partner for global investors in search of opportunities in the Philippines. The Ty family has a well-established reputation and credibility for integrity, sound business practices and strong corporate governance. GT Capital has earned the trust and confidence of clients, suppliers, regulators and business partners, as well as strong support from the capital markets and the general investing public. Furthermore, GT Capital has a large geographic footprint in its coverage of the domestic economy as it deals with many of the key segments of the Philippine economy in Luzon, Visayas, and Mindanao. GT Capital also has an established track record of successfully growing its various businesses under various socio-economic and political environments. GT Capital possesses in-depth knowledge of the local business environment, including the legal, regulatory, and political landscapes which are key considerations for any foreign investor looking to do business in the Philippines.

Experienced management teams that are consistently focused on promoting synergies across the businesses

GT Capital has an experienced management team with a proven ability to efficiently build and operate market-leading businesses, and to identify and exploit profitable growth opportunities. GT Capital Group Chairman Dr. George S.K. Ty founded MBT in 1962, and since then has been the driving force behind the GT Capital companies and many of the successful business ventures of the Ty family.

GT Capital considers active management to be a key part of its investment policy and has maintained a strict focus on recruiting and retaining strong management teams for each of its businesses. Furthermore, GT Capital's management has consistently and successfully promoted and implemented business plans across the GT Capital companies to enhance available synergies. GT Capital has the market experience and knowledge that key members of its businesses management teams possess and the business relationships they have developed in the various industries in which they are involved has been, and will continue to be, an integral part of GT Capital's ability to retain and further expand its market leadership positions, to promote synergies among the GT Capital companies, and to identify profitable growth opportunities and business initiatives.

Strong financial profile based on track record of sustained and profitable growth

GT Capital and its component companies exhibit a strong and resilient financial profile. As of June 30, 2016, GT Capital's consolidated net income attributable to the Parent Company reached ₱[●] billion. As of December 31, 2015, the consolidated net income grew (CAGR) by 18% to ₱12.1 billion, from ₱8.6 billion in 2013. In addition, total revenues increased to ₱159.2 billion, from ₱105.0 billion in 2013, resulting to a 23% compounded growth.

Diversified portfolio geared towards growth in domestic consumption and the broader Philippine economy

The Philippine economy has experienced significant growth from 2008 to 2015, with real gross domestic product ("GDP") growing at a compound rate of 5.5% per annum according to Bangko Sentral ng Pilipinas ("BSP"). The economy maintained positive growth throughout the global financial crisis of 2008-09 and according to publication *The Economist*, real GDP growth in the Philippines is expected to continue on a strong upward trajectory, maintaining above-6% growth, according to consensus estimates. The Philippine economy particularly benefits from several key pillars of growth, including sustained increases in remittances from overseas Filipinos ("OFs") and domestic consumption, which in 2015 accounted for 69% of GDP according to the BSP. Fed Land and PCFI, for example, stand to benefit from strong growth in the business process outsourcing ("BPO") sector and OF remittances by tailoring its commercial and residential property products to cater to these markets.

The Philippines is one of the most populous countries in the world with a total population of 101.6 million in 2015, according to the BSP. Based on United Nations data as of 2015, approximately 55% of the Philippine population is below the age of 24 (the median age of the population being 22.2 years), and strong population growth is expected to continue in the future. The United Nations' estimate for the Philippine population in 2030 is 126.3 million. According to the World Bank, the primary school completion rate in the Philippines in 2013 was 100% and the adult literacy rate in 2013 was 97.5%, both well above the worldwide 2013 averages of 88% and 84%, respectively. Overall, the Philippines has a large, growing, young and well-educated population, which provides the domestic economy with strong fundamentals for further growth.

As one of the leading Philippine conglomerates with a highly diversified business portfolio, GT Capital is broadly exposed to the Philippine economy through its range of businesses spanning financial services, property development, automotive and insurance. GT Capital's businesses are well positioned within these industries which it sees are underpenetrated high-growth sectors that particularly stand to benefit from the projected strong and sustained growth in Philippine domestic consumption.

STRATEGY, FUTURE PLANS AND PROSPECTS

Further strengthen GT Capital's leadership position across its existing businesses
In each of its existing businesses, GT Capital intends to further strengthen its market position by targeted strategies and investments that leverage its existing expertise, market insights, partnerships, and brand value and customer recognition:

- TMP will capitalize on the growth of the local automotive sector as the country enters its motorization phase and maintain and leverage on the strength of and customer loyalty to the Toyota brand. TMP also intends to expand manufacturing capacity and dealership network to better accommodate the market's growing demand. Moreover, TMP will intensify value engineering and cycle time reduction programs in order to achieve operational efficiencies to further reduce costs and improve margins.

- TMBC will continue its business growth by offering top-quality facilities and innovative approaches to ensure excellent dealership experience. The strong branch network of MBT and PSBank, provides a firm source of volume for bank referrals and to further fortify its market share. TMBC aims to improve market penetration through mall displays, new car financing schemes as well as parts and after sales service packages. The downward trend in interest rates, strong buyer acceptance of the "all-in-promo", and financing-related revenues are viable opportunities for TMBC to further improve its profit margin.

- TFSPH will continue to offer competitive interest rates and attractive financing products. TFSPH will also focus its efforts to significantly reduce loan processing time to enhance customer service, through the automation of processes. Moreover, it will continue to innovate products and services to make Toyota vehicle ownership more affordable to its customers by offering flexible payment terms.

- MBT's organizational efforts will focus on implementing a medium-term strategy aimed at increasing market share and business volumes through improved products and services, increasing operational efficiency, and becoming an employer of choice with continuous enhancements for its employees and organization.

- Fed Land will continue to offer diversified products for upper-mid and high-end markets. Development of master-planned communities shall likewise continue with the construction of additional residential towers at existing sites. Recurring income will improve by launching commercial and retail projects in key locations. Furthermore, business synergies with other GT Capital companies shall be enhanced.

- PCFI will further develop its flagship project, LNC, into a complete live-work-play-worship master-planned community. PCFI will make its initial investment in the BPO sector, through Suntech i-Park, as well as expand Downtown Lancaster, a commercial zone still located within LNC. PCFI will sustain its landbanking and construction efforts to create robust and sustainable communities.

- AXA Philippines will continue to increase brand awareness, while tailor-fitting product propositions to specific segment requirements. AXA has enhanced its presence in the Philippines by acquiring CPAIC from GT Capital. The market-leading bancassurance distribution will be further optimized together with building up agency and direct marketing initiatives. There will be continued product innovation and targeting of new customers.

- MPIC will complete various infrastructure projects such as the Cavite-Laguna Expressway (CALAX) and Cavite Expressway (CAVITEX), which will further increase synergies with GT Capital's affordable property developer, PCFI. MPIC will also continue improving Maynilad's wide water distribution network, providing better service to more Metro Manila homes. Through Meralco and Beacon Power, MPIC will expand Global Business Power Corporation's ("GBPC") capacity and improve electricity distribution to the Meralco network. MPIC will also continue to build more hospitals to provide quality care to Filipinos.

Seek profitable growth opportunities in other key domestic industries via proven partnership model
GT Capital's management is focused on identifying and addressing long-term profitable business opportunities in key sectors of the economy. These include sectors where GT Capital companies are already present, such as property development. Fed Land intends to capitalize on the significant future growth expected in the BPO sector by providing innovative commercial property solutions in key locations to potential BPO customers. Beyond its existing business interests, GT Capital is also actively considering and evaluating new business initiatives in sectors that complement GT Capital's existing portfolio and where GT Capital will be able to contribute strategic direction, expertise, and resources. Where appropriate value-enhancing business initiatives exist, GT Capital will seek to expand on its successful partnership model with recognized global brands.

Further optimize synergy creation among the GT Capital companies
GT Capital's management intends to continuously seek and realize synergies among the GT Capital companies in areas including strategy, fund deployment, human resources and sharing of common IT and service platforms in order to further enhance cost efficiencies, competitive strengths and market positions across the group. Furthermore, there exist significant revenue synergies as many products and services offered by GT Capital are attractive to a common consumer target group and stand to benefit from cross-selling. For example, MBT's large depositor base represents a significant opportunity for the cross-selling of other GT Capital companies' products through coordinated efforts. In addition, mortgage products can be offered to potential purchasers of Fed Land condominium units, and the same target demographic may also be interested in automotive products (including lease financing) or life insurance-linked investment products. GT Capital aims to maximize such synergies from both existing and future business initiatives.

COMPETITION

Many of GT Capital's activities are carried on in highly competitive industries. Given the diversity of GT Capital's businesses, GT Capital companies compete based on product, service and geographic area. While GT Capital is one of the largest conglomerates in the Philippines, the GT Capital companies compete against several companies in various sectors, some of which possess greater manufacturing, financial, research and development and market resources.

The table below sets out GT Capital's principal competitors in each of the principal industry segments in which the GT Capital companies operate.

Industry Segment	Principal Competitors
Automotive Assembly and Importation	Mitsubishi, Ford, Honda, Isuzu, Hyundai, and Nissan

Automotive Distribution and Dealership	Hyundai dealers, Honda dealers, Mitsubishi dealers
Automotive Financing	BDO, BPI Family, PSBank, and East West Bank
Banking	BDO and Bank of the Philippine Islands
Property Development	Ayala Land, Inc., Filinvest Land, Inc., Megaworld Corporation, SM Development Corp., DM Consunji, Inc., and Robinsons Land Corporation, Vista Land and Lifescapes, Inc., and 8990 Housing Development
Life Insurance	Sun Life of Canada, Philippine American Life Insurance Co., Insular Life, Pru Life UK, and Manufacturers Life Insurance
Non-life Insurance	Prudential Guarantee, Malayan Insurance, BPI/MS, Pioneer Insurance, AIG Philippines
Infrastructure, Water, Power, and Healthcare	Ayala Corporation, San Miguel Corporation, DM Consunji, Inc., Aboitiz Equity Ventures

EMPLOYEES

As of [June 30, 2016], the GT Capital companies had a combined [●] full-time employees (excluding contract and temporary employees), broken down by operating company or division as follows:

Operating Company	No. of Employees
GT Capital	[●]
TMP	[●]
TMBC	[●]
TFSPH	[●]
MBT	[●]
Fed Land	[●]
PCFI	[●]
AXA Philippines	[●]
Total	[●]

GT Capital's management believes that labor relations are generally amicable between management and employees at each of the GT Capital companies. GT Capital currently has no plans of hiring additional employees, except where necessary to complement its legal and compliance, finance and accounting, internal audit, investor relations, and corporate planning and business development. For a description of the labor agreements and other employee related matters for each of the GT Capital companies, see the sections titled "– Employees" or "– Employees and Labor Relations" in each component company's Business section.

INSURANCE

The Company has an existing Directors and Officers Liability with CPAIC with USD15,000,000.00 limit on liability in any one claim and in the annual aggregate. The same is renewed yearly.

The Company also has a Group Life Insurance Policy with Philippine AXA Life Insurance Corporation covering its staff up to the President ranging from Five Hundred Thousand Pesos to Six Million Pesos inn coverage.

The Company also has an existing Comprehensive General Liability Policy with CPAIC for its principal office.

For a description of the insurance carried by each of the GT Capital companies, see the section titled "– Insurance" in each component company's Business section.

PROPERTIES

As of [June 30, 2016], GT Capital leases its office space at GT Tower International located at 43/F GT Tower International, Ayala Avenue corner H.V. dela Costa St., Makati City, Manila 1227, Philippines, with a lease term of five years, renewable on December 31, 2016. Currently, GT Capital has no plans to acquire properties. For a description of the properties of each of the GT Capital companies, see the section entitled "– Properties" in each of the component company's Business section.

INTELLECTUAL PROPERTY

As a holding company, GT Capital has no material patent, trademark, or intellectual property right to its products. The Company's operating companies, however, may have these material intellectual property rights, but the dates and terms of their expiration or renewal are not perceived to have a material adverse effect on the Company.

LEGAL PROCEEDINGS

GT Capital is not involved in legal actions which would have a material adverse effect on its operations and financial position, operating results or cash flows.

For a description of the legal proceedings for each of the GT Capital companies, see the section titled "–Legal Proceedings" in each component company's Business section.

MATERIAL CONTRACTS

As of [June 30, 2016], other than those contracts entered into in the ordinary couse of business, the Company is a party to the following material contracts:

- In July 2014, GT Capital issued, through a public offering, fixed rate callable bonds due 2019 (Series A at 4.7106%), 2021 (Series B at 5.1965%), and 2024 (Series C at 5.6250%) with an aggregate size of Ten Billion Pesos (₱10,000,000,000.00) with an Oversubscription Option of up to Two Billion Pesos (₱2,000,000,000.00). The bonds are unsecured. Under the terms of the bond, prior to the relevant maturity dates, the Issuer has the right, but not the obligation, to redeem (in whole but not in part) the Series B or Series C Bonds on every anniversary date, or the immediately succeeding banking day if such date is not a banking day beginning on the third month after the fifth anniversary of issue date for Series B and the seventh anniversary of issue date for Series C.

- In February 2013, GT Capital issued, through a public offering, fixed rate bonds due 2020 (Seven-Year at 4.8371%) and 2023 (Ten-Year at 5.0937%) with an aggregate size of Ten Billion Pesos (₱10,000,000,000.00). The bonds are unsecured. Under the terms of the bond, prior to the relevant maturity dates, the Issuer has the right, but not the obligation, to redeem (in whole but not in part) any series of the outstanding Bonds on every anniversary dates, or the immediately succeeding Banking Day if such date is not a Banking Day, starting on the fourth anniversary for the Seven-Year Bonds and the Seventh anniversary for the Ten-Year Bonds.

Foreign Sales

Please see separate discussions on foreign sales under MBT and TMP.

Research and Development

GT Capital has no material research and development activities at the parent level. *Please see separate discussions for each of the Company's subsidiaries.*

Environmental Compliance

GT Capital complies with all existing government regulations and environmental laws, the costs of which are not material. *Please see separate discussions for each of the Company's subsidiaries.*

BUSINESS – TMP

Overview

GT Capital has interests in the automotive industry primarily through its 51% direct ownership in TMP as of June 30, 2016. TMP is engaged in the manufacture, importation and wholesale distribution of Toyota brand motor vehicles in the Philippines. It is also engaged in the sale of motor vehicle parts and accessories, both locally and via export. TMP also has direct interests in three dealerships, Toyota Makati, Inc. (100%), Toyota San Fernando Pampanga, Inc. (55%), and Lexus Manila, Inc. (75%).

As a member of the GT Capital Group, TMP continues to benefit from this affiliation in several ways. GT Capital has interest in TFSPH, which is a joint venture between GT Capital and Toyota Financial Services Corporation (TFS) of Japan with the former acquiring 40% share of TFSPH from MBT and PSBank.

TMP is a joint venture company among GT Capital, TMC, Maximus Management Holdings, and Mitsui & Co., Ltd. wherein each owns 51%, 34%, 9%, and 6% of TMP's shares, respectively.

TMP has entered into Toyota Distributor Agreement and the Lexus Distributor Agreement with TMC and TMAP for the right to sell Toyota and Lexus brand products in the Philippines. The Toyota Distributor Agreement is typically renewed every three years, with the last such renewal occurring on December 1, 2015. TMC was incorporated in Japan on August 28, 1937 and its primary business is in the automotive industry. TMC's operations are conducted through subsidiaries and affiliate companies in more than 170 countries. TMC's subsidiaries and affiliate companies, including TMP, are required to implement certain standardized guidelines in their manufacture and distribution of Toyota products in order to maintain the Toyota brand image worldwide. TMAP-MS is a Singapore-based company established in 1990 to oversee the distribution of Toyota vehicles in Asia Oceania. In 2007, TMAP-EM regional office was also established in Thailand to enhance the production and service parts sourcing network and support manufacturing and engineering programs to subsidiaries and affiliates in Asia, Oceania, Middle East and North African Region.

According to combined industry statistics from Chamber of Automotive Manufacturers of the Philippines, Inc. ("CAMPI"), TMP has had the highest number of new vehicle unit sales in the Philippines for both passenger cars and commercial vehicles every year since 2002. In the Philippine auto industry, achieving the highest sales of passenger cars, commercial vehicles and overall sales is known as the "Triple Crown". Since 2002, TMP has achieved fourteen consecutive Triple Crowns and since 1989, TMP has been number one in total sales in 25 out of 27 years. In 2015, TMP's annual sales were 125,027 units, and TMP's market share in the Philippines was 38.9%, according to data from CAMPI and Association of Vehicle Importers and Distributors ("AVID"). TMP's sales as of June 30, 2016 reached [●] units equivalent to a [●]% overall market share.

History

TMP was incorporated in the Philippines on August 3, 1988 as a business venture between MBT, TMC, Titan Resources, and Mitsui & Co., Ltd. The business venture agreement was revised in 1999 to revise the parties' shareholdings and include Maximus Management Holdings as a business venture partner. TMP has been the exclusive manufacturer and distributor of Toyota brand products in the Philippines since 1989, when it began manufacturing the Crown, Corolla, and Liteace models at its Bicutan, Parañaque City production plant. In 1991, TMP began domestic production of the Corona and Tamaraw FX models.

In 1990, TMP commenced two shift operations and in 1993, TMP started press plant operations. In response to increasing demand, TMP opened a second plant located at Santa Rosa, Laguna in 1997. See "– Production and Production Processes". In 2005, the plants were consolidated into a single location at TMP's present site in Santa Rosa, Laguna, which was given special economic zone status through Presidential Proclamation No. 381. The zone is known as the Toyota Special Economic Zone ("TSEZ") and affords certain tax benefits to companies located inside the zone which are registered with the Philippine Economic Zone Authority ("PEZA").

In 1998, TMP became the first automotive company in the Philippines to be awarded ISO14001 certification for environmental management. In June 2003, TMP began the domestic production of the Vios passenger car, while production of the Innova commercial vehicle model commenced in February 2005. In January 2009, TMP reached a key milestone by opening the Philippines' first Lexus dealership. TMP sold its 500,000th, 600,000th and 700,000th unit in October 2007, December 2009 and September 2011, respectively. In 2015, TMP has reached 1 million unit sales since the start of its operations in 1989.

<u>Competitive Strengths</u>

TMP believes that it has certain key strengths that provide competitive advantages over many of its competitors, including, among others:

Market leadership in the Philippines with the top-ranked global automotive brand

Toyota is a leading and universally recognized global brand with a presence in more than 170 countries worldwide. According to the "BrandZ Top 100 Most Valuable Global Brands" study published in June 2016 by Millward Brown, a British market research giant, Toyota has been named as the world's most valuable car brand and has been one of the Top 30 most valuable global brands across all industries. Toyota has been regarded as the world's most valuable car brand in 9 out of 11 years that the study has been carried out. Moreover, in a report released by the Organisation Internationale des Constructeurs d'Automobiles (OICA) or the International Organization of Motor Vehicle Manufacturers, Toyota remains to be the largest automaker globally for the fourth consecutive year in 2015, followed by Volkswagen and General Motors. In the Philippines, Toyota has been the top-selling brand for both passenger and commercial vehicles in every year since 2002 according to CAMPI. In 2015, TMP had a market share of 38.9% of total vehicle sales in the country. TMP believes that the Toyota brand name and its leading market position are important to TMP's ability to continue to grow and attract customers in the Philippines. As of June 30, 2016, TMP's market share reached [●]%.

High quality products across an extensive product range

As TMC's exclusive wholesale distributor in the Philippines, TMP has access to a wide range of TMC's vehicle offerings. In the Philippines, TMP manufactures the Vios and the Innova, which are well tailored to the Philippine domestic market. TMP also imports 19 other Toyota models from across TMC's product range. In addition, TMP introduced a range of high-end Lexus models. The design, quality, reliability and safety of these vehicles have been widely recognized around the world by a number of independent organizations, including J.D. Power & Associates, Consumers Digest and the European Car of the Year Organizing Committee. The vehicles manufactured and sold in the Philippines are subject to the same international quality standards as all Toyota vehicles. As a testament to their high quality, TMP's products generally maintain strong resale value (i.e. approximately 50%-60% of its acquisition cost after 5 years) in the secondary market, which enhances their appeal to buyers and promotes customer retention. The availability of Toyota parts and services across most areas of the Philippines contributes to the convenience value of Toyota vehicles.

Efficient and streamlined operation with support from a leading global manufacturer

TMP is the beneficiary of support from TMC's leading global platforms. TMP imports and manufactures automobiles and parts designed by TMC's award winning design team and implements its state-of-the-art TPS, which is based on just-in-time production and quality control processes and feedback mechanisms. The just-in-time production allows TMP to keep inventories and overheads low, thereby reducing costs. Additionally, TMAP's engineering and manufacturing office provides technical assistance in the implementation of TPS in several functional areas. The quality control process allows TMP to achieve mass-production efficiencies over small and large production volumes and minimize waste. The parts and components requirements of TMP are sourced from Japan and ASEAN countries through TMAP, free from tariffs, and from local suppliers. TMP purchases raw materials, parts, components, equipment and other supplies from TMC, foreign TMC subsidiaries and affiliates and other foreign and local suppliers authorized by TMC. This ensures that TMP uses high-quality, well designed parts for the vehicles it manufactures in the Philippines. Overall, this support system provides flexibility to respond to changing consumer demands without significantly increasing production costs.

Extensive dealer network for retail sales and service

As of June 30, 2016, the Toyota and Lexus dealer network in the Philippines consisted of 52 dealership facilities, of which 18 are in Metro Manila, 18 are in Luzon, nine are in the Visayas and six are in Mindanao. Out of the 52 dealerships, TMP directly owns three dealerships, including Lexus Manila, Inc. TMP plans to expand the dealership network by facilitating the opening of new showrooms and service outlets across the Philippines. TMP provides continuing support to the network of Toyota dealers, including financing for dealer stock through TFSPH. TMP believes it can rely on the extensive Toyota dealer network that provides channels for customers to purchase Toyota vehicles as well as readily available after-sales service and maintenance that enhances the post-purchase customer experience and the Toyota brand.

Strong business synergies with other members of GT Capital

As a member of GT Capital, TMP continues to benefit from this affiliation in several ways. GT Capital has interest in TFSPH, which is a joint venture between GT Capital and Toyota Financial Services Corporation (TFS) of Japan with the former acquiring 40% share of TFSPH from MBT and PSBank.

TFSPH provides financing to both the general public and Toyota dealerships for the purchase of cars and the acquisition of vehicle inventories, respectively. While TMP does not have any ownership interest in TFSPH, TFSPH’s financing promotions for retail and wholesale customers help to support sales of TMP’s products. MBT’s credit card subsidiary, MCC, and TMP have also developed a Toyota Mastercard, a loyalty and credit card in one, where rewards earned on purchases made with the Toyota Mastercard can be used to purchase items at any Toyota dealership. In addition, certain GT Capital companies maintain fleet accounts for the purchase of Toyota cars for their business operations. In terms of management, TMP is also able to draw upon the significant managerial experience of the GT Capital companies to complement its own managerial resources.

Strategies

Continue to leverage Toyota’s strong brand recognition and customer loyalty

Toyota is one of the companies that enjoys strong brand recognition not just in the Philippines but also worldwide. In the course of its existence in the Philippines, TMP has constantly secured market leadership and has gained customer loyalty among Filipinos who have experienced Toyota’s excellent customer service. With its pursuit for continuous improvement, TMP aims to further strengthen its brand and leverage on its brand recognition and customer loyalty by expanding the business through implementation of various customer retention activities aimed to provide exceptional value and delight to our customers.

Respond to higher market demand

TMP intends to capitalize on the growth of the Philippine automotive sector by expanding its manufacturing capacity. Among the key drivers to this growth is the low penetration rate per household in the Philippines, currently at 33 cars per 1,000 families, which is lower than that of Indonesia and Thailand. Moreover, the country has seen an increase in disposable income of workers, with an increased purchasing power attributed to BPO industry growth and OFW remittances. Another key driver of TMP volume growth is the motorization of the Philippine economy. Studies have shown that as the gross domestic product (GDP) of a country exceeds USD2,500 per capita, there is a notable shift of consumer preference from two-wheeler vehicles to four-wheelers. The Philippines, having breached this threshold, is uniquely positioned to take advantage of this phenomenon, especially since the country's economy is largely driven by consumption expenditure, which accounts for roughly seventy percent of GDP. Furthermore, the rise of the so-called "emerging affluent," mainly young professionals with higher incomes, coupled with the current low-interest regime, has allowed more consumers to avail of vehicles.

In 2015, TMP expanded its annual production capacity from approximately 34,000 cars in 2013 to approximately 38,968 cars in 2015 through process improvements at its manufacturing plant. TMP is evaluating plans to further increase its capacity in the medium term to accommodate the continued growth in local demand. TMP believes that economies of scale in local production would allow TMP to capture a higher margin in the Philippines, and that increased demand would therefore result in greater and more profitable local production. TMP is also working to expand as a wholesale distributor of imported Toyota vehicles. For example, in 2009, TMP began to sell the Lexus luxury brand in the Philippines. TMP plans to maintain the strength of the Toyota brand and to leverage its brand recognition to continue introducing new products to the Philippine market. TMC has a vast range of Toyota brand vehicles which it sells throughout the world. In consultation with TMC, TMP is able to draw upon this range as it suits the Philippine market to continually offer new automotive products in the Philippines. TMP is also working on expanding the Toyota dealer network in the Philippines. Toyota's network of 51 dealership outlets is geographically diverse, covering both Metro Manila and the wider Philippines. TMP believes that there is an opportunity for further market penetration by meeting the growing demand that is currently underserved by existing distribution channels.

Reduce costs and strengthen competitiveness of local production

TMP places an emphasis on reducing production and overhead costs through value engineering and cycle time reductions as well as stringent working capital controls. TMP will continue to work with its operations team, TMC and TMAP to continue achieving cost reductions and management efficiencies. TMP's strong relations with its local suppliers ensure the stable supply of parts and reasonable inventory costs. Looking ahead, TMP intends to expand its local supply network, which can reduce supply chain risks, import logistics and packing costs, as well as foreign exchange risk, inventory costs and ultimately production costs. TMP has strict operational targets in key functional areas such as safety, quality, cost, logistics and maintenance. These targets help ensure that TMP sustains high levels of operational efficiency. TMP believes that productivity improvements and operational efficiencies will improve its results of operations.

In June 2016, the Philippine Board of Investments (BOI) announced the approval of TMP as one of the participating car makers of the country's Comprehensive Automotive Resurgence Strategy (CARS) Program, which aims to raise local vehicle manufacturing and expand the automotive parts making capabilities by providing incentives to its local manufacturers. TMP enrolled its bestselling model, Vios, with the new model scheduled for production by 2018. Under the CARS Program, TMP is required to manufacture around 230,000 units of Toyota Vios within the 6-year timeframe. The new Vios will have greater local sourced parts, especially in terms of big body shell parts and large plastic parts, expanding capabilities and product varieties of auto parts manufacturers.

Strengthen dealer network through training and improved facilities

TMP believes that the dealer network is the leading contributor to its sales success in the Philippines. A key differentiator for the Toyota brand in the Philippines is the availability of quality sales and after-sales services, which relies upon the dealer network to provide timely, courteous, knowledgeable and affordable support to purchasers of Toyota products. To ensure the quality of the dealers, TMP provides dealer training to improve the dealer's sales and services. Training programs include vehicle maintenance, vehicle education and sales training. Dealer incentive programs also exist to motivate dealers and their sales and after-sales workforce.

Products

TMP is authorized to distribute Toyota products that are approved for distribution in the Philippines by TMC and TMAP according to their Toyota Distributor Agreement. TMP's products are divided into three categories: vehicle sales, local sales of service parts and export sales of original equipment manufacturer ("OEM") parts and service parts. Vehicle sales are divided into locally manufactured vehicles using both imported and locally manufactured parts and components, as well as CBU vehicles, which are wholly imported. All imported parts and components for locally manufactured vehicles as well as imported CBU vehicles from ASEAN countries are not subject to tariffs in the Philippines, while imported CBU vehicles from Japan are subject to prevailing tariff rates.

Local sales of service parts include parts primarily imported by TMP and parts manufactured by its local suppliers. TMP also produces certain body parts for local manufacture of vehicles and service parts requirements. Export sales are made of parts manufactured by local suppliers and TMP for regional importers.

The table below shows the sales breakdown of TMP (parent company) by vehicle sales, local sales of service parts and export sales, and their respective contribution to total revenue, for the periods indicated.

	Year ended December 31,						**Six-month period ended June 30**	
	2013		**2014**		**2015**		**2016**	
	Sales (₱ mn)	% of Total Revenues	Sales (₱ mn)	% of Total Revenues	Sales (₱ mn)	% of Total Revenues	Sales (₱ mn)	% of Total Revenues
Vehicle sales								
Locally- manufactured vehicles	23,848.7	30%	27,792.3	27%	32,605.8	29%	[●]	[●]%
Imported CBU vehicles	41,333.6	52%	61,024.7	59%	66,628.1	59%	[●]	[●]%
Local sales of service parts	2,935.3	4%	3,456.1	3%	4,093.0	4%	[●]	[●]%
Export sales of OEM parts and service parts	10,887.8	14%	11,764.3	11%	9,427.4	8%	[●]	[●]%
Total	**79,005.4**	**100%**	**104,037.4**	**100%**	**112,754.3**	**100%**	[●]	[●]%

Vehicle Sales

The vehicles TMP sells in the Philippines can be sorted by two types of classifications. First, vehicles can be classified as either locally-manufactured vehicles or imported CBU vehicles. Second, vehicles can be classified as either passenger cars or commercial vehicles. TMP sells two models of locally manufactured vehicles, the passenger car Vios and the commercial vehicle Innova. Both the Vios and Innova vehicles are produced in the 82-hectare TSEZ. All other vehicle models sold by TMP are imported CBU vehicles.

The table below shows the breakdown by passenger and commercial vehicle sold, for each of the periods indicated.

	Year ended December 31,						**Six-month period ended June 30**	
	2013		**2014**		**2015**		**2016**	
	Sales (₱ mn)	% of Total Revenues	Sales (₱ mn)	% of Total Revenues	Sales (₱ mn)	% of Total Revenues	Sales (₱ mn)	% of Total Revenues
Passenger	16,872	26%	25,585	29%	31,025	31%	[●]	[●]%
Commercial	48,311	74%	63,232	71%	68,209	69%	[●]	[●]%
Total	65,182	100%	88,817	100%	99,234	100%	[●]	[●]%

Passenger cars

In addition to the sub-compact-sized Vios, the other Toyota passenger car models sold in the Philippines are the low-cost Wigo, hatchback Yaris, and Prius C, compact-sized Prius and Corolla Altis, the mid-sized Camry and the sport/specialty 86. The Lexus passenger car line-up includes the CT200H, IS 350, IS 350 F Sport, ES 350, GS 350 F Sport, GS 450H, GS F, LS 460, LS 600H, RC 350 and RC-F. These passenger cars are marketed as providing value for money. Set out below are the main specifications for TMP's passenger car models:

	MODEL	**SEATING**	**ENGINE(1)**	**TRANSMISSION(2)**
TOYOTA	Camry	5-Passenger	3.5L V6, 24-valve, DOHC, Dual VVT-i	6-Speed Automatic with Super ECT
			2.5L 4-Cylinder In-Line, 16 Valve, DOHC, Dual VVT-i	
	86	4-Passenger	2.0L 4-Cylinder Boxer, 16-Valve DOHC, D4-S	6-Speed Automatic/ 6-Speed Manual
	Corolla Altis	5-Passenger	2.0L 4-Cylinder In-Line DOHC, 16-valve, Dual VVT-i	CVT/ 6-Speed Manual
			1.6L 4-Cylinder In-Line DOHC, 16-valve, Dual VVT-i	
	Prius	5-Passenger	1.7L 4-Cylinder In-Line DOHC, 16-valve, Dual VVT-i/Electric Motor	CVT

	Vios	5-Passenger	1.5L 4-Cylinder In-Line DOHC, 16-valve, VVT-i	4-Speed Automatic with Super ECT /
			1.3L 4-Cylinder In-Line DOHC, 16-valve, VVT-i	5-Speed Manual
	Prius C	5-Passenger	1.5L 4-Cylinder In-Line DOHC, 16-valve, VVT-i/Electric Motor	CVT
	Yaris	5-Passenger	1.5L 4-Cylinder In-Line DOHC, 16-valve, VVT-i	4-Speed Automatic with Super ECT /
			1.3L 4-Cylinder In-Line DOHC, 16-valve, VVT-i	5-Speed Manual
	Wigo	5-Passenger	1.0L 3-Cylinder In-Line DOHC, 12-valve	4-Speed Automatic / 5-Speed Manual
LEXUS	LS	5-Passenger/	5.0L V8, 32-Valve DOHC Dual VVT-iE/Electric Motor	8-Speed Hybrid Automatic ;
		4-Passenger	4.6L V8, 32-Valve DOHC, Dual VVT-iE	8-Speed Automatic with ECT
	GS	5-Passenger	3.5L V6, 24-Valve DOHC, Dual VVT-i/Electric Motor	CVT/ 8-Speed Automatic
			3.5L V6, 24-Valve DOHC, Dual VVT-i	
	ES	5-Passenger	3.5L V6, 24-Valve DOHC, Dual VVT-i	6-Speed Automatic with ECT
	IS	5-Passenger	3.5L V6, 24-Valve DOHC, Dual VVT-i	8-Speed Automatic
	CT200h	5-Passenger	1.8L 4-Cylinder In-Line DOHC, VVT-i/Electric Motor	E-CVT
	RC	4-Passenger	3.5L V6, 24-Valve DOHC, Dual VVT-i	8-Speed Automatic

Notes:
(1) Engine terms: DOHC, Dual Overhead Cam; VVT-I, Variable Valve Timing – Intelligent; EFI, Electronic Fuel Injection.
(2) Transmission terms: ECT, Electronic Control Transmission.

Commercial vehicles

TMP's commercial vehicles include pick-ups, SUVs, multi-purpose vehicles, vans and minibuses that are designed for durability and the transport of people and goods. Pick-up and SUVs include 4x4 vehicles equipped with advanced four-wheel drive capabilities that provide superior traction geared for rugged conditions.

Set out below are the main specifications for TMP's commercial vehicles:

MODEL		SEATING	ENGINE(1)	TRANSMISSION(2)
TOYOTA	Avanza	7-Passenger	1.5L 4-Cylinder In-Line DOHC, 16-Valve VVT-i, EFI	4-Speed Automatic / 5-Speed Manual
			1.3L 4-Cylinder In-Line DOHC, 16-Valve VVT-i, EFI	
	Fortuner	7-Passenger	2.8L 4-Cylinder In-Line, DOHC, 16-Valve D-4D, VNT	6-Speed Automatic with ECT /
			2.4L 4-Cylinder In-Line, DOHC 16-Valve D-4D, VNT	6-Speed Manual
			2.7L 4-Cylinder In-Line, DOHC, 16-Valve, Dual VVT-i	6-Speed Automatic
	Hiace	11-Passenger	2.5L 4-Cylinder In-Line, DOHC 16-Valve D-4D	4-Speed Automatic / 5-Speed Manual
		15-Passenger		
	Hilux D-Cab	5-Passenger	2.8L 4-Cylinder In-Line, DOHC, 16-Valve D-4D, VNT	6-Speed Automatic with ECT /
			2.4L 4-Cylinder In-Line, DOHC, 16-Valve D-4D, VNT	6-Speed Manual
			2.4L 4-Cylinder In-Line, DOHC, 16-Valve D-4D	
	Hilux B-Cab	3-Passenger	2.4L 4-Cylinder In-Line DOHC, 16-Valve, D-4D	6-Speed Manual
		15-Passenger		
	Innova	7-Passenger	2.8L 4-Cylinder In-Line, DOHC, 16-Valve D-4D	6-Speed Automatic with ECT /
		8-Passenger	2.0L 4-Cylinder In-Line, DOHC, 16-Valve Dual VVT-i, EFI	5-Speed Manual
	Rav4	5-Passenger	2.5L 4-Cylinder In-Line, 16 Valve, DOHC, Dual VVT-i	6-Speed Automatic with ECT
	Previa	7-Passenger	2.4L 4-Cylinder In-Line DOHC, 16-Valve, VVT-I, EFI	4-Speed Automatic with ECT
		7-Passenger	2.4L 4-Cylinder In -Line DOHC, 16-Valve, VVT-i, EFI	4-Speed Automatic with ECT
	Alphard	7-Passenger	3.5L V6, 24-valve, DOHC, Dual VVT-i	6-Speed Automatic with ECT
	FJ Cruiser	5-Passenger	4.0L V6, 24-Valve, Dual VVT-i	5-Speed Automatic
	Prado	7-Passenger	3.0L 4-Cylinder In-Line DOHC, 16-Valve D-4D, VNT	5-Speed Automatic / 6-Speed Manual
			4.0L V6, 24-Valve, Dual VVT-i	6-Speed Automatic
	LC200	8-Passenger	4.5L V8 Direct Injection, Common Rail Twin Turbo Intercooler	6-Speed Automatic

	Coaster	30-Passenger	4.1L 4-Cylinder In-Line, 16-Valve OHV, Gear Drive	5-Speed Manual
LEXUS	LX	8-Passenger	5.7L V8 32-Valve DOHC, Dual VVT-iE	8-Speed Automatic with ECT
	GX	7-Passenger	4.6L V8 32-Valve DOHC, Dual VVT-iE	6-Speed Automatic with ECT
	RX	5-Passenger	3.5L V6 24-Valve DOHC, Dual VVT-i	8-Speed Automatic with ECT /
			3.5L V6 24-Valve DOHC, Dual VVT-i/Electric Motor	CVT
	NX200T	5-Passenger	2.0L 4-Cylinder In-Line, 16-Valve, DOHC, Dual VVT-i	6-Speed Automatic
		5-Passenger	2.5L 4-Cylinder, In-Line, 16-Valve, DOHC, VVT-i/Electric Motor	CVT

Notes:
(1) Engine terms: DOHC, Dual Overhead Cam; VVT-I, Variable Valve Timing – Intelligent; EFI, Electronic Fuel Injection.
(2) Transmission terms: ECT, Electronic Control Transmission.

Vehicle sales and distribution

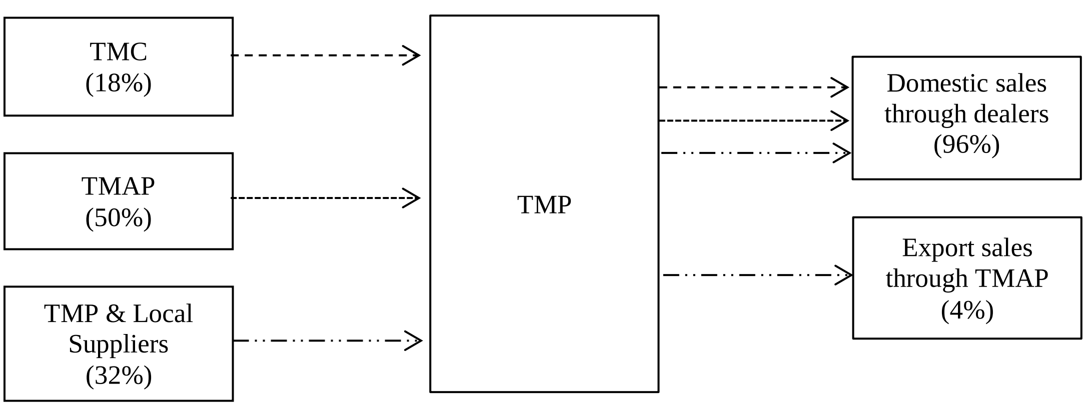
The table below sets out the geographic breakdown of TMP's sales for the periods indicated.

	Year ended December 31,						**Six-month period ended June 30**	
	2013		**2014**		**2015**		**2016**	
	Sales	% of Total	Sales	% of Total	Sales	% of Total	Sales	% of Total
Metro Manila	48,301	64%	63,720	60%	72,364	58%	[●]	[●]%
Provincial	27,286	36%	42,390	40%	52,663	42%	[●]	[●]%
Total	**75,587**	**100%**	**106,110**	**100%**	**125,027**	**100%**	[●]	[●]%

As of June 30, 2016, the Toyota and Lexus dealer network in the Philippines consisted of 51 dealers, of which 18 dealers were in Metro Manila. TMP owns direct interests in three dealerships: 100% of Toyota Makati, Inc., 55% of Toyota San Fernando Pampanga, Inc. and 75% of Lexus Manila, Inc. Approximately 58% of TMP's sales in 2015 were in Metro Manila while 42% of total sales in 2015 were made outside of Metro Manila. GT Capital has a 58.1% interest in Toyota Manila Bay Corporation dealership, while the remaining dealerships are independent companies who have entered into dealership agreements with TMP. TMP enters into dealership agreements based on criteria set out in the Toyota Distributor Agreement. TMP provides each Toyota dealer with periodic performance reviews, training and education. In addition, TMP sets individual sales and operational targets for each dealership.

Service Parts Sales

There are three sources of Toyota Genuine Service Parts: (i) TMC (Japan-sourced parts), (ii) TMAP (multi-sourced parts, and (iii) TMP and local suppliers. The chart below shows the process for TMP's service parts procurement and sales for the year ended December 31, 2015:



TMP offers a wide range of after-sales parts consisting of service parts, oils and chemicals and accessories. Service parts, which are sold through Toyota dealers, include periodic maintenance items such as oil filters, air filters and spark plugs; general parts such as brake pads, engine parts, and under-chassis parts; collision parts such as body panels, bumpers, and headlamps; and other items such as radios and air conditioning units. Oils and chemicals include mineral, semi, and fully synthetic motor oils as well as brake fluids and engine coolants. Accessories include side visors, roof racks and similar products. A substantial portion of the service parts that TMP sells locally are sourced from TMC and TMAP, with the remaining portion manufactured by both TMP and local suppliers. TMP provides service parts for all models it introduces in the market and accepts special orders for Toyota vehicles that were not bought from TMP.

TMP exports service parts manufactured by TMP and its local suppliers through TMAP for distribution primarily to Toyota subsidiaries and affiliates within the Asia Pacific region.

Auto Financing

GT Capital provides financing for the acquisition of Toyota motor vehicles through its 40.0% interest in TFSPH. TFSPH provides leasing, financing and inventory stock financing to Toyota customers and dealers. These services support the marketing of Toyota's products throughout the Philippines. TFSPH's competitors for retail leasing and retail financing include commercial banks, savings and loan associations, credit unions, finance companies and other captive automotive finance companies. Commercial banks and other captive automotive finance companies also provide competition for TFSPH's wholesale financing activities.

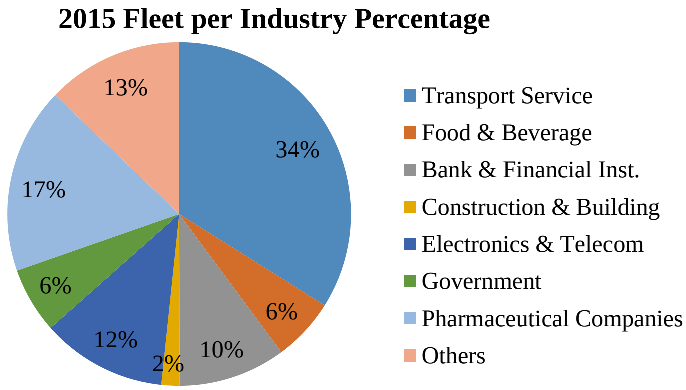
TFSPH offers auto loans to individuals and corporations, primarily for the acquisition of new Toyota vehicles. Interest rates are generally fixed with monthly repayment schedules amortized over the term of the loan. The vehicle is mortgaged to TFSPH while its corresponding loan is outstanding. TFSPH also offers Toyota vehicles for lease to corporations, with TFSPH retaining ownership of the vehicles. Lease periods typically range from 24 to 60 months. Lease rates are generally fixed with monthly payment schedules. Inventory financing is provided for Toyota dealers for the purchase of Toyota vehicles from TMP. Inventory loans have a maximum maturity of 90 days. The purchased vehicles serve as collateral to secure the loan.

Customers And Marketing

TMP engages in a wide array of marketing activities, including television advertising, brochures and trade shows. TMP is provided full access to the wide range of marketing materials produced by TMC and TMAP. The resources provided by TMC are especially critical during the initial phase of a new product launch. TMP is able to leverage TMC's significant experience in other markets to tailor a targeted marketing campaign for the Philippines.

In addition to general consumer sales, TMP's products are also sold to fleet accounts such as pharmaceutical companies, taxi companies and government entities. In 2015, 6% of TMP's products were sold to fleet account customers.

The chart below provides a breakdown of TMP's fleet account customers by category for the year ended December 31, 2015:



Production and Production Processes

In December 1992, the TMP Press Plant was completed as the first facility in Santa Rosa, Laguna, producing a number of stamped body parts for the Tamaraw FX. In April 1997, TMP began full production operations at the newly built Santa Rosa plant in the 82-hectare Toyota Special Economic Zone (TSEZ). Today, the factory has 55,000 sq. m. devoted to manufacturing activities and 1,200 sq. m. for the storage of production parts. TMP also operates an 11,200 sq. m. spare parts depot to support after-sales service in its dealer network.

TMP has two production lines consisting of the Innova line and the Vios line. The Innova and the Vios also share a common line for production processes applicable to both models. TMP's total vehicle production capacity as of December 31, 2015, determined on the basis of two eight-hour production shifts per day, is 38,968 units annually without overtime. This is an 8.7% increase from 2014's capacity of 35,834 vehicles. The increase was the result of operational improvements made in 2015. For the full years 2014 and 2015, TMP produced 41,644 units and 49,070 units, respectively.

The chart below shows TMP's key production data for the periods indicated:

	Year ended December 31,			Six-month period ended June 30
Number of units, except percentages	**2013**	**2014**	**2015**	**2016**
Production				
Capacity…………………………………………	34,036	35,834	38,968	[•]
Vehicles Produced				
Vios……………………………………..........	20,880	25,756	32,655	[•]
Innova…………………………………………...	14,601	15,888	16,415	[•]
Capacity Utilization………………………..........	104%	116%	126%	[•]

Notes:
(1) Production capacity is determined by TMP using internal models.
(2) Capacity utilization is calculated as number of vehicles produced divided by production capacity.

The production process involves pressing, welding, painting and assembling the vehicles. TMP uses TPS, which is based on two principal elements: just-in-time production and "jidoka", a Japanese term for automated quality control. Under the just-in-time method, materials, parts and components are delivered just before they are needed in the manufacturing process. This allows TMP to maintain low levels of inventory while maintaining operational efficiency. Jidoka involves the ability to stop work immediately when problems arise in the production process to prevent the production of defective items. To achieve this, TMP equips its machine operators with the ability to stop production should the operators suspect abnormalities. This permits TMP to build quality into the production process by avoiding defects and preventing waste that would result from producing a series of defective items. TMP's TPS allows it to achieve mass-production efficiencies over small and large production volumes. This flexibility allows TMP to respond to changing consumer demand without significantly increasing production costs. While TPS remains the cornerstone of Toyota brand automotive production, the system has been expanded for use in the production, distribution and customer service activities relating to Toyota-branded parts.

Components and Raw Materials

The parts and components requirement of TMP are sourced from Japan and ASEAN countries through TMAP and from local suppliers. TMP purchases raw materials, parts, components, equipment and other supplies from TMC, foreign subsidiaries of TMC, affiliates and other foreign and local suppliers authorized by TMC. TMP has full responsibility to ensure compliance of all localized parts and components in accordance with TMC's standards.

The table below shows the sources of parts for each of the last three years:

Source	**2013**	**2014**	**2015**
TMC/TMAP			
Japan-sourced	17%	16%	17%
Multi-sourced	54%	55%	53%
Local Suppliers	29%	28%	30%
TOTAL	**100%**	**100%**	**100%**

TMP established its supply chain based on Toyota standards in terms of supplier capability, cost competitiveness and economies of scale, which are the reasons for single-sourced commodities. Being aware of the supply chain risks in the auto parts manufacturing industry, TMP has put in place supply risk management programs such as a back-up supply database to immediately identify back-up source (local or regional) for each part, financial risk management and labor risk management.

Names of principal suppliers : TOYOTA MOTOR ASIA PACIFIC PTE., LTD.
Major existing supply contracts : OVERSEAS OE PARTS IMPORT AGREEMENTS

Imported Vehicles

TMP imports CBU units from Japan, Thailand and Indonesia through TMAP. The table below shows the source of TMP's CBU units.

Country		**Vehicle Model**
Japan	…………………	86, Alphard, RAV4, Prius, Prius C, Camry 3.5, Hiace, Prado, LC200, FJ Cruiser, Previa, Coaster and Lexus models
Thailand	…………………	Corolla Altis, Yaris, Camry 2.5, Hilux and Hilux, C&C/HSPU
Indonesia	…………………	Wigo, Avanza and Fortuner

Vehicles imported from ASEAN countries Thailand and Indonesia are tariff free while vehicles imported from Japan are subject to 0% or 30% tariffs depending on the vehicle's engine size.

Competition

TMP's major competitors in the Philippines are Mitsubishi, Ford, Hyundai, Isuzu, and Honda. Based on industry data compiled by CAMPI and AVID, the top six automotive companies in the Philippines accounted for 83.5% of total vehicles sold in 2015. Toyota has been the top selling brand measured by units sold in the Philippines for passenger and commercial vehicles since 2002, with a 38.9% market share in 2015. %, which is 22.1 percentage points higher than its closest competitor, Mitsubishi with 16.8%, a decline from its 18.6% in 2014. Ford and Isuzu had market shares of 7.9% and 7.0% in 2015, respectively. Aside from Toyota, other multinational automotive companies also have manufacturing and assembly plants in the Philippines, such as Mitsubishi, Isuzu, and Honda.

Ford closed its manufacturing and assembly plant in December 2012 but was later acquired by Mitsubishi to strengthen their assembly operations and to accommodate heavy stamping machines.

According to CAMPI and AVID, CBU market share was 70.7% in 2015 as compared to 56.0% in 2010. This increasing number of imported models available versus locally-produced models is expected to continue with the implementation of the Free Trade Agreements (FTA). This will result in tariff reduction, which lessens the importation cost of Korean and Chinese CBU vehicles. Because of this, importers could reduce their selling prices and stir up market competition. This, then, would increase market demand and allow importers to increase their import volume.

Given the tight competition in the Philippine automotive market, TMP believes that four key factors have contributed to TMP being the most preferred car manufacturer in the Philippines:

- **Product:** quality, durability and reliability;
- **Value for money:** affordable vehicles that command high resale values in the market;
- **Worry-free ownership:** personalized maintenance programs due to wide availability of spare parts, and high standards of customer care; and
- **Pioneering technologies:** sustainable innovation from a global leader in manufacturing technology.

Insurance

TMP's property, plant and equipment are covered by industrial all risk and electronic equipment insurance policies up to ₱8.0 billion with Malayan Insurance Co., Inc. This covers risks on sudden and accidental physical destruction subject to certain exclusions.

Locally manufactured parts and components are covered by a Marine Open Policy with BPI MS Insurance Corp. from the time the merchandise is loaded on board the ocean vessel at port anywhere in the world, to delivery at the TMP plant and third party logistics provider's warehouse for assembly and storage, until physical delivery to dealers. The Marine Open Policy for locally manufactured parts and components covers all risks including war, strikes and riots, subject to certain exclusions. TMP also maintains a Marine Open Policy for non-locally manufactured parts (such as equipment, maintenance parts and after-sales parts) under a BPI MS Insurance policy.

Imported CBU vehicles are covered by Marine Open Policy under Malayan Insurance Co., Inc. against all risks subject to exclusions provided in the policy (such as willful misconduct, ordinary leakage and unsuitability of packing). The insurance attaches from the time the units are discharged from Manila or Batangas port (for imported CBU vehicles from Japan) or from the time the units are loaded to the overseas vessel (for CBU vehicles from Thailand and Indonesia) up to the time the units are turned over to Metro Manila and Luzon dealers or shipped to port for Visayas and Mindanao dealers. The units are covered for the amount of the declared wholesale invoice price.

As of December 31, 2015, TMP had comprehensive general liability insurance to cover potential liability arising from product liability and premises operation claims to the extent not exceeding ₱112 million and ₱48 million, respectively.

Properties

TMP owns the land and buildings occupied by its manufacturing facility located at the TSEZ at Santa Rosa-Tagaytay Highway, Santa Rosa City, Laguna, Philippines. TMP's Marketing Division has its main office at the 31/F GT Tower International, Ayala Avenue corner H.V. dela Costa St., Makati City, Philippines.

TMP also owns the area previously occupied by its 6-hectare original manufacturing and logistics facility along the South Luzon Expressway in Bicutan, Parañaque City, Philippines. This land is partially leased to Toyota Bicutan, Paranaque which is part of Toyota Makati, Inc., a wholly-owned subsidiary of TMP. Part of the Paranaque property serves as a stockyard for new vehicles of Toyota Makati and Toyota Bicutan. TMP received approval to sell a portion of this property in November 2012.

For 2016, TMP has no plans for land acquisition as facilities expansion to meet growing demand can be accommodated in the existing TSEZ in Santa Rosa.

Intellectual Property

On December 1, 2015, TMP renewed its exclusive distributorship of Toyota products and at the same time, entered into an agreement for the exclusive distribution of Lexus products in the Philippines under the Toyota Distributor Agreement and the Lexus Distributor Agreement. These agreements are set to expire on November 30, 2018, but are expected to be renewed for an additional three years in accordance with past practice. TMC is the registered owner of certain Toyota and Lexus related brand names in the Philippines and has granted the right to use such names to TMP under the terms of the Toyota Distributor Agreement and Lexus Distributor Agreements.
TMP has also entered into a Technical Assistance Agreement with TMC, whereby TMP is licensed to manufacture Toyota vehicles and parts of proper and specified quality and obtain technical assistance from TMC. This agreement will expire on April 30, 2019 unless renewed. Under this agreement, TMP pays TMC royalties on all licensed products. Under the current Technical Assistance Agreement, TMP possesses licenses for the manufacture of the Innova, Vios, Camry, Corolla and Tamaraw models.

Employees

The following table provides a breakdown of TMP's employees for the periods indicated.

	As of December 31			**As of June 30**
	2013	**2014**	**2015**	**2016**
Regular				
President's Office	1	1	**1**	**[●]**
Affiliate Operations Support and Audit Group	4	5	**6**	**[●]**
Corporate Affairs Group	33	38	**44**	**[●]**
General Administration	77	80	**83**	**[●]**
Treasury	8	10	**10**	**[●]**
Manufacturing	1,030	1,071	**1,160**	**[●]**
Comptrollership	39	48	**52**	**[●]**
Purchasing*	28	33	**35**	**[●]**
Marketing	218	247	**261**	**[●]**
Production Control and Logistics	69	55	**52**	**[●]**
Vehicle Logistics**	-	17	**32**	**[●]**
Subtotal	**1,507**	**1,605**	**1,736**	**[●]**
Outside Contractors				
Production (on-the job trainees)[1/]	343	343	**489**	**[●]**
Production Contractual[2/]	128	156	**109**	**[●]**
Office Contractual[3/]	39	99	**134**	**[●]**
TOTAL	**2,017**	**2,203**	**2,468**	**[●]**

** Newly created division, previously a department under Comptrollership*
***Newly created division, previously a department under Production Control & Logistics*
Notes:
1/ Students, typically on a 5-10 month on the job training agreement
2/ Contracted from a workers' cooperative and hired on a temporary basis
3/ Contracted from service contractors on a temporary basis

TMP's training focuses on developing a fundamental skills set for production workers, office workers, managers and leaders, which is aligned with the global Toyota training scheme. Further training and development is primarily based on on-the-job learning and periodic rotation, which allow individual employees to expand their knowledge and skills. Certain key positions, including manufacturing positions, are held by secondees from TMC and TMAP.

TMP has two certified and recognized labor unions, one for rank and file employees known as Toyota Motor Philippines Corporation Labor Organization ("TMPCLO") and one for supervisory employees known as Toyota Motor Philippines Corporation Supervisory Union ("TMPCSU").

TMPCLO was certified as the sole and exclusive bargaining agent of TMP's rank and file employees in June 2006. It negotiated a five-year collective bargaining agreement effective from July 1, 2011 to June 30, 2016. The next round of CBA negotiations shall commence in July 2016.

TMPCSU was established in 2001 and has a five-year collective bargaining agreement with TMP effective from July 1, 2011 to June 30, 2016. Since the local practice is for economic provisions to have initial 3-year validity with renewal for last 2 years, there will be negotiations with both unions only for economic provisions to commence in July 2014 with effect from July 1, 2014 to June 30, 2016. The next round of CBA negotiations shall commence in July 2016.

In addition, there is an unrecognized labor union responsible for a work stoppage in 2001. All subsequent issues related to the work stoppage in 2001 by the unrecognized labor union have been resolved by the Supreme Court in favor of TMP on October 18, 2010.

TMP applies a progressive benefit structure with a set of base benefits applicable to all employees and a supplementary, variable scheme where individual employees choose a menu of benefits appropriate to their individual needs / situational preferences, subject to level of entitlement.

TMP has funded a non-contributory defined benefit retirement plan covering all of its regular employees. The plan is administered by trustees. The benefits are based on the years of service and percentage of final basic salary. TMP's normal retirement age is 55 years. Early retirement is allowed at 50 years.

TMP believes that relations with its employees are generally good. This is further evidenced by TMP being recognized as the "2011 Employer of the Year" by the People Management Association of the Philippines (PMAP).

In September 2012, TMP was conferred a Special Commendation Prize for People Program by the Asian Human Capital Award (AHCA) for its Team Relations Program. Through this award, TMP was recognized as one of the top companies across Asia which promotes open communication and transparency to address human resource and business challenges unique to Asia.

At the local front, TMP was bestowed the Secretary's Award of Distinction during the 8th Gawad Kaligtasan at Kalusugan by the Department of Labor and Employment in November 2012. This award affirms TMP's commitment to promote a strong safety and health culture in TMP.

Likewise, in September 2014, the Federation of Philippine Industries (FPI) recognized TMP as the Most Outstanding Corporation in the practice of health and safety. With TMP's continuous effort to put safety as a priority in its daily operations, it has achieved a record-breaking two million safe man-hours.

Legal Proceedings

In the normal course of business, TMP is subject to labor and customer claims. TMP believes that there are no outstanding claims against it that would have a material adverse effect on TMP's financial position, operating results or cash flows if adversely adjudicated.

Regulatory and Environmental Matters

The automotive industry in the Philippines is subject to various laws and regulations. These regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities and vehicle performance. TMP has in the past and expects that in the future it will continue to incur significant costs related to compliance with these regulations.

TMP takes its commitment to the environment very seriously. This commitment is evidenced when TMP became the first automotive manufacturer in the Philippines to obtain ISO 14001 certification for its environmental management systems. TMP continuously strives to improve its internal environmental performance through several initiatives, as follows:

- Efficient Production Processes: (1) using robotic painting systems to minimize volatile organic compound emissions and (2) treating waste water to a multi-stage cleaning process at the site's state-of-the art waste water treatment plant.
- Toyota Manufacturing Eco Center: (1) covering the building with the "Greenroof", planted vegetation over a waterproof membrane, that reduces heat absorption from the sun and lowers cooling costs; (2) implementing solar power at certain facilities; and (3) rapid composting waste organic materials in the TSEZ.
- Toyota Forest: maintaining a tree nursery in the TSEZ to support greening projects, tree-planting activities, and seedlings donations to various organizations.
- Clean & Green Project: teaching students the importance of tree-planting, waste segregation, and recycling

The vehicles produced and sold by TMP are also designed for better fuel economy and with what TMP believes to be high levels of safety features for sustainable mobility. For example, the Vios 1.3 has a registered fuel efficiency of 17.54 to 21.43 km/liter and the Innova 2.5 D-4D has a registered fuel efficiency of 13.16 to 14.29 km/liter (based on standard fuel tests carried out by TMP at constant 80 km controlled conditions). Specific technology systems also improve economic performance. The Variable Valve Timing-Intelligent and Direct Injection Common Rail engines offer improved engine performance, lower emissions and better fuel efficiency. The Hybrid Synergy Drive is a new type of power train that combines gasoline and electric power sources. Individual programs also reduce the amount of harmful chemicals used in the manufacturing process. TMC's "SoC-free Project" ensures all parts and materials installed, attached, or applied to the vehicles are within the allowable content limit of Substance of Concern elements ("SoC"), such as hexavalent chromium, mercury, cadmium and lead. In 2007, Toyota became the first automotive company in the Philippines to be SoC-free.

TMP will follow stringent requirements in the production of the Vios due to its participation in the government's CARS program. To avail of the highest possible incentives, TMP has to produce 200,000 units of the Vios over six years, or 33,333 units per year, or 2,750 units per month. TMP must adhere to certain requirements regarding the local manufacture of the model. Twelve and a half to 30 percent of the total ₱9 billion in incentives will be allocated for the body shell and large plastic assemblies, while a maximum of five percent will be used for the production of common parts and the use of a shared testing facility. TMP may not register the Vios under any other government incentive-granting programs. Furthermore, TMP provides monthly production and sales reports as well as financial statements and other required documents to the BOI in accordance to the executive order.

Corporate and Social Responsibility

TMP engages in corporate social responsibility activities to uplift Philippine society through effective coordination with stakeholders and institutional partners. Seeing the need for social development, TMP continues to undertake various projects that would holistically benefit different sectors of the society. These initiatives are done through flagship projects in partnership with established institutions or through its social and humanitarian arm, Toyota Motor Philippines Foundation (TMPF).

With the advocacy to help develop higher education in the country, TMP donated ₱100 million to the University of the Philippines ("UP") Asian Center for the construction of the GT-Toyota Asian Cultural Center ("GT-TACC") at UP Diliman. This donation was made in 2008, during TMP's 20th Anniversary and UP's Centennial year. Inaugurated in 2009, the GT-TACC is a one-hectare complex that is home to the GT-Toyota Hall of Wisdom and the GT-Toyota Asian Center Auditorium. Today, it has become a venue for various workshops and fora related to the Asia Pacific region's changing socio-political landscape.

TMP also gives significant importance to the improvement of technical education in the country. For this reason, in celebration of its 25th Anniversary in 2013, TMP formally opened the Toyota Motor Philippines School of Technology (TMP Tech), its world-class technical school inside the Toyota Special Economic Zone (TSEZ) in Santa Rosa City, Laguna. TMP Tech is equipped with up-to-date training equipment, top-notch facilities, as well as competent and experienced instructors ready to teach a superior TESDA-certified curriculum with equally superior instructor-to-student ratio. The school is envisioned to produce globally-competent, highly-skilled automotive technicians for the Toyota Family both in the Philippines and abroad. As of end 2015, TMP Tech has already produced a total of 163 graduates: 110 from the 2-year General Job Course and 53 from the Specialized Toyota Automotive Training Program (STATP).

In helping improve the community, TMP also partnered with the City Government of Santa Rosa and Gawad Kalinga (GK) Community Development Foundation for the "Toyota-City of Santa Rosa-GK Village" project. In 2013 the project completed the construction of 160 housing units in Santa Rosa City. As of 2015, TMP has donated a total of PhP 24 Million for its development and continues to support the community through the construction and furnishing of a Multi-Purpose Hall which will be used as a livelihood center for the community.

Strengthening its environmental advocacy in the country, TMP, started the Adopt-a-Forest Project in August 2012. It is located in Makiling Botanic Garden inside the University of the Philippines Los Baños Campus in Laguna. Project components include the reforestation of ten hectares inside the Makiling Botanic Garden, creation of a 3-hectare Toyota Palm Garden, construction of a Nursery & propagation of Palm tree seedlings, refurbishment of an existing room to be developed into a 300-sqm "Toyota Environment Education Theater", production of pamphlets for information campaign, and organization of a National Conference about the importance of Palms. Together with its regional affiliate, Toyota Motor Asia Pacific Pte. Ltd. (TMAP), TMP has funded the project costing ₱1.3 million. In October 2015, TMP inaugurated the Toyota Environment Education Theater and the Toyota Palm Garden. Team Member volunteers also planted tree seedlings in the 10-hectare Adopt-a-Forest block.

Since its establishment in 1990, TMPF also continuously carries out programs in the areas of education, healthcare, environment and community service that improve the lives of Filipinos. TMPF's Toyota Automotive Education Program (AEP), in partnership with the country's leading technical schools and Toyota dealers nationwide, continues to produce skilled, highly-trained workers for the automotive industry through scholarships for vocational students. Under the AEP, TMPF helps raise the schools' technical capability through engine equipment and tools donations, as well as industry immersion of the instructors. In addition, TMP has implemented holistic learning programs in Pulong Sta. Cruz Elementary School ("PSCES"), its adopted school in its host community in Santa Rosa, Laguna.

Toyota also provides quality healthcare services and medical equipment donations to constituents of its host community in Santa Rosa, Laguna through the annual Medical and Dental Outreach Program. TMP provides free consultations, laboratory services, and medicines to thousands of local constituents with the help of its partners, the Makati Medical Center, Makati Dental Society, Manila Doctor's College, Carachem Pharmaceuticals and IAE Pharmaceuticals. To date, TMPF has served more than 101,000 patients from Santa Rosa City and Parañaque City since 1992.

Toyota also helps in the preservation of the environment. TMPF maintains a tree nursery inside the Toyota Special Economic Zone (TSEZ), which also serves as a source for seedling donations to local government institutions and private organizations. Moreover, TMPF actively joins the annual International Coastal Clean-up drive organized by the Department of Environment and Natural Resources (DENR). In September 2015, over 30 volunteers from TMP and TMP Tech participated in the event at the Manila Bay area.

In other community service endeavors, TMP extends assistance to various charities nationwide.

Awards and Recognition

The company received several awards recognizing its excellence in various areas of its business.

With its commitment to give its customers the highest level of attention, Toyota ranked first (1st) in the JD Power Asia Pacific's 2014 & 2015 Sales Satisfaction Index (SSI) Study which measures overall performance in the areas of delivery process, delivery timing, salesperson, paperwork, deal and dealer facility. Toyota also improved its ranking in the JD Power Asia Pacific's 2015 Customer Satisfaction Index (CSI), from fifth (5^{th}) in 2014 to second (2^{nd}) in 2015.

In May 2015, TMP was recognized by Toyota's regional office, TMAP for its Marketing Excellence. TMP was given the Overall Marketing Award for its excellent customer service, record sales and market share performance in 2014.

In November 2015, TMP dominated the Auto Focus People's Choice Awards (AFPCA). After gathering the public's votes from the 6-month poll on social networking site (80%) and in consideration of total unit sales (20%), the Toyota Fortuner was hailed as the "Automobile of the Year" and the "Best Midsize SUV". Camry was also regarded as the AFPCA Hall of Fame Awardee for being the "Best Midsize Sedan" from 2007 to 2009 and from 2012 to 2015. Likewise, Lexus NX200T bagged the "Luxury Automobile of the Year" and "Best Luxury Compact SUV" Awards. Other Toyota and Lexus models were also recognized by consumers as the best in their respective segments, as follows:

Vehicle	Award
Altis	Best Compact Sedan
Innova	Best MPV
Alphard	Best Luxury Van and Best Engine Performance and Safety Features for Luxury Van
FJ Cruiser	Best Design for Midsize SUV
Hiace	Best Utility Van
LS 460	Best Luxury Large Sedan
ES 350	Best Luxury Midsize Sedan
IS 350	Best Luxury Compact Sedan
LX 570	Best Luxury Large SUV
GX 460	Best Luxury Midsize SUV
RCF	Best Luxury Sports Car

In terms of overall Quality, TMP also received the Excellent Manufacturing Company Award from TMAP for being among the Top 3 Asian Manufacturing Companies. Toyota has, likewise, brought home Gold Awards from both the 2015 Quality Circle Regional Convention (QCRC) and the 2015 Productivity Improvement Circles National Convention (PICNC). TMP has proven its excellence in quality in regional and national Quality Circles in the past 5 years.

Regarding environmental performance, TMP received the Global Eco Award for Best Performance in Waste Reduction from TMC in 2014. This is in recognition of TMP's effort in significantly reducing its waste generation per vehicle produced.

As a testament to TMP's commitment to being a vehicle of progress through active participation in nation-building, the company was recognized as the Most Outstanding Corporation in the Practice of Corporate Social Responsibility (CSR) by the Federation of Philippine Industries (FPI) in its 2013 Recognition Awards for Outstanding Sustainable Development Practices.

Recent Financial Performance

In the first six months of 2016 and for the years ended December 31, 2015, 2014 and 2013, TMP registered a net income attributable to equity holders of the parent company of ₱ [●] billion, ₱10.2 billion, ₱7.2 billion, and ₱ 4.2 billion, respectively; accounting for [●] %, 37.2%, 30.7%, and 16.6% of GT Capital's net income for the said periods. For the financial highlights of TMP, please refer to the section on Financial Information found elsewhere in the Prospectus.

BUSINESS – TMBC

OVERVIEW

Toyota Manila Bay Corporation (“TMBC”) was incorporated on July 15, 1996 and its registered address is EDSA corner Roxas Boulevard, Pasay City. TMBC also does business under the names Toyota Dasmarinas-Cavite (“TDM”) and Toyota Abad Santos, Manila (“TAS”). On June 15, 2012, TMBC became a joint-venture between the MBT Group, comprised of Titan Resources Corporation, FMIC and Toyota Cubao Inc. (“TCI”); and Mitsui & Co., Ltd. (“Mitsui”), one of Japan's largest general trading companies with the latter acquiring 40% share of the company.

TCI was incorporated on January 19, 1989 and its registered address is 926 Aurora Boulevard, Cubao, Quezon City. TCI also does business under the name Toyota Marikina Service Station (“TMSS”).

On March 7, 2016, the SEC approved the merger of TMBC and TCI. Consequently, TMBC became the surviving entity and absorbed all of TCI’s assets and liabilities. The consolidation of resources resulted in economies of scale, cost reduction, and better span of control. Prior to the merger, GT Capital Holdings, Inc. owned 53.8% majority stake of TCI, with Mitsui owning 40%. The balance of the remaining TCI shares was held by individual stockholders. As of June 30, 2016, TMBC is 58.05% owned by GT Capital Holdings, Inc.

TMBC is authorized by TMP to distribute and retail Toyota products in the Philippines. TMBC’s business fields are mainly divided into three categories: (1) vehicle sales, (2) parts sales and (3) aftersales services.

PRINCIPAL PRODUCTS AND SERVICES

Vehicle sales

As of June 30, 2016, TMBC sells a full lineup of Toyota models, sub-divided between passenger car and commercial vehicles category, as seen below:

Passenger Cars (PC)	Commercial Vehicles (CV)
Vios	*Innova*
Yaris	*Avanza*
Wigo	*Hiace*
Prius	*Previa*
Corolla Altis	*Alphard*
Camry	*Coaster*
86	*Hilux*
	Land Cruiser
	FJ Cruiser
	Fortuner
	Rav4

Parts sales

TMBC offers genuine Toyota parts, accessories, oils and chemicals. Toyota Genuine Parts and Accessories are made to the same exacting standards of the Toyota vehicles and are designed specifically for each model.

After-sale services

TMBC’s aftersales services include general job, preventive maintenance, express maintenance, body work and other ancillary businesses provided to Toyota car owners.

The table below shows the pro-forma consolidated breakdown of vehicle sales, parts sales and aftersales services, and their respective contribution to total revenue, for each of the last three years and for the six-month period ended June 30, 2016:

Category	Year ended December 31, 2013		2014		2015		Period ended June 30, 2016	
	Sales (₱ Mn)	*% to Total Revenues*	*Sales (₱ Mn)*	*% to Total Revenues*	*Sales (₱ Mn)*	*% to Total Revenues*	*Sales (₱ Mn)*	*% to Total Revenues*
Vehicle sales	12,690	92.7%	15,426	93.1%	17,302	93.0%	[●]	[●]%
Parts sales	662	4.8%	756	4.6%	850	4.6%	[●]	[●]%
After sales Services	343	2.5%	390	2.3%	442	2.4%	[●]	[●]%
Total	**13,695**	**100%**	**16,572**	**100%**	**18,594**	**100.0%**	[●]	**100%**

DISTRIBUTION METHODS OF PRODUCTS AND SERVICES

TMBC provides its products and services to customers through the following dealers:

	Toyota Manila Bay*	Toyota Dasmariñas*	Toyota Abad Santos	Toyota Cubao	Toyota Marikina Service Station
Started Operations	Aug. 6, 1999	Oct. 24, 2003	Jan. 27, 2011	Jan. 19, 1989	Aug. 19, 1998
Location	Pasay City, Metro Manila	Dasmariñas, Cavite	Manila City	Quezon City	Marikina City
Brand New Vehicles Sold (2015)	5,876	3,251	3,275	4,215	2,024
Units Received for Service (2015)	28,330	28,768	14,705	18,911	15,014

**TMB*

GT Capital Holdings, Inc. owns these five dealers out of the 52 Toyota outlets across the Philippines.

The table below sets out the geographic breakdown of the revenue for the periods indicated.

Outlet	Year ended December 31, 2013		2014		2015		Period ended June 30 2016	
	Sales (₱ Mn)	*% to Total Revenues*	*Sales (₱ Mn)*	*% to Total Revenues*	*Sales (₱ Mn)*	*% to Total Revenues*	*Sales (₱ Mn)*	*% to Total Revenues*
TMB	4,484	32.7%	5,253	31.7%	5,723	30.8%	[●]	[●]%
TDM	2,474	18.1%	3,050	18.4%	3,397	18.3%	[●]	[●]%
TAS	2,483	18.1%	2,965	17.9%	3,098	16.6%	[●]	[●]%
TCI	3.031	22.1%	3,757	22.7%	4,180	22.5%	[●]	[●]%
TMSS	1,223	9.0%	1,547	9.3%	2,196	11.8%	[●]	[●]%
Total	**13,695**	**100%**	**16,572**	**100%**	**18,594**	**100.0%**	[●]	**100%**

COMPETITION

Market Trends

Main competitors of TMBC are automotive dealers of brand new vehicles from other brands and other Toyota dealers. TMBC also competes with three-star workshops and to some extent, gasoline stations in offering after sales service.

Advantage over competitors

TMBC boasts of its financial strength and wide marketing network within the GT Capital group. Majority of the business are client referrals from MBT and PS Bank, which serve as financing partners of the company.

Moreover, TMBC enjoys the benefits of having a strong Toyota brand name, and the dominant position of Toyota in the Philippine automotive market.

CUSTOMERS

The customers of TMBC can be divided into retail and fleet customers. Retail or individual clients are normally comprised of walk-in clients, referrals from banks, and repeat customers.

For the year 2015, TMBC's retail customers comprise the following:

First time car buyers	31%
First time Toyota buyers	20%
Repeat Toyota buyers	24%
Repeat TMBC clients	24%
Total	100%

In addition to general consumer sales, fleet accounts consist of taxi companies and corporate accounts purchasing vehicles in bulk.

The table below shows the TMBC's customer statistics per dealer outlet, respectively.

Outlet	Six-month period ending June 30, 2016			
	Sales Volume to Fleet	*% to Total Sales Volume*	*Sales Volume to Retail*	*% to Total Sales Volume*
TMB	[●]	[●]%	[●]	[●]%
TDM	[●]	[●]%	[●]	[●]%
TAS	[●]	[●]%	[●]	[●]%
TCI	[●]	[●]%	[●]	[●]%
TMSS	[●]	[●]%	[●]	[●]%
TOTAL	[●]	[●]%	[●]	[●]%

Outlet	As of December 31, 2015			
	Sales Volume to Fleet	*% to Total Sales Volume*	*Sales Volume to Retail*	*% to Total Sales Volume*
TMB	1,303	7.0%	4,573	24.5%
TDM	418	2.2%	2,833	15.2%
TAS	835	4.5%	2,440	13.1%
TCI	797	4.3%	3,418	18.3%
TMSS	194	1.0%	1,830	9.8%
TOTAL	**3,547**	**19.0%**	**15,094**	**81.0%**

FINANCING TERMS

Customers are usually required to pay a 20% down payment, with the remaining balance payable in three to five years. They can either choose between bank financing or through GT Capital's financing arm, TFSPH. With a more aggressive "all-in" financing package and promotions from banks, financing the purchase of brand-new vehicles becomes accessible to a wide array of customers.

INNOVATION AND PROMOTION

Most advertisements of vehicles on mass media are conducted by TMP on behalf of the dealerships of Toyota. Also TMBC independently conducts campaigns such as displays at shopping malls and other commercial areas.

INTELLECTUAL PROPERTY

TMBC acquired the rights to use the "Toyota" brand names through the Toyota Dealership Agreement with TMP. If TMBC's annual performance can meet TMP's requirements, the dealership agreement is renewed every February of every year.

REGULATORY AND ENVIRONMENTAL MATTERS

The Philippine automotive industry is subject to various laws and government regulations. These regulations include environmental protection and conservation rules that regulate the levels of air, water, noise and solid waste pollution produced by automotive manufacturing activities of TMP. If TMP complies with these regulations by spending more costs, TMBC may be affected indirectly. With regards to its general operations as a business entity, TMBC is also subject to the general trade related laws and policies, enforced through the Department of Trade and Industry. Moreover, Toyota Manila Bay is also subject to the enacted Presidential Directives and Issuances, the most recent of which is the "Philippine Lemon Law", an act strengthening consumer protection in the purchase of brand new motor vehicles, approved in July 15, 2014.

EMPLOYEES

The following table provides a breakdown of TMBC's employees for the periods indicated.

	As of December 31			As of June 30
	2013	**2014**	**2015**	**2016**
Regular	597	650	684	**[●]**
Officers	42	45	49	**[●]**
Team Members	555	605	635	**[●]**
Probationary	14	36	46	**[●]**
Outside Contractors	504	475	532	**[●]**
Agency-contracted	247	269	303	**[●]**
Fixed term employee	257	206	229	**[●]**
TOTAL	**1,115**	**1,161**	**1,262**	**[●]**

PROPERTIES

The following table provides a breakdown of TMBC outlet's properties respectively as of June 30, 2016.

Outlet	Leased or Owned	Lot Area	Remarks
TMB	Leased	2, 976.8 sqm	Service Parking
		1, 174.0 sqm	Service Parking
		4, 662.0 sqm	Stockyard
		2, 988.0 sqm	Stockyard
		2, 516.0 sqm	Body and Paint Parking
		5, 000.0 sqm	Showroom and Service
	Owned	5, 000.0 sqm	Lot for the New Building
TDM	Owned	8,891.1 sqm	Stockyard and Service
		1,000.0 sqm	Showroom and Service
		1,000.0 sqm	Showroom and Service
		7,954.0 sqm	Brand New Stockyard
TAS	Leased	4,631.3 sqm	Showroom and Service
		1,802.2 sqm	Service and Stockyard

		4,000.0 sqm	Brand New Stockyard
TCI	Owned	3,542.0 sqm	Showroom and Service
		9,721.5 sqm	Service and Stockyard
TMSS	Leased	2,062.5 sqm	Showroom and Service
		408.0 sqm	Service Parking
		1,812.0 sqm	Brand New Unit Stockyard
	Owned	5,000.00 sqm	Lot for the New Building

LEGAL PROCEEDINGS

TMBC is not involved in any significant pending legal proceedings.

RECENT FINANCIAL PERFORMANCE

In the first six months of 2016 and for the year ended December 31, 2015, 2014 and 2013, TMBC registered a net income of ₱[●] million, ₱98.7 million, ₱81.4 million, and ₱1.63 million respectively; accounting for [●] %, 0.71%, 0.68%, and 0.99% of GT Capital’s net income for the said periods. For the financial highlights of TMBC, please refer to the section on Financial Information found elsewhere in the Prospectus.

BUSINESS - TFSPH

Overview

Toyota Financial Services Philippines Corporation was established on August 16, 2002 and started operations in October 2002. TFSPH became a joint-venture between GT Capital and Toyota Financial Services (TFS) Japan on September 2014 with the former acquiring 40% share of TFSPH from MBT and PSBank. Its principal office is located at 32nd Floor GT Tower International, Ayala Avenue Corner H.V. dela Costa Street, Makati City.

Principal Products or Services and their Markets indicating the Relative Contribution to Sales/Revenues

TFSPH's primary purpose is to engage in, carry on and undertake the general business of financing by extending credit facilities to (i) customers of Toyota vehicles dealers in the Philippines and (ii) commercial or industrial enterprise, including distributors and dealers, who are engaged in the distribution and sale of Toyota vehicles in the Philippines, through (a) purchasing, discounting, rediscounting or factoring commercial papers, account receivables or negotiable instruments, (b) inventory financing, (c) leasing, (d) sale-back arrangements, (e) hire purchase agreements, (f) direct lending with or without security, as well as to engage in quasi-banking operations approved by the Bangko Sentral ng Pilipinas on May 2008 and any other business of financing company that maybe directly or indirectly necessary, or useful for the accomplishment and furtherance of its primary purpose. TFSPH started its quasi-banking operations in April 2009.

Currently, TFSPH offers retail loans and finance lease to its individual and corporate clients for the acquisition of brand-new and/or certified pre-owned Toyota vehicles.

The table below shows the breakdown of the net interest income derived from lending/financing and other operating income (consisting of interest on deposits, service charges, fees, and gain or loss on sale of assets held for sale) and their respective contribution to total revenue for the last three years:

	Year ended December 31,						**Six-month period ended June 30, 2016**	
	2013		**2014**		**2015**			
Category	*Amount (PhP M)*	*% to Total Revenues*	*Amount (PhP M)*	*% to Total Revenues*	*Amount (PhP M)*	*% to Total Revenues*	*Amount (PhP M)*	*% to Total Revenues*
Interest Income (Retail Loans)	581.6	30.0%	604.2	23.4%	584.9	18.5%	[●]	[●]
Interest Income (Finance Lease)	1,242.9	64.0%	1,824.0	70.6%	2,436.0	76.8%	[●]	[●]
Other Income	116.2	6.0%	153.6	6.0%	149.7	4.7%	[●]	[●]

Distribution Methods of Products and Services

The table below sets out the geographic breakdown of units financed by TFSPH for the periods indicated.

	Year ended December 31,						**Six-month period ended June 30, 2016**	
Location	**2013**		**2014**		**2015**			
	Units	*%*	*Units*	*%*	*Units*	*%*	*Units*	*%*
Metro Manila	7,105	76.3%	10,741	70.4%	11,657	56.8%	[●]	[●]
Outside Metro Manila	2,208	23.7%	4,521	29.6%	8,849	43.2%	[●]	[●]
TOTAL	9,313	100.0%	15,262	100.0%	20,506	100.0%	[●]	[●]

TFSPH enters into Dealer Financing Agreement which provides for the financing terms and conditions. TFSPH, in collaboration with Toyota distributor, TMP, sets individual and dealer targets on auto sales financing thru TFSPH.

Competition

Geographic area in which the business competes

Please see **Distribution Methods of Products and Services.**

Principal methods of competition

TFSPH offers competitive interest rates and attractive financing products. TFSPH also focuses on efforts to significantly reduce loan processing time to enhance customer service, through the automation of processes. TFSPH continues to innovate products and services to make Toyota vehicle ownership more affordable to its customers by offering flexible payment terms.

Principal Competitors

Based on company data, the top six financing companies accounted for 90.2% of the total financed Toyota vehicles in 2015. TFSPH has the highest market share at 30.4% which is 9 percentage points higher than its closest competitor, PSBank at 21.0%. BDO and East West Bank have market shares of 15.7% and 11.5%, respectively.

Advantage over competitors

Products

- TFSPH is the only financing company that offers Finance Lease (Lease-to-Own) to retail customers where they can enjoy lower cash out lay – no chattel mortgage fees.
- TFSPH offers lower rates for Toyota Certified Used Vehicles compared to banks' used car rates in support of the Toyota Certified Used Vehicles program of TMP.

Relationship with Distributor (TMP) and Dealers

- TFSPH has joint sales programs with both TMP and dealers through exclusive promos and packages.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions, and Royalty Agreements Held

Corporate licenses issued by SEC and BSP (Quasi Bank) have no specific expiration date.

Government Approval of Principal Products or Services

TFSPH obtains approvals and permits from Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC), and other regulatory bodies and agencies, as applicable, prior to the offering of its products and services to the public.

Effect of Existing or Probable Government Regulations

Capital Adequacy

Under existing BSP regulations, the determination of the compliance with regulatory requirements and ratios is based on the amount of the "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies that differ from PFRS in some respects.

The risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00%. Qualifying capital and risk-weighted assets (RWA) are computed based on BSP regulations. RWA consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. TFSPH has complied with all externally imposed capital requirements throughout the year.

In December 2010, the Basel Committee for Banking Supervision published the Basel III framework (revised in June 2011) to strengthen global capital standards, with the aim of promoting a more resilient banking sector. On January 15, 2013, the BSP issued Circular No. 781, Basel III Implementing Guidelines on Minimum Capital Requirements, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.0% and Tier 1 capital ratios of 7.5%. It also introduced a capital conservation buffer of 2.5% comprised of CET1 capital. BSP existing requirement for Total CAR remained unchanged at 10% and these ratios shall be maintained at all times. Further, existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as capital upon the effectivity of Basel III. Capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals), and before the effectivity of BSP Circular No. 781 shall be recognized as qualifying capital until December 31, 2015. In addition to changes in minimum capital requirements, this Circular also requires various regulatory adjustments in the calculation of qualifying capital. TFSPH is required to comply with this Circular effective on January 1, 2014.

TFSPH has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

Applicable Tax Regulations

Under Philippine tax laws, TFSPH is subject to percentage and other taxes (presented as 'Taxes and licenses' in the statement of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax (GRT) and documentary stamp tax (DST). Income taxes include 30% regular corporate income tax (RCIT) and 20.00% final taxes paid, which is a final withholding tax on gross interest income from government securities and other deposit substitutes. Interest allowed as a deductible expense is reduced by an amount equivalent to 33% of interest income subjected to final tax.

Current tax regulations also provide for the ceiling on the amount of Entertainment, Amusement and Recreational (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulation, EAR expense, allowed as a deductible expense for a service company like TFSPH, is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. The regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against TFSPH's income tax liability and taxable income, respectively, over a three year period from the year of inception.

Research and Development Costs

For the last three fiscal years, TFSPH has not incurred any expenses for research and development.

Employees

The following table provides the breakdown of TFSPH employees for the periods indicated.

	As of the December 31,			As of June 30,
	2013	2014	2015	2016
Officers (AVPs and up)	10	10	13	
Officers (SM and down)	52	62	59	

Rank and File	113	107	119	
Outsourced Services	61	100	111	
Total	**236**	**279**	**302**	**[●]**

TFSPH continues to ensure that its employees are properly compensated. TFSPH has not experienced any labor strikes and the management of TFSPH considers its relations with its employees to be harmonious.

Risk Management

TFSPH has exposures to the following risks from its use of financial instruments: (a) credit; (b) liquidity; and (c) market risks.

Risk Management Framework

The BOD has overall responsibility for the oversight of TFSPH's risk management process. Supporting the BOD in this function are certain Board-level committees such as Corporate Governance Committee (CGC), Audit Committee (AC) and senior management committees through the Executive Committee, Asset and Liability Committee (ALCO) and Credit Committee (CRECOM).

Credit Risk

Credit risk is the risk of financial loss to TFSPH if counterparty to a financial instrument fails to meet its contractual obligations. TFSPH manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related groups of borrowers, for market segmentation, and industry concentrations, and by monitoring exposures in relation to such limits. The same is true for treasury-related activities. Each business unit is responsible for the quality of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular reviews and audits of business units and credit processes are undertaken by Internal Audit Department (IAD) and Risk Management Department (RMD).

Liquidity Risk

Liquidity risk is defined as the current and prospective risk to earnings or capital arising from TFSPH's inability to meet its obligations when they become due. TFSPH manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning. To ensure that funding requirements are met, TFSPH manages its liquidity risk by holding sufficient liquid assets of appropriate quality.

Market Risk

Market risk is the possibility of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market factors. ALCO is a decision-making body for the management of all related market risks. TFSPH enforces a set of risk limits to properly monitor and manage the market risks. The risk limits are approved by the BOD.

Recent Financial Performance

In the first six months of 2016 and for the years ended December 31, 2015, 2014 and 2013, TFSPH registered a net income of ₱ [●] million, ₱515.5 million, ₱398 million, and ₱436.7 million, respectively; accounting for [●] %, 1.5%, 0.3%, and nil of GT Capital's net income for the said periods. For the financial highlights of TFSPH, please refer to the section on Financial Information found elsewhere in the Prospectus.

BUSINESS – MBT

MBT is a universal bank based in the Philippines which provides, through itself and other members of the MBT Group, a full range of banking and other financial products and services including corporate, commercial and consumer banking products and services as well as credit card, investment banking and trust services.

As of December 31, 2015, the MBT Group was the second largest Philippine bank by asset size, with total assets of ₱1.8 trillion and capital of ₱193.8 billion, and the second largest Philippine bank in terms of net loans and receivables with an outstanding balance of ₱887.2 billion. MBT was also the third largest Philippine bank by total deposits with ₱1.3 trillion and controlled 13.4% of the Philippine banking system's total asset base as of December 31, 2015, according to the BSP's rankings.

The MBT Group offers corporate and commercial banking products and services, consumer banking products and services, trust banking services, credit card services, and investment banking services.

As of June 30, 2016, the MBT Group had a total of [●] branches in the Philippines, of which [●] were operated by MBT and [●] were operated by PSBank. The MBT Group had a total of [●] ATMs as of June 30, 2016. MBT's international operations consist of branches in Taipei, New York, Tokyo, Seoul, Pusan and Osaka, together with representative offices in Beijing and Hong Kong. MBT also has an extensive network of remittance centers in Asia, Europe and North America which has enabled it to become a leading provider of remittance services to OFWs.

MBT has been listed on the PSE since February 1981 after its initial public offering. Its market capitalization as of June 30, 2016 was ₱[●] billion. As of December 31, 2013, 2014, and 2015, and June 30, 2016, the MBT Group's Tier 1 and total capital adequacy ratios as reported to BSP were 15.0%, 12.1%, 14.3% and [●]%, and 16.7%, 16.0%, 17.8%, and [●]%, respectively. The MBT Group's Tier 1 and total capital adequacy ratios as of December 31, 2013 were calculated under the Basel II guidelines while its CET1 and capital adequacy ratios as of December 31, 2014 and 2015, and June 30, 2016 were calculated under the Basel III guidelines.

History

MBT was established on September 5, 1962 by a group of Filipino businessmen led by MBT Group Chairman, Dr. George S. K. Ty, principally to provide financial services to the Filipino-Chinese community. MBT has continuously sought to diversify its business and now provides a broad range of banking products and services to all sectors of the Philippine economy through an extensive domestic branch network and internationally through a network of foreign branches and representative offices.

MBT was one of the first banks in the Philippines to gain a universal banking license, which was granted by the BSP in August 1981. This license allows MBT to engage in finance-related businesses such as savings and consumer banking, credit card and leasing products and services as well as "non-allied undertakings".

Since the establishment of its first office in Manila, MBT's operations in the Philippines, and in particular its domestic branch network, have expanded organically and through a series of acquisitions and mergers, including its acquisition of PSBank in 1983. Increased expansion of MBT's domestic branch network occurred following a change in 1993 to the BSP's policy of restricting the opening of additional bank branches in the Philippines and the liberalization of the Philippine banking industry.

MBT's international network of foreign branches and representative offices has grown since the opening of its first international branch in Taipei in 1975. Such growth was principally in response to the increased volume of remittances by OFWs. As a result of the growth in MBT's international network, MBT has been able to augment its foreign exchange sources during periods of political instability in the Philippines in which access to foreign exchange has been otherwise limited.

Competitive Strengths

The MBT Group believes that it has certain key strengths that provide competitive advantages over many of its competitors, including, among others:

Top three player in the Philippines

As of December 31, 2015, the MBT Group was the second largest Philippine bank by asset size, with total assets of ₱1.8 trillion and capital of ₱193.8 billion, and the second largest Philippine bank in terms of net loans and receivables with outstanding balance of ₱187.2 billion. MBT was also the third largest Philippine bank by total deposits with ₱1.3 trillion and controlled approximately 13.4% of the Philippine banking system's total asset base as of December 31, 2015, according to the BSP. The consolidated net income attributable to equity holders of MBT for the years ended December 31, 2013, 2014, and 2015, and six months ended June 30, 2015 and 2016 amounted to ₱22.5 billion, ₱20.1 billion, ₱18.6 billion, ₱9.3, and ₱[●], respectively. MBT believes its financial strength contributes to its strong market position. MBT's strong financial condition gives the MBT Group flexibility to invest in new products, services, branches, information technology and other infrastructure required for the execution of its growth strategy.

Each of MBT's product segments is among the leaders in the Philippine banking industry.

Retail Banking - In retail banking, the MBT Group believes it has the largest car financing portfolio and the third largest housing portfolio based on internal and analyst estimates. In addition, it has the largest number of credit cards in force, through MBT Card Corporation ("MCC"), based on the March 2016 report of the Credit Card Association of the Philippines ("CCAP"), with over 1.5 million cards in force.

Trust Business - The MBT Group has the third largest trust business with assets under management ("AUM") of ₱357.0 billion based on publicly available reports submitted by Philippine banks to the BSP, as of December 31, 2015. MBT has been awarded Best Performing Government Securities Dealer from 2008 – 2011 by the Bureau of Treasury. In the trust banking space, MBT Trust was again recognized as the Top Fund Manager in the Philippines by the 2013 Towers Watson Survey in terms of Investment Performance of Retirement Funds. MBT ranked first under the All Trusteed Funds with at least five funds category. In addition, the MBT Group is also a leading provider of trade finance services to large corporates and middle market companies and one of the leading providers of remittance services.

Investment Banking - With ₱71.57 billion in total assets as of December 31, 2015, MBT's subsidiary, First Metro Investment Corporation, is the largest domestic investment bank. It is recognized as one of the Best Performing Government Securities Eligible Dealers by the Bureau of Treasury. In terms of market share, First Metro continues to dominate the Philippine bond market as it successfully participated in 93% of the total bond issuances in 2015, raising a total of ₱355 338 billion. First Metro is selected by *Global Finance* magazine as the Philippines' Best Investment Bank in 2016. This is First Metro's second successive recognition as the country's best investment bank after winning the same award from *Euromoney* in 2015, becoming the first local investment bank to win the award. In 2015, it was conferred its seventh consecutive Best Bond House, and its first Best Mergers & Acquisitions (M&A) win at the Triple A Country Awards of the Hong Kong-based finance publication *The Asset*. PSBank is a leading savings bank in the Philippines that focuses on attracting deposits from the general public. MBT co- operates with PSBank to help ensure wide market coverage for the MBT Group.

MBT believes that its strong positions across diverse product segments allow it to cross-promote each segment to its customers to increase revenues and the flexibility to invest in new products and services. MBT believes that its leading position across a wide range of product categories allows it to serve as a "one-stop" financial center for its customers.

Well diversified domestic network with strong deposit franchise

The MBT Group, through MBT and PSBank, operates one of the largest branch networks in the Philippines, with a total of [●] branches in the Philippines as of June 30, 2016. MBT believes its branch network is strategically located, both in Metro Manila and outside of Metro Manila, to take advantage of the economic growth throughout the country. In addition, the MBT Group's ATM network is the third largest in the Philippines, according to BSP statistics, with [●] ATMs as of June 30, 2016.

The MBT Group also derives significant synergies from the diversified MBT Group and affiliated franchises such as First Metro, the largest Philippine investment bank in terms of assets; MCC, the largest card issuer, with over 1.5 million cards in force, based on the March 2016 report of the CCAP; and AXA, which is among the top five life insurance providers in the country, based on total assets, posting ₱22.9 billion in gross written premiums for 2015, and is also one of the leading providers of variable life insurance, with an 12.1% market share in 2015, based on gross premiums, according to the Philippine Insurance Commission. MBT's scale of operations, together with the MBT Group's financial resources, allows the MBT Group to cross-sell a wide range of financial products and services to its existing customers, as well as potentially capture a broader range of new clients.

The MBT Group believes that it has a low cost of funding as compared to many of its key competitors. Through its extensive and strategically located branch network, the MBT Group is able to attract a large number of low cost depositors. Between December 31, 2013 to December 31, 2015, total deposits of the MBT Group increased from ₱1.0 trillion to ₱1.3 trillion, representing a compound annual growth rate of [●]%. In addition, the MBT Group believes that its strong brand name and perceived financial strength allows it to attract higher levels of deposits at lower rates than many of its competitors.. As of December 31, 2015, saving and demand deposits, which typically represent the lowest cost of funding for a bank, accounted for 56% of the MBT Group's total deposit base. In addition, the MBT Group has a low cost of deposits rate of 0.91% and a low cost of funds rate of 1.2%, which MBT believes are among the lowest in the Philippines.

Core SME, middle-market and consumer segments as key drivers of growth

The MBT Group maintains a balanced loan portfolio providing corporate and commercial banking products and services to a significant number of large and middle market corporations, as well as to SMEs, through a multi-channel distribution system, including its extensive branch network. Further, MBT and PSBank have focused on expanding their consumer banking business, principally through a directed marketing strategy, using their extensive domestic branch network and by direct sales channels.

The MBT Group has enjoyed strong loan portfolio growth over the past three years, with its total loan portfolio growing from ₱611.2 billion as of December 31, 2013 to ₱880.7 billion as of December 31, 2015, representing a compound annual growth rate of 20%. The MBT Group's loan portfolio consists mainly of corporate and commercial loans which comprised 72.5%, 74.7%,74.3%, 72.1%, and [●]% of the MBT Group's total loan portfolio for the years ended December 31, 2013, 2014, and 2015, and six months ended June 30, 2015 and 2016, respectively.

Given the attractiveness of the SME and middle-market segment, the MBT Group has, in the last year, increased its growth into such segment, which achieved a growth rate of 15.5% from the year ended December 31, 2014 to the year ended December 31, 2015. The SME and middle-market segment is characterized by its high profitability and relatively low risk, coupled with strong customer loyalty and cross-selling opportunities that would present further upside for the MBT Group.

The MBT Group continued to report double-digit growth in the residential mortgage and auto finance sectors of the MBT Group's consumer loan portfolio, which grew by 14.9% and 26.0%, respectively, from the year ended December 31, 2014 to the year ended December 31, 2015. The MBT Group maintains a balanced and diversified consumer loan portfolio, with home mortgage loans comprising 37.8%, auto loans comprising 41.9% and credit cards and other comprising 20.3%, of the MBT Group's total consumer loan portfolio as of December 31, 2015.

Industry leading and consistently expanding margins

The MBT Group's balanced mix of interest earning assets and low cost of funding have also bolstered the MBT Group's net interest margins which have consistently improved from 3.9% for the year ended December 31, 2013 to 3.7%, 3.54%, 3.55%, and [●]% for the years ended December 31, 2014 and 2015, and the six months ended June 30, 2015 and 2016, respectively. For the last three years, the MBT Group's reported net interest margins have been the highest among its peer domestic banks, according to publicly filed financial statements of Philippine banks.

Superior asset quality

The MBT Group has benefitted from its prudent credit and risk management framework and policies as well as conservative lending practices, as it continues to maintain its superior asset quality with NPL ratios of 1.3%, 1.0%, 0.99%, 1.2%, and [●]%, for the years ended December 31, 2013, 2014, and 2015, and the six months ended June 30, 2015 and 2016. The MBT Group's NPL ratio for the year ended December 31, 2015 was the lowest among the "Big 3" banks (i.e., MBT, BDO Unibank and Bank of the Philippine Islands) as of December 31, 2015, according to publicly filed financial statements. The MBT Group believes that its NPLs have stayed within reasonable levels, at ₱7.8 billion as of December 31, 2013, ₱7.8 billion as of December 31, 2014, ₱8.7 billion as of December 31, 2015, and ₱[●] billion as of June 30, 2016. With its enhanced NPA management, restructuring and ROPA disposals, the MBT Group had an NPA ratio of 1.8%, 1.3%, 1.2%, and [●]% as of December 31, 2013, 2014, and 2015, and June 30, 2016, respectively. The MBT Group's NPA ratio as of December 31, 2015 is the lowest among the "Big 3" banks and below the industry average of 1.6% as of December 31, 2015.

Strong and experienced board of directors and management team

The MBT Group has assembled a strong management team, led by Dr. George S.K. Ty, the founder of MBT. Dr. Ty and MBT's senior executive officers (consisting of those officers at the executive vice-president level and above) have, on average, over 30 years of experience in the banking sector and with a proven track record in the fields of banking and finance. The board of directors has a strong independent element, with five of its 12 members being independent Directors, and only three Directors related to the Ty Family. MBT believes that its management's extensive experience and financial acumen provide the MBT Group with a significant competitive advantage.

Strategies

MBT seeks to build on its recent successes by implementing a medium-term strategy focused on (a) rebalancing its loan portfolio to support its retail strategy, (b) prudently managing its treasury asset portfolio to maximize capital efficiency and return on capital, (c) continuing to generate low-cost funding through the strategic expansion of its branch and ATM networks, (d) expanding its suite of products and services in the retail and wealth management segments; and (e) ensuring prudent credit risk expansion through rigorous risk management practices.

Rebalance loan portfolio to support retail strategy

As of December 31, 2015, the MBT Group had a [●]% market share of consumer loans in the Philippine banking system, which represented 25.7% of the MBT Group's total loan portfolio.

Despite having the largest car financing portfolio, and the third largest housing portfolio in the Philippines as of December 31, 2015, the MBT Group believes that there is still a significant opportunity for it to penetrate the retail loan segment, which it expects to have strong growth potential and loan appetite. To support its retail strategy, the MBT Group plans to provide more consumer loans in terms of home mortgage, auto and credit card loans.

It also intends to rebalance its corporate loan portfolio which represented 74.3% of its total loan portfolio as of December 31, 2015, by providing more loans to the SME and middle-market segment. The MBT Group believes that loans provided to this segment has high growth rates, offer greater interest spreads, and present relatively less credit risks via collateralization, as compared to top corporate loans, which are typically unsecured in nature.

Providing more consumer, SME and middle-market loans would allow the MBT Group to increase its customer base in these selected segments and allow it to cross-sell other products and services

Manage treasury assets and accrual income

Through its Treasury Group, MBT would prudently manage its treasury asset portfolio to maximize capital efficiency and return on capital. Apart from managing its domestic liquidity and funding position, it would also seek to optimize profits from its proprietary trading portfolio in domestic debt, domestic equity and foreign currency assets, as well as aim to maximize non-volatile and passive income streams from its proprietary trading portfolio and treasury operations for its customers. More recently, MBT has been focusing on rebalancing its securities portfolio, to reduce its exposure to market risk by increasing its proportion of HTM securities, providing accrual income.

Continue to generate low-cost funding through strategic coverage expansion

MBT believes that its extensive branch and ATM networks enable it to access a large number of retail customers. As of June 30, 2016, MBT has a total of [●] branches nationwide, with [●] in Metro Manila, while PSBank has a total of [●] branches nationwide, with [●] in Metro Manila. Further, MBT and PSBank, collectively, have a total of [●] ATMs nationwide, with [●] installed in MBT's and PSBank's branches and [●] in off-site locations.

MBT intends to strategically expand its large and diversified branch network strategically in both Metro Manila and provincial areas outside Metro Manila. MBT believes that there is a greater need for additional branches in provincial areas outside Metro Manila as these areas have traditionally been underserved by the leading Philippine banks. With the recent relaxation of the rules relating to branch licenses in Metro Manila, MBT intends to expand its coverage in the Metro Manila area where it believes it still has significant opportunity to grow. This would allow MBT to focus on its low-cost deposit growth and be best positioned to safeguard its margins.

Expand product suite in retail and wealth management

MBT, also via PSBank, currently offers a wide range of consumer deposit, mortgage and vehicle finance products and services, targeted primarily at its existing customers. MBT intends to introduce new products and services to its existing customers and attract new customers. It intends to focus on providing consumer financing solutions, remittance, foreign exchange, insurance and investment products and services, which would target both the retail and wealth management segments.

Concurrently, MBT intends to deploy more sales officers in its branches to introduce the existing and new products and services to customers, driving higher transaction volume. This would further promote cross-selling of MBT's financial products and services, increasing its customers' wallet share. Ultimately, this would help to increase the loyalty of its retail and high net worth individual customers, and create new sustainable revenue streams to bolster MBT's fee income.

Ensure prudent credit expansion

With increasingly strict corporate governance requirements and compliance targets under Basel III, MBT aims to promote continued focus on credit excellence, detailed attention on market and operational risks, and account for other important risks. It will continue to apply rigorous risk management practices that are supported by high-quality information systems and risk management tools.

Principal Business Activities

The MBT Group's principal areas of business are corporate banking, commercial and SME banking, consumer banking, treasury, investment banking, and branch banking.. The following table sets out the amounts and percentages of revenue net of interest expense generated by each of these businesses in the years ended December 31, 2013, 2014, and 2015, and the six months ended June 30, 2015 and 2016:

Amounts in ₱ millions

	For the year ended December 31,						For the six-month period ended June 30,			
	2015		2014		2013		2016		2015	
Corporate, commercial and SME Banking	12,133	18.0%	8,213	11.0%	4,367	5.5%			3,762	10.9%
Consumer banking	15,021	22.3%	13,861	18.5%	11,639	14.8%			7,241	21.0%
Branch banking	20,478	30.4%	25,746	34.4%	26,083	33.1%			14,514	42.0%
Treasury	11,744	17.4%	9,343	12.5%	18,579	23.5%			4,960	14.3%
Investment banking	687	1.0%	572	0.7%	687	0.9%			391	1.1%
Others[(1)]	7,339	10.9%	17,159	22.9%	17,569	22.2%			3,695	10.7%
Total Revenue[(2)]	67,402	100.0%	74,894	100.0%	78,924	100.0%			34,563	100.0%

Notes:
(1) Others include remittances, leasing, account financing and other support services.
(2) Total revenue consists of net interest income before provision for credit losses, service charges, fees and commissions, leasing and rental income, profit on assets sold or exchanged, recovery on written-off assets and other miscellaneous income.

The MBT Group's core businesses are its corporate and commercial banking and consumer banking businesses. The following table sets out the gross amounts and percentages of loans made by these businesses as of December 31, 2013, 2014, and 2015, and the six months ended June 30, 2015 and 2016:

	For the year ended December 31,						For the six-month period ended June 30,			
	2015		2014		2013		2016		2015	
Corporate loans[(1)]	568,052	64.5%	489,230	64.5%	373,769	61.2%			455,542	61.8%
Commercial loans[(2)]	86,308	9.8%	77,363	10.2%	69,303	11.3%			75,922	10.3%
Consumer loans	226,336	25.7%	192,299	25.3%	168,147	27.5%			205,801	27.9%
Total Loans	880,697	100.0%	758,892	100.0%	611,219	100.0%			737,247	100.0%

Notes:
(1) Loans made to large Philippine corporations, generally with total assets of more than ₱100 million.
(2) Loans made to micro industries and SMEs generally with total assets of ₱100 million and below.

Corporate, Commercial and SME banking

The MBT Group provides corporate and commercial banking products and services to a significant number of large and middle market corporations and their subsidiaries, as well as to SMEs in the Philippines, through a multi-channel distribution system, including its extensive branch network.

Corporate banking

The MBT Group offers a wide range of products and services to its corporate customers including term loans, revolving credit lines, foreign currency loans, infrastructure loans, trade finance and cash management products and services. It also provides omnibus credit lines for its large corporate customers, allowing customers to use such lines for short-term loans, trade financing or other forms of credit.

MBT has also obtained accreditation from various multinational export credit agencies and multilateral agencies to provide corporate clients with additional sources of medium- to long-term funding to finance imports of capital goods and equipment at fixed and floating rates for longer tenors.

MBT has also directed its efforts toward increasing low-cost deposits, representing demand and regular savings deposits, from its corporate banking clients. MBT believes it is a major depository bank for many of its corporate banking customers.

Commercial and SME banking

The MBT Group provides a wide range of banking products and services to its commercial middle-market customers. MBT classifies all customers engaged in business, other than corporate customers handled by its head office, as commercial banking customers. The Branch Lending Group was created in September 2006 to centralize efforts in the middle-market segment and offers both Peso-denominated and foreign currency loans to its commercial customers.

MBT has also directed its efforts towards increasing low-cost demand and savings deposits from commercial clients by increasing its market share of deposits for existing prime accounts and acquisition of new accounts.

Consumer banking

The MBT Group provides consumer banking services through MBT, PSBank and MCC. The MBT Group's principal consumer banking products and services include bank deposits, home mortgage loans, vehicle finance and consumer finance, including credit cards through MCC. Consumer loan applications are generally reviewed and pre-screened at the branches, as the MBT Group's primary distribution channel. Thereafter, applications are endorsed to the appropriate processing units for evaluation and approval.

The following table sets out consumer loans to individuals as of the date indicated:

(P billions)	**Group**	**MBT**	**PSBank**	**MCC**
December 31, 2013	153.6	47.0	71.0	32.6
December 31, 2014	179.7	52.8	84.5	38.8
December 31, 2015	211.9	61.0	104.0	42.4
June 30, 2016	[●]	[●]	[●]	[●]

While the operations of MBT are largely run separately from those of PSBank, the two banks co-operate to ensure wider market coverage for the MBT Group. MBT focuses on its own customer base, while PSBank targets the general public. Since 1981, when MBT acquired PSBank, MBT conducted a substantial proportion of its small personal deposit-taking and lending business for home purchases and vehicle finance through PSBank. In order to market consumer banking products and services to its own customer base more effectively, MBT established its own Consumer Lending Group in 1996.

Philippine Savings Bank

The MBT Group offers a range of retail and consumer banking products and services through PSBank, a subsidiary which is managed and operated independently of MBT. PSBank is a savings bank authorized by the BSP to engage in savings and mortgage banking in the Philippines. PSBank was listed on October 4, 1994 and became the first publicly listed savings bank in the Philippines and, as of December 31, 2015, [was the second largest savings bank in the country in terms of total deposits and total assets according to BSP data].

PSBank offers a wide range of products and services primarily to the consumer market, principally to individuals, but also to SMEs in the form of support services such as vehicle financing. As of December 31, 2013, 2014, and 2015 and June 30, 2016, PSBank had total assets of ₱130.0 billion, ₱145.7 billion, ₱169.3 billion, and ₱[●] billion, respectively, total deposits of ₱106.5 billion, ₱116.5 billion, ₱134.3 billion, and ₱[●] billion, respectively, and a total loans and receivables of ₱82.9 billion, ₱95.8 billion, ₱113.9 billion, and ₱[●] billion, respectively. PSBank's net income in 2013, 2014, 2015 and for the six months ended June 30, 2015 and 2016, was ₱2.9 billion, ₱2.3 billion, ₱2.4 billion, ₱1.1 billion, and ₱[●] billion, respectively.

PSBank's branch network is operated separately from MBT's domestic network. However, to take advantage of MBT's brand recognition, PSBank also includes the phrase "MBT Group" in its logo. As of June 30, 2016, PSBank had a total of [●] branches, [●] of which were located in Metro Manila. ATMs are installed in PSBank's branches, as well as a number of off-site locations. PSBank, like MBT, is a member of BancNet, a consortium of [100] banks whose ATMs have been pooled for the common use of their respective customers.

PSBank offers a wide range of consumer banking products and services to its customers. Its deposit products and services include a number of demand, savings and time deposit accounts, denominated in Peso, U.S. Dollars and Euros. PSBank's range of consumer loan products includes loans for vehicle financing, home loans and personal loans. Home loans and vehicle financing contribute the majority to PSBank's loan portfolio. Personal loans are marketed to employees of MBT's corporate customers. PSBank's personal loans are offered either on the basis of payments being made directly by the borrower or, for employees of participating companies, by deduction of payments directly from the borrower's salary. Personal loans carry relatively higher interest rates, primarily due to the greater risk and higher operating and administrative expenses associated with these loans. Other services offered by PSBank include trust services, payment collection services, payroll services, and other consumer banking services. PSBank also offers certain products to a limited number of corporate banking customers.

PSBank undertakes a different customer acquisition strategy and has a different customer profile to that of MBT. PSBank's customer acquisition strategy involves sourcing new customers from various retail segments and through various sales channels. Auxiliary to new customer acquisition, additional business is also sourced via direct marketing, whereby MBT principally cross sells to its existing customers. MBT and PSBank focus on different customer segments and discourage cannibalization of each other's markets while co-operating to ensure wider market coverage. The average size of PSBank's deposits and loans is smaller than that of MBT, reflecting PSBank's focus on the broad mass market segment of the consumer banking market.

PSBank's principal source of funding is deposits from the general public. As of December 31, 2013, 2014 and 2015, and June 30, 2016, PSBank's total deposits represented 10.5%, 9.8%, 10.7%, and [●]% of the MBT Group's total deposits, respectively. As of December 31, 2013, 2014 and 2015, and June 30, 2016, PSBank had total loans and receivables of ₱82.9 billion, ₱95.8 billion, ₱113.9 billion, and ₱[●] billion, respectively, representing 13.6%, 12.6%, 12.8%, and [●]% of the MBT Group's total loan portfolio.

As of December 31, 2013, 2014 and 2015, home mortgage, vehicle finance and personal loans represented 84.0%, 85.7% and 90.0% of PSBank's total loan portfolio, respectively.

As of December 31, 2013, 2014 and 2015, and June 30, 2016, PSBank's total NPLs represented 3.7%, 3.8%, [●]%, and [●]% of its total loan portfolio.

PSBank's Tier 1 capital adequacy ratio and total capital adequacy ratio as reported to the BSP were at [●]% and [●]%, as of June 30, 2016, 12.4% and 18.0%, as of December 31, 2015 compared with 13.3% and 19.6%, as of December 31, 2014, respectively, and 13.8% and 16.9% as of December 31, 2013. As of June 30, 2016, PSBank had a market capitalization of ₱[●] billion.

MBT Card Corporation

MCC (formerly Unibancard Corporation), was incorporated on August 6, 1985. It is one of the pioneers in the credit card industry. MCC was created in June 2002 as the result of the three-way merger of the credit card operations of Unicard, AB Card Corporation and Solidcard Products Corporation. In October 2003, MBT went into a credit card joint venture with Australia New Zealand Banking Group Ltd. ("ANZ"). ANZ Funds Pty Ltd., a wholly owned subsidiary of ANZ, acquired 40% equity in MCC, while MBT holds 60%. The entry of ANZ into MCC provides MCC access to the technology platform and innovations needed for a more effective broadening of its card business.

MCC aims to be the leading payment solutions provider in the Philippines. It is dedicated to its customers, committed to its people and their development, steadfast in fulfilling its responsibility to the community, and consistent in delivering maximized shareholders' value.

MCC posted a ₱2.7 billion net profit after tax in 2015, which is 5.5% higher than the prior year. MCC also grew its customer base to over 1.5 million cards-in-force which yielded a [●]% growth in billings and [●]% growth in receivables. According to the Credit Card Association of the Philippines, in 2015, MCC maintained its 2014 industry rankings of 1st in terms of card base and 2nd ranking in receivables.

MCC continued to dominate in the premium card segment with sustained premium perks for the MBT Platinum MasterCard and MBT World MasterCard in partnership with premier restaurant and entertainment partners. MCC was recognized as having the Best Credit Card Product by the Asian Banker in 2015.

Customers' purchasing power continued to be enhanced with strategic rewards tie-ups with key merchant partners, 0% instalment promotions, as well as the sustained availability of Cash2Go and Balance Transfer.

Even with its growth in card billings and receivables, MCC maintained its asset quality with a [4.77]% past due rate, better than the industry average of [4.91]%. MCC continues to be an industry leader in portfolio management and proactive credit and collections strategies. Meanwhile, its merchant acquiring business line registered ₱[●] billion in billings in 2015, representing a [●]% increase from ₱[●] billion in 2014. [MCC maintained its 2nd ranking in the acquiring business.] With an expected booming economy and healthy consumer spending in 2015, MCC will strive to continue providing its customers better products, bigger rewards, and enhanced customer experiences to increase its market share as it looks forward to achieving more milestones.

Branch banking

MBT's branch banking business offers a wide range of products and services from demand deposit accounts, savings and time deposits to lending facilities. In addition, dedicated trade finance and foreign exchange facilities are offered at certain branches where such services may be required. The branch banking business is different from the consumer banking group in that branch banking focuses primarily on deposit taking, branch related fee-based services and branch-based consumer lending (both home and auto), while consumer banking focuses both on individual depositors for their car and home loan needs as well as on corporate clients which require car fleet financing and large scale home developers.

The MBT Group, through MBT and PSBank, operates a total of [●] ATMs as of June 30, 2016. MBT is expanding the availability of its ATMs at its branches and off-site, principally in shopping malls and large factories. MBT has upgraded its ATM infrastructure to be EMV compliant.

Treasury

MBT's Treasury Group is focused on servicing customer requirements through the sales and trading of global markets products as well as providing support for the core banking business through asset and liability management. MBT's Treasury Group derives its revenue primarily from fixed income, foreign exchange, derivatives and interest rate differential activities. The customers of MBT's Treasury Group include domestic and offshore banks, insurance companies, financial institutions, corporations, SMEs, high net worth individuals and retail companies.

Through its treasury operations, MBT manages its required regulatory reserves and investment portfolio with a view to maximizing efficiency and return on capital. MBT also seeks to optimize profits from its trading portfolio by taking advantage of market opportunities.

Investment banking

The MBT Group's investment banking activities are principally undertaken through First Metro Investment Corporation, a majority-owned subsidiary of MBT.

First Metro, incorporated in 1972, is a leading investment bank in the Philippines with over 50 years of service in the development of the country's capital markets. Together with its subsidiaries – First Metro Securities Brokerage Corporation ("FMSBC") and First Metro Asset Management, Inc. ("FAMI"). First Metro offers a wide range of services, from debt and equity underwriting, loan syndication, project finance, financial advisory, investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research.

On October 12, 2012, First Metro filed a disclosure with the PSE stating its intention to voluntarily delist its shares and buy back all of its publicly-owned shares via a tender offer following the decision of its board of directors to operate as a non-listed entity. The delisting of the Company's shares from the Official Registry of the Exchange was subsequently approved by the PSE effective December 21, 2012. As a result of First Metro's buyback of its own shares, Metrobank's ownership in First Metro increased from 98.06% to 99.23% and 99.21% as of December 31, 2013 and 2012, respectively.

First Metro garnered the following significant awards and recognitions from different institutions:

- Best Investment Bank in the Philippines in 2016 – *Global Finance*
- Best Investment Bank in the Philippines in 2015- *Euromoney*
- Top 10 Best Managed Companies in the Philippines and Top 10 Best Investor Relations in the Philippines in 2013 – *FinanceAsia*
- Top 100 ASEAN Companies based on Relative Wealth Added Index in 2009 – *Stern Stewart & Co.*
- Best Investment Bank, Best Equity House, and Best Domestic Bond House in 2013 – *Global Banking & Finance Review*
- Best Bond House in the Philippines in 2005, 2006, 2009, 2011, 2013, and 2014 – *FinanceAsia Country Awards for Achievement*
- Best Equity House in the Philippines in 2012 – *FinanceAsia Country Awards for Achievement*
- Best Investment Bank in 2005 – *FinanceAsia Country Awards for Achievement*
- Best Primary Bank for Corporate Bonds, Investors' Vote Philippines in 2013 – *The Asset Benchmark Research*
- Top Bank Arranger, Investor's Choice for Primary Issues in Asian Currency Bonds, Corporate Bonds and Government Bonds, Philippines in 2015 – *The Asset Benchmark Research*
- Top Bank in Secondary Market, Corporate Bonds and Government Bonds, Philippines in 2015 – *The Asset Benchmark Research*
- Best Domestic Investment Bank in 2002 and 2005 – *The Asset Triple A Country Awards*
- Best Domestic Bond House in 2004, 2009, 2010, 2011, 2012, 2013, 2014, and 2015 - *The Asset Triple A Country Awards*
- Best Mergers & Acquisitions House in the Philippines in 2015 – *The Asset Triple A Country Awards*
- Cesar E.A. Virata Award for Best Securities House (Investment Bank Category) in 2011, 2012, 2013, and 2014 – *PDS Group*
- One of the Ten Best Performing Government Securities Eligible Dealers in 2007, 2008, 2013, 2014, and 2015 – *Bureau of the Treasury*

First Metro's total assets amounted to ₱82.8 billion, ₱69.9 billion, ₱71.6 billion, and ₱[●] billion as of December 31, 2013, 2014 and 2015, and June 30, 2016, respectively. First Metro's total assets as of December 31, 2015 were 2% higher than as of December 31, 2014, and capital rose by 1% , which translates into a capital adequacy ratio of 38.26%. In 2013, 2014 and 2015, First Metro's net income was ₱11.6 billion, ₱2.4 billion and ₱401 million, respectively. For the six months ended June 30, 2015 and 2016, First Metro's net income was ₱578 million and ₱[●] billion, respectively. Year-on-year return on equity in June 30, 2016 was [●]%. As of June 30, 2016, First Metro had [●] employees.

Domestic And International Branch Network

Domestic Branch Network
As of June 30, 2016, the MBT Group had a total domestic branch network of [●] branches, comprising [●] branches of MBT and [●] branches of PSBank. MBT will continue to look to open new branches in order to maintain its market share. MBT's new branches are expected to be both in Metro Manila and outside of Metro Manila, in specific areas where MBT believes there is the greatest need for additional banking services.

The following table illustrates the reach of MBT and PSBank's network in recent years and sets forth the number of domestic branches as of December 31, 2013, 2014 and 2015, and June 30, 2016:

	As of December 31,			As of June 30	
	2013	**2014**	**2015**	**2015**	**2016**
Total MBT	632	675		697	
Total PSBank	224	245		248	
Total Group branches	856	920		945	

International Branch Network
MBT has a network of six strategically located branches outside of the Philippines, which, together with its representative offices, subsidiaries, and a network of correspondent banks, complements the domestic activities of the MBT Group. MBT's network outside the Philippines can be summarized as follows:

Network	Location
Branches	Taipei, New York, Seoul, Busan, Tokyo, Osaka
Representative Offices	Hong Kong, Beijing
Subsidiaries	Metropolitan Bank (China) Ltd. Metro Remittance (Hong Kong) Limited First Metro International Investment Company Limited and Subsidiary Metro Remittance Center, Inc. and Subsidiaries (Canada, USA, Bahamas, UK, Singapore, Japan)

Information Technology

The MBT Group's strategy for providing better customer service, improving operations management and enhancing operating efficiency is dependent upon its IT systems. The MBT Group generally uses off-the-shelf hardware and software to create complex applications and infrastructure for its operations. This modular approach allows the MBT Group to modify its systems to address changing needs and incorporate new technology as necessary. This approach also allows the MBT Group to make modifications and upgrades more cost effectively than if it employed a wholly-proprietary systems architecture.

The MBT Group continues to undertake initiatives to combine, to the extent permitted by BSP regulations, the operating platforms of entities within the MBT Group, to develop common service systems and otherwise upgrade its centralized computing equipment, which now services all online requirements of MBT's branches, MBT's 24-hour point-of-sale facilities, MBT's ATM operations, PSBank's online system and MBT Card Corporation's credit card processing system.

Internal Audit

MBT's Internal Audit Group ("IAG") provides independent objective assurance and consulting services designed to add value and improve MBT's operations. IAG helps in achieving MBT's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes, including the IT systems and applications. It is independent from the operating units and reports directly to the Board through the Audit Committee, chaired and co-chaired by independent directors.

IAG's scope of work ensures that: risks are appropriately identified and managed; interaction with the various governance groups occurs as needed; significant financial managerial and operating information is accurate, reliable, and timely; employees' actions are in compliance with MBT's code of conduct, policies, standards, procedures and applicable laws and regulations; resources are acquired economically, used efficiently and adequately protected; programs, plans, and objectives are achieved; quality and continuous improvement are fostered in MBT's control process; and significant legislative or regulatory issues impacting MBT are recognized and addressed properly. The internal audit activity is performed in accordance with the International Standards for the Professional Practice of Internal Auditing ("ISPPIA") and the Code of Ethics.

Insurance

The MBT Group's policy is to adequately insure all of its properties against fire and other usual risks. The MBT Group also maintains insurance for operational risks such as the loss of cash or securities through loss or theft, both through a program of self-insurance and by obtaining insurance from third party providers. The MBT Group does not have business interruption insurance covering loss of revenues in the event that its operations are affected by unexpected events. The MBT Group also has a policy of requiring appropriate insurance coverage for any collateral provided by its customers.
The MBT Group's insurance policies are subject to exclusions which are customary for insurance policies of the type held by MBT, including those exclusions which relate to war and terrorism-related events. The MBT Group believes that its insurance policies are appropriate for its business.

Employees

As of June 30, 2016, MBT had a total of [●] employees (excluding MBT's foreign branches), of which [●] were engaged in a professional management capacity and classified as bank officers, and [●] were classified as staff members.

All of MBT's regular rank and file employees, other than those expressly excluded under the collective bargaining agreement, are represented by a union affiliated with the Associated Labor Union – Trade Union Congress of the Philippines. In the fourth quarter of 2015, MBT successfully concluded a new Collective Bargaining Agreement for the years 2016 to 2018. MBT's management believes it has a good relationship with its staff.

The following table provides the total employee headcount for MBT (excluding MBT's foreign branches), as of June 30, 2016:

	No. of Employees
Senior Officers	[●]
Junior Officers	[●]
General Staff	[●]
Total Headcount	[●]

Properties

MBT's head office is located at MBT Plaza, Sen. Gil J. Puyat Avenue, 1200 Makati City. MBT owns the premises occupied by its head office, including most of its branches.

MBT holds clean titles to its properties except for one branch. MBT also lease premises occupied by the rest of its branches. Generally, lease contracts are for periods ranging from one year to 25 years and are renewable under certain terms and conditions.

Currently, MBT has no plans for property acquisition, except where feasible, MBT may explore properties to set up branches to improve its network coverage.

Intellectual Property

The MBT Group has applied to the Intellectual Property Philippines Office in Makati City for, and received, intellectual property protection for all of its major brand names and trademarks, such as "MBT", the MBT logo, the tagline "You're in Good Hands" and the names of MBT's major products and services, such as MetroHome and MetroCar, various e-banking channels and various remittance services. The MBT Group has not been the subject of any disputes relating to its intellectual property rights.

Legal Proceedings

On October 17, 2011, a consortium of eight banks (including MBT) filed a Petition for Certiorari, Prohibition and/or Mandamus (with Urgent Application for a Temporary Restraining Order ("TRO") and/or Writ of Preliminary Injunction) with the Supreme Court ("SC") against the Government, the BIR and its Commissioner, the Department of Finance and its Secretary, the Bureau of Treasury and the National Treasurer (the "Respondents"), asking the SC to annul BIR Ruling No. 370-2011 which imposes a 20% final withholding tax on the 10-year Zero-Coupon Government Bonds (also known as the PEACe bonds) that matured on October 18, 2011 and command the respondents to pay the full amount of the face value of the PEACe Bonds. On October 18, 2011, the SC issued the TRO enjoining the implementation of the said BIR ruling on the condition that the 20% final withholding tax be withheld by the petitioner banks and placed in escrow pending resolution of the Petition. However, to date, the respondents have not complied with the said TRO, i.e., they have not credited the banks' escrow accounts with the amount corresponding to the questioned 20% final tax. The case is still pending resolution with the SC.

[As of June 30, 2016, the MBT Group was a party to various unresolved legal proceedings which arise in the ordinary course of its operations, including several suits and claims relating to the MBT Group's lending operations. In the opinion of MBT's management if such unresolved legal proceedings are decided adversely, they will not have a material adverse effect on the MBT Group or its consolidated financial condition.]

Regulatory Matters

The earnings of banks are affected not only by general economic conditions, but also by the policies of various governmental and regulatory authorities in the country and abroad.

Republic Act No. 7653 or the New Central Bank Act of 1993 (Republic Act No. 7653) and Republic Act No. 8791 or the General Banking Law vest the Monetary Board of the *Bangko Sentral ng Pilipinas* ("BSP") with the power to regulate and supervise financial intermediaries in the Philippines.

The establishment and operation of banking institution in the Philippines is governed by the General Banking Act. The BSP acting through the Monetary Board, exercises overall supervision of, and regulates the industry. The

BSP's Manual of Regulations for Banks ("MORB") is the principal source of rules and regulations for the operation of banks in the Philippines.

Under the General Banking Act, the Monetary Board of the BSP is responsible for regulating and supervising financial intermediaries. The implementation and enforcement of the BSP regulations is primarily the responsibility of the supervision and examination sector of the BSP.

The General Banking Act was revised in 2000. The revisions allow (1) the issuance of tier 2 capital and its inclusion in the capital ratio computation, and (2) the 100% acquisition of a local bank by a foreign bank. The second item removes the advantage of a local bank over a foreign bank in the area of branching.

In 2005, the BSP issued Circular No. 494 covering the guidelines in adopting the provision of Philippine Financial Reporting Standards ("PFRS") and Philippine Accounting Standards ("PAS") effective the annual financial reporting period beginning January 1, 2005. These new accounting standards aim to promote fairness, transparency and accuracy in financial reporting.

In July 2007, the risk-based Capital Adequacy Ratio ("CAR") under the Basel II accord, which assigns risk weights for credit, market and operational risks, was implemented by the BSP through BSP Circular No. 538. The circular, which covers all universal and commercial banks including their subsidiary banks and quasi-banks, also maintained the 10% minimum capital adequacy ratio for both solo and consolidated basis. Subsequently, the Internal Capital Adequacy Assessment Process guidelines were issued in 2009 for adoption by January 2011.

The BSP Monetary Board approved major revisions to the country‘s risk-based capital adequacy framework on July 1, 2007, to align the current framework with the Basel II standards as issued by the Basel Committee on Banking Supervision ("BCBS"), which is an international committee of banking supervisory authorities. Basel II standards make regulatory capital requirements more risk sensitive and reflective of all, or at least most, of the risks financial institutions are exposed to. In terms of minimum capital requirements, Basel II standards include the addition of specific capital requirements for credit derivatives, securitization exposures, counterparty risk in the trading book, and operational risk.

In December 2010, a new update to the Basel Accords, known as Basel III, was issued by the BCBS containing new standards that modify the structure of regulatory capital. The Basel III regulations include tighter definitions of Tier 1 capital and Tier 2 capital, the introduction of a leverage ratio, changes in the risk weighting of counterparty credit risk, a framework for counter-cyclical capital buffers, and short and medium-term quantitative liquidity ratios. The revised standards also distinguish further (i) Tier 1 capital, which is also referred to as Going-Concern Capital, and is composed of Common Equity and Additional Tier 1 capital; and (ii) Tier 2 capital, which is also referred to as Gone-Concern capital and establish new eligibility criteria for such capital instruments previously not implemented in regulatory capital instruments.

To align with the international standards, the BSP adopted part of the Basel Committee's eligibility criteria to determine eligibility of capital instruments to be issued by Philippine banks and quasi-banks as Hybrid Tier 1 capital and Tier 2 with the issuance of BSP Circular No. 709 effective January 1, 2011.

In January 2012, the BSP announced that the country‘s universal and commercial banks, including their subsidiary banks and quasi-banks, will be required to adopt in full the capital adequacy standards under Basel III with effect from January 1, 2014. This thus allowed local banks one full year for a parallel run of the old and new guidelines prior to the effectiveness of the new standards in 2014, marking an accelerated implementation compared to the Basel Committee's staggered timeline that stretches from January 2013 to January 2017. On December 26, 2012, the BSP issued the implementing guidelines for the adoption on January 1, 2014 of the revised capital standards under the Basel III accord for universal and commercial banks.

The guidelines set new regulatory ratios for banks to meet specific minimum thresholds for Common Equity Tier 1 ("CET1") capital and Tier 1 ("T1") capital in addition to the Capital Adequacy Ratio ("CAR"). The BSP maintained the minimum CAR at 10.0% and set a minimum CET1 ratio of 6.0% and a minimum T1 ratio of 7.5%. The new guidelines also introduced a capital conservation buffer of 2.5%, which shall be made up of CET1 capital.

In addition, banks which issued capital instruments from 2011 will be allowed to count these instruments as Basel III-eligible until end-2015. However, capital instruments that are not eligible in any of the three components of capital will be derecognized from the determination of the regulatory capital on January 1, 2014.

Competition

The MBT Group faces competition in all its principal areas of business. Philippine and foreign banks are the MBT Group's main competitors, followed by finance companies, mutual funds and investment banks. The MBT Group seeks to gain a competitive advantage by offering innovative products and services, maximizing the functions of its extensive branch network, particularly in provincial areas, investing in technology, leveraging synergies within GT Capital Holdings, Inc. and building on relationships with MBT's key customers.

Mergers, acquisitions and closures reduced the number of players in the industry from a high of 50 to 36 universal and commercial banks as of June 30, 2016. Lending from universal and commercial banks posted a growth of 13.5% in the year ended December 31, 2015 based on statistics of the BSP. Some corporations also decided to access the debt market instead of seeking funds from the financial institutions. Corporate lending thus remained competitive resulting in even narrower spreads especially under a low interest rate environment. Pockets of growth were, however, seen in the middle corporate market, SMEs and consumer segments.

The soft demand for corporate loans prompted banks to venture more extensively into consumer lending. MBT, being a well-entrenched, long-term player, enjoys the advantage of having experience that includes origination, credit selection, collection and asset recovery activities.

The MBT Group believes its principal competitors are BDO Unibank and Bank of the Philippine Islands. For a description of the MBT Group's principal competitors see "Investment Considerations – Considerations Relating to the Philippine Banking Industry – The MBT Group's principal businesses are in the highly competitive Philippine banking industry and increases in competition may result in declining margins in the MBT Group's principal businesses."

Subsidiaries

Subsidiaries

The following table sets out summary information in respect of the MBT Group's subsidiaries as of and for the six months ended June 30, 2016:

(amounts in ₱ millions)

Subsidiaries	Group's effective ownership	Activity	Issued capital stock(2)	Total assets (Unaudited)	Total revenues (Unaudited)	Net income (loss) (Unaudited)
Philippine Savings Bank	75.98%	Savings Banking	2,403	[●]	[●]	[●]
First Metro Investment Corporation and subsidiaries	99.23%	Investment Banking Holding Company	4,209	[●]	[●]	[●]
First Metro Securities Brokerage Corporation(1)	100.00%	Stock Brokerage	169	[●]	[●]	[●]
PBC Capital Investment Corporation(1)	100.00%	Investment House	300	[●]	[●]	[●]
SBC Properties, Inc.(1).	100.00%	Real Estate	130	[●]	[●]	[●]
Prima Ventures Development Corporation(1)	100.00%	Holding Company	4	[●]	[●]	[●]
First Metro Save & Learn Dollar Bond Fund, Inc.(1)	97.20%	Management of Mutual Funds	20	[●]	[●]	[●]
First Metro Global Opportunity Fund, Inc.(1)	100.00%	Management of Mutual Funds	1	[●]	[●]	[●]

Subsidiaries	Group's effective ownership	Activity	Issued capital stock(2)	Total assets (Unaudited)	Total revenues (Unaudited)	Net income (loss) (Unaudited)
First Metro Asset Management, Inc.(1)	70.00%	Management of Mutual Funds	47	[●]	[●]	[●]
FMIC Equities, Inc.	100.00%	Holding Company	13	[●]	[●]	[●]
Resiliency (SPC), Inc.(1)	100.00%	Financial Holding Company	5	[●]	[●]	[●]
First Metro Philippine Equity Exchange Traded Fund, Inc. (1)	73.81%	Management of Mutual Funds	788	[●]	[●]	[●]
First Metro Save & Learn Fixed Income Fund, Inc.(1)	16.01%	Management of Mutual Funds	1,538	[●]	[●]	[●]
First Metro Save & Learn Equity Fund, Inc.(1)	22.27%	Management of Mutual Funds	1,067	[●]	[●]	[●]
First Metro Save & Learn Balanced Fund, Inc.(1)	18.89%	Management of Mutual Funds	416	[●]	[●]	[●]
First Metro Insurance Brokers Corporation(1)	100.00%	Insurance Company	16	[●]	[●]	[●]
MBT Card Corporation (A Finance Company)	60.00%	Credit Card Services	1,000	[●]	[●]	[●]
Metropolitan Bank (China) Ltd.	100.00%	Banking	8,655	[●]	[●]	[●]
ORIX Metro Leasing and Finance Corporation and subsidiaries	59.85%	Leasing, Finance	1,265	[●]	[●]	[●]
*Circa 2000 Homes, Inc.	100.00%	Real Estate	800	[●]	[●]	[●]
Metropolitan Bank (Bahamas) Limited	100.00%	Holding Company	46	[●]	[●]	[●]
First Metro International Investment Company Limited and subsidiary	99.85%	Investments and deposit taking	231	[●]	[●]	[●]
Metro Remittance (Hong Kong) Limited	100.00%	OFW Remittances	26	[●]	[●]	[●]
Metro Remittance (Singapore) Pte. Ltd.	100.00%	OFW Remittances	16	[●]	[●]	[●]
Metro Remittance Center, Inc.	100.00%	OFW Remittances	64	[●]	[●]	[●]
Metro Remittance (USA), Inc.	100.00%	OFW Remittances	117	[●]	[●]	[●]
Metro Remittance (UK) Limited	100.00%	OFW Remittances	31	[●]	[●]	[●]
Metro Remittance (Japan) Co. Ltd.	100.00%	OFW Remittances	41	[●]	[●]	[●]
*MBT Technology, Inc.	100.00%	Computer Services	200	[●]	[●]	[●]

Notes:

[In the process of dissolution.]*

1) *First Metro, directly or indirectly through its subsidiaries, holds the interests shown above in First Metro Securities Brokerage Corporation, PBC Capital Investment Corporation, SBC Properties, Inc., Prima Ventures Development Corporation, First Metro Save & Learn Dollar Bond Fund, Inc., First Metro Global Opportunity Fund, Inc., First Metro Asset Management, Inc., FMIC Equities, Inc., Resiliency (SPC), Inc., First Metro Philippine Equity Exchange Traded Fund, Inc., First Metro Save & Learn Fixed Income Fund, Inc., First Metro Save & Learn Equity Fund Inc., First Metro Save & Learn Balanced Fund, Inc. and First Metro Insurance Brokers Corporation. The financial information relating to First Metro includes its equity investments in those subsidiaries and its own associates.*
2) *Foreign currency denominated amounts have been translated into Philippine Pesos using the historical rate as of the transaction date for issued capital stock, Philippine Dealing System closing rate as of December 31, 2014, for total assets and Philippine Dealing System annual average rates for total revenue and net income (loss).*

Each of the MBT Group's subsidiaries listed above have been incorporated in the Philippines, other than Metropolitan Bank (China) Ltd., Metropolitan Bank (Bahamas) Limited, First Metro International Investment Company Limited ("First Metro International"), Metro Remittance (Hong Kong), Limited, Metro Remittance (Singapore) Pte. Ltd., Metro Remittance Center, Inc., Metro Remittance Center (USA), Inc., Metro Remittance (UK) Limited and the Metro Remittance (Japan) Company Limited.

A brief description of the MBT Group's significant subsidiaries is provided below.

Philippine Savings Bank
See "– Principal Business Activities – Consumer Banking – Philippine Savings Bank."

First Metro Investment Corporation
See "- Principal Business Activities – Investment Banking – First Metro Investment Corporation."

MBT Card Corporation
See "– Principal Business Activities – Consumer Banking – MBT Card Corporation."

Metropolitan Bank (China) Ltd.
MBCL is a wholly owned subsidiary of MBT established in the People's Republic of China with the approval of China Banking Regulatory Commission ("CBRC") on January 14, 2010. In accordance with the "Regulations of

the People's Republic of China on the Administration of Foreign-Funded Bank" ("中华人民共和国外资银行管理条"), MBCL is licensed to carry out all of the following businesses in foreign currency and provides RMB businesses to non-Chinese citizens such as: accepting deposits; granting short-term, medium-term and long-term loans; handling acceptance and discount of negotiable instruments; buying and selling government bonds, corporate bonds and non-stock negotiable securities in other foreign currency; providing L/C services and guaranties; handling domestic and overseas settlement; buying and selling foreign currencies either for itself or on behalf of its clients; selling insurance on commission basis; providing bank cards; inter-bank funding; providing service of safety deposit box; providing credit standing investigation and consultation service; and other business activities approved by CBRC.

MBCL started its operations on March 2, 2010. Its headquarters is located in Nanjing, Jiangsu Province. It is the first wholly foreign-owned bank incorporated in Jiangsu Province, China. Former MBT Shanghai Branch and Pudong Sub-Branch were absorbed by MBCL. MBCL's branch network consists of MBCL Nanjing Branch, Shanghai Branch, Pudong Sub-Branch, Changzhou and Quanzhou Branch.
On August 14, 2014, MBT infused an additional investment of RMB200 million, or ₱1.4 billion, into MBCL as approved by the BSP on March 12, 2014.

Metropolitan Bank (Bahamas) Limited
This is a wholly owned subsidiary of MBT based in The Bahamas. It holds 26.7% of the outstanding capital stock of First Metro International Investment Company Limited ("FMIIC") based in Hong Kong.

BUSINESS – Fed Land

OVERVIEW

With 45 years of industry experience, Ty family companies have become established leaders in the Philippine real estate sector having completed more than 50 residential and commercial projects throughout their combined operating history. Having established Federal Homes in 1972 in Binondo, the Ty family's real estate business grew rapidly and as its pace of growth accelerated, additional entities were established to undertake the family's expanding property operations. In an effort to rationalize this growing exposure to the segment, the Ty family elected to consolidate its real estate development interests within GT Capital under its subsidiary, Fed Land.

Fed Land today is the dedicated Philippine real estate development company of the Ty family. This consolidation exercise, which brought together the human resources and best practices of all the Ty family real estate companies, was intended to initiate the next phase of growth for the real estate business and further facilitate leveraging on synergies with other operating divisions within GT Capital.

Leveraging on the strong track record of the Ty family companies established over the years in the residential segment, Fed Land's principal focus remains in the residential space, particularly in condominium developments in key urban and suburban communities. In addition, Fed Land also benefits from the Ty family's experience as a retail and commercial project developer, having developed distinctive properties in Metro Manila's Makati central business district including GT Tower International and Philippine AXA Life Center.

In line with its strategic plan, Fed Land has exhibited very strong growth across key operating and financial metrics. The table below summarizes the growth achieved in real estate sales and net profit for the period of 2013 to 2015.

	2013	**2014**	**2015**	**% growth (CAGR) 2013-2015**
Real Estate Sales (₱ billions)	5,451	6,997	7,534	11.4%
Rent Income.	631	768	830	9.6%
Net income (₱ billions)	1,019	1,513	1,614	16.6%

As of June 30, 2016, Fed Land's land bank comprised 100 hectares of land (excluding 50 hectares held through joint ventures), primarily in prime locations such as Manila, Makati, Fort Bonifacio, and Marikina in Metro Manila, and in nearby provinces such as Biñan, Laguna and Cavite. Fed Land also has access to additional substantial land that is owned by other entities of the Ty family and their locations are adjacent to Fed Land's properties.

Currently, Fed Land has 30 ongoing projects in various stages of completion. Fed Land's high-quality residential projects include MBT/Grand Hyatt Hotel and Grand Hyatt Residences, Bay Garden Residences, Oriental Garden Makati, The Grand Midori Makati, Marco Polo Residences and The Capital Towers, among others, and are largely focused on the middle/high income segment. In addition to standalone residential and commercial developments, Fed Land's key integrated township projects include Grand Central Park (including the landmark MBT/Grand Hyatt Project), Metropolitan Park and Tropicana Garden City.

Going forward, Fed Land plans to continue to acquire, and develop prime land from independent third-party sources as well as from affiliated entities. In line with its development focus, Fed Land, through the cumulative efforts of its subsidiaries, expects to drive its development income by focusing on developing high-quality residential properties in prime locations, while organically increasing the proportion of its recurring revenue through the continued development of integrated townships and leasing out of commercial facilities within these developments.

HISTORY

The Ty family began its real estate development business in 1972 through Federal Homes and continued to develop real estate projects through other companies. Fed Land was incorporated in the Philippines in 1997 as Tal Holdings Corporation. Tal Holdings Corporation changed its name in 2002 when the Ty family reorganized its real estate businesses and consolidated its real estate interests in Fed Land. As part of its consolidation in Fed Land, the Ty family brought the top business, technical and operations personnel from the various Ty-family real estate companies together within one entity. Federal Homes' real estate operations are now limited to landholdings as development activities have been transferred to Fed Land. Through Fed Land and other companies, the Ty family has completed more than 50 residential buildings and commercial properties. The following are some of the key residential and commercial projects completed by the Ty family real estate companies, including Fed Land:

Property	**Developer**	**Completion Date**
Residential Condominiums		
Bayview International Towers	Granview Realty	1989
Skyland Plaza	Skyland Realty	1991
Escolta Twin Tower	City Tower Realty	1992
Valencia Hills	Topsphere Realty	2002
Bayview Garden Homes	Granview Realty	2002
Ocean Tower	Ocean Park Realty	2003
Oriental Garden Makati	Fed Land	2005
Marquinton Residences Barcelona	Fed Land	2006
Marquinton Residences Alicante	Fed Land	2007
Bay Garden Residences	Fed Land/Baywatch Realty	2009
The Capital Towers Athens	Fed Land	2010
Florida Sun Estate – Oriental Garden Residences and Commercial Area	Fed Land	2010
The Oriental Place	Fed Land	2011
Marquinton Residences Cordova	Fed Land	2011
The Grand Midori Tower 1	Federal Land Orix Corporation	2012
Bay Garden Club & Residences Royal Palm	Fed Land	2013
Florida Sun Estate Tampa	Fed Land/Horizon Land	2013
Riverview Mansion	Fed Land	2013
The Capital Towers Beijing	Fed Land	2013
Tropicana Garden City Valderrama The Grand Midori Tower 2 Makati OGM Lilac Tropical Garden Ibiza Macapagal BGCR Mandarin Manila FSR Plum Manila PGMH Maple Manila PGMH Magnolia Manila PGMH Mandarin Manila PGMH Narra Cebu Marco Polo Twin Residences Parkwest	Fed Land/Horizon Land Federal Land Orix Corporation Fed Land Fed Land/Horizon Land Fed Land Fed Land Horizon Land Horizon Land Horizon Land Horizon Land Fed Land/Cathay Fed Land	2013 2014 2014 2014 2015 2015 2015 2015 2016 2016 2016 2016
Office Buildings/Retail Centers		
PSBank Tower	Matsuda Property Devt. Corp	1980
Philippine AXA Life Centre	Heritage Consolidated Assets Inc.	1996
GT Tower International	Philippine Securities Corporation	2000
Blue Wave – Marquinton	Federal Brent Retail Inc.	2003
Blue Wave – Macapagal Blvd.	Federal Brent Retail Inc.	2005
BPO at Metropark	Fed Land	2010

Blue Bay Walk	Fed Land	2013
Metrobank Financial Center (Office)	BLRDC	2016

COMPETITIVE STRENGTHS

Fed Land believes that its principal strengths are the following:

Dedicated real estate developer of the Ty family with a 45-year operational track record

Fed Land is the dedicated vehicle of the Ty family for real estate development in the Philippines. Fed Land benefits from the Ty family's strong track record of real estate development spanning 45 years. During this time, Fed Land and other Ty family companies have completed more than 50 projects in various sectors, including residential, office, retail and hotel properties. By ensuring rigorous quality-control processes across its projects, Fed Land has developed a reputation for high-quality developments. The Ty family's extensive track record has also enabled Fed Land to develop a strong network of reliable construction companies, architects, designers and both domestic and international sales and leasing agents to contribute to the optimal execution of its development cycle, from raw-land acquisition to sales and leasing. Fed Land believes that having an established track record as a reliable developer is a key driver in its ability to attract buyers for its development projects as well as to procure the best personnel and third-party contractors**.**

Strong and diversified project portfolio to support sustained and profitable growth

Fed Land's project portfolio consists of properties in prime locations with high growth potential. In Fort Bonifacio, Taguig, Fed Land is developing a ten-hectare master-planned project known as Grand Central Park that features high-rise condominiums, retail establishments, offices and hotel amenities. This project will contain, as its centerpiece, a luxury hotel-office-residential building which will house Metrobank Center/Grand Hyatt Hotel and Grand Hyatt Residences. In General Trias, Cavite, Fed Land is developing 12 mid-rise condominiums, as well as houses, lots and apartments that will be complemented by retail and commercial establishments. In Cebu, Fed Land is developing the high-end Marco Polo Residences, comprising a five-tower development project, which is complemented by the Marco Polo Plaza - Cebu, a five-star hotel. These projects are expected to generate strong real estate sales and considerable lease income with their mixed-use, township features. In addition, since the above-mentioned projects include retail and commercial developments, the projects are expected to attract a steady volume of patrons.

Large, quality land bank in strategic locations throughout the Philippines

Fed Land has an extensive land bank in attractive and high-quality locations, including major cities and central business districts. For example, Fed Land's Grand Central Park project is located in Fort Bonifacio, which is considered as the new central business district in Metro Manila. In addition, Fed Land's land bank in the Manila Bay area should stand to benefit from the increased investment in that area due to large-scale development projects such as casinos and integrated resorts. As of June 30, 2016, Fed Land had an available land bank for development of approximately 100 hectares.

Although Fed Land continues to consider strategic land banking either through additional joint venture partnerships or property purchases, it expects that its existing land bank will be sufficient for development projects for approximately 20 years. Fed Land's land bank consists of land located primarily within Metro Manila, including in the prime areas of Fort Bonifacio, Makati City, Pasay City, Marikina and Manila. Fed Land also has substantial land holdings in Biñan and Sta. Rosa in Laguna, General Trias in Cavite and in Cebu. Fed Land believes that it has one of the highest-quality land banks among Philippine real estate developers, and that its current projects and strategic land bank consisting of lots in prime locations will allow it to benefit from continued strong demand for residential projects and retail amenities.

STRATEGIES

Fed Land's strategy is to capitalize on its expertise, track record and large high-quality land bank to significantly accelerate development of its residential and commercial properties, supported by the strong underlying economic growth and favorable social trends in the Philippines. Fed Land considers its key strategies to be the following:

Deliver on strong project pipeline with a diversified product offering to middle and high-end markets

Having consolidated the other Philippines real estate development business of the Ty family into Fed Land, Fed Land is currently executing a comprehensive growth plan to fully capitalize on the company's land bank, expertise and market recognition. As part of this growth plan, Fed Land intends to increase its coverage of the growing middle market while retaining its strong position in the high-end market. Historically, a majority of Fed Land's revenue was derived from sales of upper-middle and high-end residential projects. While Fed Land intends to continue strengthening its leadership in these markets, it plans to expand sales to the broader middle market. Fed Land believes this is a significant market that includes groups such as OFWs, BPO workers and small business owners, all of which are groups that stand to benefit from the strong growth in the Philippine economy. In order to achieve this revenue diversification, Fed Land plans to offer stand-alone residential high-rise condominiums in key central business districts such as Makati, Fort Bonifacio and Ortigas that are attractive to young professionals and OFWs. Fed Land's "Horizon Land" brand, which targets the broader middle-market, will play a key role in increasing sales of units under ₱3.2 million, which qualify as non-VAT transaction.

Increasing focus on master-planned communities and recurring-income base

Fed Land and its affiliates own substantial parcels of land in prime areas of Metro Manila and its periphery. Fed Land develops these properties into master-planned communities consisting of residential condominium towers, supporting amenities, and complementing commercial and retail establishments. Fed Land intends to increasingly focus on its master-planned communities because it believes that self-sustaining communities with a full suite of amenities are attractive to buyers due to their ease, comfort and safety. Fed Land believes that by building such self-sustaining communities, they are able to broaden their revenue stream from recurring retail and office income as well as increase sales prices for residential properties as the community becomes increasingly vibrant.

Fed Land plans to accelerate development of its current portfolio of master-planned communities. These developments include the Metropolitan Park in the Bay Area, Grand Central Park in Bonifacio Global City, Tropicana Gardens in Marikina, Peninsula Garden Midtown Homes in Manila and Florida Sun Estates in Cavite. As Fed Land accelerates construction, it is able to increase residential sales to complement its office and retail projects within the same township, which helps build critical mass of residents and workers in the master-planned developments. As the community offers more retail, office and transportation amenities, real estate values are expected to increase and Fed Land expects to command higher sales prices for its residential products.

In addition, Fed Land intends to focus on developing BPO office facilities within its master-planned communities. The BPO sector in the Philippines has experienced significant growth in recent years, due to the country's young, educated and English-speaking work force. Fed Land believes that the BPO sector will continue to grow in the near future. In response, Fed Land intends to cater to this growing market and have it play a key role in creating dynamic master-planned communities where people come to work, live and enjoy recreational activities.

PROPERTY DEVELOPMENT PROJECTS

Fed Land has a diverse portfolio of property development projects that focus on master-planned communities and residential developments. Many of Fed Land's residential development projects are components of Fed Land's master-planned communities. However, Fed Land also develops stand-alone residential projects. Residential properties are developed and sold while commercial and retail properties are generally developed and leased to generate recurring income. Prior to its formation, the Ty family real estate companies were historically focused on developing stand-alone residential condominiums and commercial properties.

The following table sets out the contribution of residential and commercial developments as a percentage of FedLand's total revenue.

As a Percentage of FedLand's Total Revenue				
	Year ended December 31,			**Six-month period ended June 30, 2016**
Category	**2013**	**2014**	**2015**	
Real Estate Sales	91%	94%	95%	[●]
Retail	9%	6%	5%	[●]

Planned future projects include stand-alone residential condominiums and office buildings as well as projects located within master-planned townships. Planned projects also include subdivision communities consisting of lots only and house-and-lot projects.

Master-planned Community Developments

Fed Land and its affiliates own substantial tracts of land in prime areas in Metro Manila and its periphery. Fed Land develops these properties into fully master-planned communities consisting of residential condominium towers, supporting amenities and complementing commercial, retail and institutional establishments. Fed Land believes that by creating a core mix of residential and commercial properties, it can create self-sustaining communities that are attractive places in which to live, work and enjoy recreational activities.

Metropolitan Park

Metropolitan Park is a 38-hectare, mixed-use township project located in Pasay City, Metro Manila. Fed Land owns 6.98 hectares while the remainder is held by various other companies also owned by the Ty family. Metropolitan Park is adjacent to Manila Bay and two major highways, Roxas Boulevard and EDSA, as well as The Mall of Asia, one of the largest shopping malls in the Philippines in terms of area. Manila Bay has recently experienced significant investment due to the development of casinos and integrated resorts in the area.

Of the 38 hectares within Metropolitan Park, approximately 9% is built-up, approximately 2% is currently under construction and 90% is earmarked for future development.

Six Senses Resort (SSR) is Federal Land's landmark undertaking in ***Metropolitan Park*** following its successful Bay Garden and BGCR projects. SSR is envisioned to be another signature development of Federal Land and similar to the Bay Garden Project, SSR targets the high-end market with its exclusivity, luxurious units, and expansive amenity deck. The project consists of 6 towers totaling about 900 residential units on a common podium. SSR was conceptualized by renowned architectural firm, Arquitectonica. Five (5) towers had been launched from 2012 to 2015; with the last tower targeted for launch this year. Similar to the preceding towers, Towers 6 will comprise less than 200 units per tower and a saleable area of about 11,500 sqms per tower. Surrounding the SSR project will be a plaza with cafes, restaurants and al fresco dining, offering a relaxing natural environment.

Palm Beach West is Horizon Land's second project in ***Metropolitan Park*** after its successful Palm Beach Villas. The project consists of 4 towers on a common podium that will accommodate commercial establishments, parking and amenities. Majority of its product offering are compact 2BR units ideal for start-up families. The first tower, Misibis was launched last March 2015 and is scheduled for completion in 2019. The second tower, Siargao is scheduled for launch this year.

Grand Central Park

Grand Central Park is a ten-hectare master-planned project that features high-rise condominiums, retail establishments, offices and hotel amenities located in Fort Bonifacio, Taguig.. This project will contain, as its centerpiece, a luxury hotel-office-residential building which will house Metrobank Center/Grand Hyatt Hotel and Grand Hyatt Residences.

The Metrobank Center/Grand Hyatt Hotel and Grand Hyatt Residences Project is a mixed-use development which is expected to consist of premium office floors, a luxury Grand Hyatt Hotel, and first-class branded residential apartments sharing a common podium that will be occupied by high-end retail establishments. The project will have two towers. The first tower will be a 66-storey structure and is envisioned to be the country's tallest mixed-use building. The building's lower half will be dedicated to office floors for sale or long-term lease. The upper half of the building is expected to be occupied by the Grand Hyatt Hotel. The hotel will have 441 rooms, a coffee shop and specialty restaurants, a large ballroom and function rooms and fitness facilities including a pool, gym and spa. Fed Land has entered into a management services agreement with Grand Hyatt Hotel to manage the hotel for a period of 20 years.

The second tower, the Grand Hyatt Residences is a 45-storey first class residential building that will offer 248 apartment units, with a total saleable area of 39,271 sq. m. The Metrobank Center/Grand Hyatt Project is being developed by Fed Land in a joint venture with Orix Risingsun II, a company controlled by Orix. The joint venture development is being undertaken by Bonifacio Landmark Realty and Development Corporation which is the joint venture entity that is owned by Fed Land and Orix Risingsun II, based on an ownership interest of 70% and 30%, respectively. Fed Land has assigned to Bonifacio Landmark Realty and Development Corporation the management services agreement executed with Grand Hyatt Hotel**.**

The Big Apple ("TBA") consists of 4 towers on a 5-level podium located in Grand Central Park. TBA is envisioned to embody the New York lifestyle particularly through its retail and amenity offering. The first 3 towers of TBA had been launched; the fourth tower 8PA is scheduled for launch this year. Similar to the previous towers, majority of 8PA's product offering will be 1BR units.

Marco Polo Residences

Marco Polo Residences consist of a high-end, five-tower residential complex in Cebu City situated beside the Marco Polo Plaza Hotel, Cebu's only five-star hotel. Together with the hotel, this residential complex sits atop a hill, 800 feet above sea level, overlooking Cebu City. It will enjoy a view of the sea, mountains and cityscape. Marco Polo Residences is the first branded residential development in Cebu City and is designed with five-star hotel-like amenities. Plans for the project include the residents of the development being able to avail themselves of certain hotel services such as food delivery, concierge, laundry services and apartment cleaning services. The first two towers have been turned over to residents, while the third and fourth are ongoing construction. The last remaining tower for launch in the Marco Polo Residences complex is the Marco Polo Parkplace. The project is envisioned to be a 25-storey building with 270 residential units. As in the case of the other towers, the last tower will enjoy views of metropolitan Cebu and Cebu Harbor. Tower 5 is for launch early next year.

Peninsula Garden Midtown Homes

Peninsula Garden Midtown Homes is an eight-tower, garden-inspired, gated, residential condominium development located in Paco, Manila. The project targets early nesters and investors. Its main selling points are safety and security, large open spaces and proximity to schools and places of work. The amenities being offered include swimming pool, garden, daycare center, library, indoor fitness and game room, multipurpose court, and multipurpose hall. Five (5) towers have been completed with one for completion next year. The last two towers for launch are Mango and Mimosa Towers. The primary product of PGMH is the compact 2BR unit with an area of about 33sqms.

Florida Sun Estates

Florida Sun Estates is an 18-hectare community development in General Trias, Cavite composed of mid-rise condominium buildings, open lot and H&L packages. The first three phases of the horizontal development Jacksonville, Miami and Tampa are practically sold out. The final phase of the subdivision project is expected to be launched early next year. The last phase is designed to offer 120 residential lots and house and lot packages.

Four Season Riviera

Four Season Riviera is a four-tower residential condominium project situated in the country's China Town, in Binondo, Manila. It is located near commercial institutions, famous landmarks and transportation hubs. The project targets the affluent Filipino-Chinese community as well as Chinese nationals from the mainland who do business in the Philippines. The four towers will share a common podium that will accommodate commercial establishments, parking and amenities. The project is adjacent to the Pasig River and features a view of the river. Project amenities on the podium floor include a swimming pool, children's pool, gym and fitness center, jogging path, and multi-purpose hall surrounded by a landscaped garden area. This four-tower project will include approximately 700 residential units. The first two towers have been completed. Tower 3 is scheduled for launch next year.

Residential Developments

Fed Land has historically focused on the development of upper-middle and high-end market residential condominiums. Taking into consideration factors such as location, competitive landscape and target market in the areas where a project will be located, Fed Land's current and future planned residential projects focus on three types of residential developments: township condominium, stand-alone condominium and house-and-lot subdivision.

Set out below are details of Fed Land's recently-completed and ongoing residential projects as of June 30, 2016.

Projects	**Target Market**	**GFA (sqm)**	**Location**	**Launch**
For completion in 2016:				
Marco Polo Two Residences	High Income	36,596	Cebu	2011
PGMH Narra	Low Income	13,747	Manila	2011
PGMH Mandarin	Low Income	12,060	Manila	2012
Parkwest	High Income	80,828	Taguig	2011

Projects	**Target Market**	**GFA (sqm)**	**Location**	**Launch**
Ongoing:				
PGMH Mahogany	Low Income	13,990	Manila	2013
PGMH Mango	Low Income	15,302	Manila	2016
FSR Lotus	Mid Income	33,612	Manila	2012
One Wilson	High Income	47,304	Manila	2013
Central Parkwest	High Income	44,641	Taguig	2012
Madison Parkwest	High Income	74,478	Taguig	2012
Time Square West	High Income	81,160	Taguig	2014
Marco Polo Parkwiew (T3)	High Income	37,702	Cebu	2012
Marco Polo Oceanview	High Income	27,639	Cebu	2014
The Capital Towers - Rio	Low Income	32,961	Quezon City	2012
PDR Legazpi	Low Income	25,755	Makati	2011
PDR Salcedo	Low Income	32,443	Makati	2015
PBV Boracay	Low Income	15,900	Macapagal	2013
PBV Panglao	Low Income	15,900	Macapagal	2014
Palm Coast Villa 1	Low Income	17,589	Macapagal	2015
SSR I-Tune	Mid Income	20,667	Macapagal	2012

SSR I-Sight	Mid Income	20,667	Macapagal	2013
SSR I-Touch	Mid Income	20,685	Macapagal	2013
SSR I-Scent	Mid Income	20,455	Macapagal	2014
SSR I-Yum	Mid Income	20,455	Macapagal	2015
iMET	Mid Income	26,432	Macapagal	2015
The New BlueWave Phase 1	Mid Income	33,470	Macapagal	2014
The New BlueWave Phase 2	Mid Income	55,670	Macapagal	2015

Commercial Developments

Fed Land has a portfolio of commercial buildings and properties that include office properties and retail outlets that Fed Land leases to tenants. Fed Land is also the property manager for these projects. The leases and management fees provide Fed Land with recurring income that enhances its revenues and strengthens its cash flows. Fed Land intends to increase its recurring income with the leasing and management of its ongoing commercial developments once they are completed.

Retail Buildings

Fed Land has developed, owns and operates retail properties in Pasay City and Marikina City under the "Blue Wave" brand name. These malls were developed by Federal Brent Retail, Inc., a joint venture between Fed Land and Mr. Edward William Tan, a businessman involved in petroleum distribution, with ownership interests of 52% and 48%, respectively.

Details for these retail properties are set out in the table below.

	As of December 31, 2015			As of June 30, 2016		
	Leasable area (m^2)	Revenue (₱ mn)	No. of tenants	Leasable area (m^2)	Revenue (₱ mn)	No. of tenants
Blue Wave – Metropolitan Park	650	5.3	5	650	[•]	[•]
Blue Wave – Marikina City	12,864	101.4	78	12,864	[•]	[•]
Blue Bay Walk	13,687	86.2	70	13,687	[•]	[•]

Blue Wave – Metropolitan Park started operations in September 2003. It is a complex of one- and two-storey buildings that house retail and dining facilities and a major Petron Corporation ("Petron") gasoline station. The complex occupies 27,000 sq. m. of land that is leased from a company owned by the Ty family. The mall houses 48 retail and dining establishments catering to the mid-market. The complex was, as of June 30, 2016, 100% occupied. Its tenants include Starbucks, Kentucky Fried Chicken, Jollibee, Pizza Hut, Pancake House and Gerry's Grill. The retail and dining establishments are built around a center courtyard that offers music and entertainment in the evenings.

Blue Wave – Marikina City started operations in May 2005. It is comprised of two buildings. The first building is a three-storey mall that houses 77 retail and dining establishments, an events venue and four cinemas with a capacity of 300 persons each. As of June 30, 2016, the said structure 96% occupied. Major tenants include Starbucks, Kentucky Fried Chicken, Shakey's Pizza Parlor, Mang Inasal, Yellow Cab, Max's Chicken, Jollibee and Watson's department store. The complex has a Petron gasoline station. The second building is a two-storey structure located across the road from the first building. The ground floor is being leased to Robinsons' Supermarket while the second floor is being leased to a BPO Office. In addition, it has seven retail stalls at street level.

Leases at the Blue Wave Malls are typically for periods ranging from two to five years, covered by lease agreements that generally require tenants to supply a three-month security deposit. Rent is based on a percentage of sales in addition to a fixed minimum base. As of June 30, 2016, around 30% of Blue Wave Malls' retail leases were scheduled to expire within one year and most of these leases are currently being reviewed.

Blue Bay Walk. Fed Land launched in 2014 the Manila Bay's first ever commercial strip - the Blue Bay Walk. With a leasable area of approximately 1.3 hectares and about 100 units available for lease, Blue Bay Walk is the newest lifestyle hub to rise in the bay area. It offers a selection of upscale boutiques, shops, restaurants and entertainment.

One of Fed Land's current commercial development projects is the Metrobank Center/Grand Hyatt Project. The project will occupy 12,984 sq. m. of land located at the fast-growing and progressive Bonifacio Global City. The Metrobank Center/Grand Hyatt Hotel and Grand Hyatt Residences Project is a mixed-use development which is expected to consist of premium office floors, a luxury Grand Hyatt Hotel, and first-class branded residential apartments sharing a common podium that will be occupied by high-end retail establishments. The project will have two towers. The first tower will be a 66-storey structure and is envisioned to be the country's tallest mixed-use building. The building's lower half will be dedicated to office floors for sale or long-term lease. The upper half of the building is expected to be occupied by the Grand Hyatt Hotel. The hotel will have 441 rooms, a coffee shop and specialty restaurants, a large ballroom and function rooms and fitness facilities including a pool, gym and spa. Fed Land has entered into a management services agreement with Grand Hyatt Hotel to manage the hotel for a period of 20 years.

Federal Land, Inc. intends to add more recurring income to its portfolio. In the next 5 years, 3 malls in strategic locations will be opened. These are the first 3 phases of the New Blue Wave Mall in Macapagal which will add 42,000 sq. m. of leasable area, Big Apple at the Fort that will add 30,000 sq. m. of leasable area over a period of 3 years, and expansion of Blue Wave Mall in Marikina that will add 8,500 sq. m. of leasable area. Retail spaces on the ground level of its residential developments will be maximized. These moves will add a total of about 100,000 sq. m. of retail leasable area.

Office buildings

	As of December 31, 2015			As of June 30, 2016		
	Leasable area (m^2)	Revenue (₱ mn)	No. of tenants	Leasable area (m^2)	Revenue (₱ mn)	No. of tenants
GT Tower International	36,018	375	29	36,018	[•]	[•]
Philippine AXA Life Centre	7,575	54	26	7,575	[•]	[•]

The major office properties that generate lease income for Fed Land are the GT Tower International and the Philippine AXA Life Centre. Both are high-rise office buildings located in Metro Manila's Makati central business district.

GT Tower International is a 47-storey grade-A office building, offering approximately 43,000 sq. m. of quality office space located along Ayala Avenue in Makati City. The development has unrivalled technical specifications and a high level of building amenities. As of June 30, 2016 occupancy rate is 96%.

The office property at Philippine AXA Life Centre measures 7,479 sq. m. of floor area, comprising 26 units. The units are owned by Horizon Land, a wholly-owned subsidiary of Fed Land. Leases at the Philippine AXA Life Centre are typically for periods ranging from three to five years and generally require tenants to pay a three-month security deposit. Rent is paid on a fixed per sq. m. basis. Lease contracts also provide for a pre-agreed annual increase over the term of the lease. Fed Land believes there is a high demand in the market for office space in the Makati central business district. As of June 30, 2016, the vacancy rate for the Philippine AXA Life Centre was approximately 11%.

<u>Land Bank</u>

Fed Land's land bank consists of vacant or undeveloped land owned by Fed Land, most of which is in Metro Manila and Biñan, Laguna. As of [June 30, 2016], Fed Land directly owned a land bank of approximately 100 hectares. In addition to directly acquiring land for future projects, Fed Land has also adopted a strategy of entering into joint venture arrangements with land owners for the development of raw land into future project sites for property development projects. Fed Land has access to additional land owned by the Ty family that is located adjacent to Fed Land properties and that it may acquire directly or develop through future joint venture arrangements.

Land Acquisition

Fed Land sources land for its projects either through direct purchase or through joint venture arrangements primarily with land owners that belong to the Ty family group of companies, most notably, the MBT Group.

Fed Land believes that its land bank is sufficient to meet its medium-term development plan, but it is constantly looking for opportunities to make strategic land purchases.

Project Development and Construction

After Fed Land does a site evaluation and decides to develop a piece of property, Fed Land begins the project development process. The first step in the process is for Fed Land to obtain regulatory approvals and clearances from various government agencies, including the DENR and the DAR, as well as the LGU having jurisdiction over the area where the project will be located.

The site development process involves planning the potential project, determining the suitable market segment, master planning and design. Development timetables vary by project, depending on scale and design. Detailed plans require government approvals and permits. Once a project has received a development permit from the HLURB or the relevant local government unit, Fed Land obtains a certificate of registration and a permit to sell from the HLURB and then pre-sales of residential units as well as initial development work on the project site can begin. Expansion of the project will depend on the sales level. Typically, as one phase is sold, a new phase will begin construction and the process is repeated until project completion.

Fed Land finances project development through a combination of pre-sales, internally-generated funds and borrowings. Fed Land maintains some degree of flexibility in timing the progress of its development projects to match the progress of pre-sales. As a result, the progress of a development is greatly influenced by the level of pre-sales.

To supplement its in-house architects and designers, Fed Land contracts with third-party architects and design experts, including international designers, to help plan its developments.

Site development and construction work for Fed Land's projects is contracted out to various independent contractors. Fed Land retains relationships with approximately 15 to 20 independent contractors. Fed Land is not and does not expect to be dependent on any single or a limited number of suppliers or contractors. Typically, Fed Land enters into fixed-price contracts with its contractors, with the cost of materials typically included as part of the contract price. Site development work typically takes three to 12 months depending on the scale and size of the project, while building construction takes 12 to 48 months.

Construction material is usually provided by the contractors in accordance with their contracts and supplier's credit is normally for 60 to 90 day terms.

Sales and Customer Financing

Buyers of Fed Land's residential projects pay for their purchases in cash or through bank financing or in-house financing.

Cash acquisitions are typically discounted by negotiation to allow for accelerated payment schedules and other bulk payments. This is to encourage buyers to pay upfront for their property acquisition.

Bank financing through mortgage loans is a more typical means of payment than cash purchases. Bank financing is available to buyers who qualify under a particular commercial bank's credit risk criteria. Fed Land has arrangements with several banks for the provision of financing for their purchases. Banks usually take security over the property and sometimes seek repayment guarantees from the Home Guaranty Corporation ("HGC"), a government-owned and controlled corporation that operates as a credit guaranty program in support of the government's efforts to promote home ownership.

In-house financing refers to Fed Land's internal financing procedures. This is available to select buyers of middle market projects who do not qualify for bank financing because of limited documentation, such as low-income workers, OFWs and entrepreneurs. Under its in-house financing program, Fed Land typically finances 70%-80% of the total purchase price of the residential unit being sold. The loans are then repaid through equal monthly installments over periods ranging from five to ten years. The interest rates charged by Fed Land for in-house financing are typically set at approximately 18% per annum, depending on the term of the loan entered into, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by banks and other financial institutions. Fed Land retains the title to the property until full payment of the loan. If the buyer defaults on payment of its monthly installments, Fed Land has the right to cancel the sale and retain payments made by the buyers, subject to grace periods and refunds, as required by Philippine law. Fed Land plans to further develop its in-house financing capabilities in order to increase its customer base and sales volumes in the low-income, OFW and entrepreneur market.

Fed Land considers a buyer's credit quality by taking reference from the buyer's payment history during the period prior to enrollment in the in-house facility. Delinquencies are controlled by current and existing collection policies and activities implemented to all accounts incurring defaults on their scheduled payments. Delinquency rates, or accounts that are more than 90 days past due, are limited to a maximum of only 15% of the total accounts that availed Fed Land's in-house financing facility.

Marketing And Sales

Residential sales

Fed Land's projects used to be marketed domestically through its two separate subsidiaries, Omni-Orient Marketing Network, Inc. and Fedsales Marketing, Inc. In November 29, 2013, Fed Land received SEC approval to absorb the said entities to form an in-house sales and marketing unit. This unit is staffed by a trained group of property consultants and sales specialists that exclusively market Fed Land's projects. There were approximately 500 active property sellers and specialists affiliated with this unit as of June 30, 2016. Fed Land also engages accredited independent brokers for its project.

International sales and marketing, which primarily target overseas Filipinos, are handled by Fed Land's in-house international sales division based in Manila. In addition, Fed Land maintains marketing agreements with accredited brokers based in Japan, Korea, Canada, USA, Italy, Spain, U.K. and France to sell Fed Land projects in these areas.

Fed Land has recently instituted a strategy of selling to overseas Chinese, most notably in the cities of Nanjing and Shanghai. Fed Land believes that rising real estate prices in China over the last several years has caused Chinese investors to seek real estate investment opportunities in other Asia-Pacific countries. Given the Philippines' close proximity to China, favorable visa programs and large Filipino-Chinese population, Fed Land believes the Philippines is uniquely positioned to take advantage of this growing demand.

Fed Land conducts advertising and promotional campaigns through the internet and print media, including billboards, flyers, and brochures designed specifically for the target market. Fed Land also maintains a website at www.federalland.com.ph that provides descriptions of, and updates on, current projects. Advertising and promotional campaigns are conceptualized and conducted by Fed Land's marketing personnel and by third party advertising companies.

The age range of Fed Land's customers is generally between 31 to 60 years old. More than 70% of the total buyers are professionals or executives who hold middle to upper-middle management positions according to internally generated statistics. The remaining buyers are non-executive employees, OFWs or entrepreneurs.

Commercial leasing

Fed Land relies primarily on professional, multinational commercial real estate leasing agents (including, but not limited to Jones Lang LaSalle, CB Richard Ellis and Colliers) to find tenants for its retail and office space.

Property Management and After Sales Services

Fed Land attends to its clients' and unit owners' needs through its property management department. The department handles the timely turnover of units to buyers and maintains a customer care hotline for receiving queries and addressing concerns regarding the purchased units. Fed Land's goal is to provide "value for investment" by providing high levels of customer satisfaction and quality service within 24-hours of receipt of customer calls.

In the past, Fed Land has typically appointed professional property management companies to manage individual buildings and handle its maintenance and upgrades, if any. This applies to condominium buildings that Fed Land has completed and is in the process of turning over to the buyers as well as buildings owned by Ty family companies that are for lease. In 2011, Fed Land established its own property management company called Omni Orient Management Corp. ("OOMC") as a wholly-owned subsidiary. The intention is to gradually transfer the property management contracts of all Fed Land projects to OOMC. This is expected to allow Fed Land to have better control in managing its buildings and ensure that high standards are maintained with respect to service to residents and building maintenance and upgrades. A team of experienced and well-trained building managers, engineers and technicians are deployed in every project from the beginning of the turnover process. Their functional task is to manage day-to-day operations, ensure proper maintenance of the common areas, supervise improvements and provide assistance to the building-related needs of the residents.

In addition to providing property management services, Fed Land also assists condominium buyers by assigning members of its management team to the initial board of directors of the newly set-up condominium association. As soon as the association is prepared to set-up its own board of directors, a general membership meeting is called to conduct an election for the new set of directors to be elected among qualified homeowners. TLC will then report to the newly elected board of directors.

Competition

The Philippine real estate development industry is highly competitive. With respect to township developments in Metro Manila and high-rise condominiums, Fed Land's major competitors are Ayala Land, Inc., Megaworld Corporation, Century Properties Group, Inc., SM Development Corporation and DMCI. Fed Land believes that it is a strong competitor in the mid-high end market due to the quality of its products and the materials used in construction and finishing. Fed Land also believes that its association with the MBT Group allows it to reach a wide network of potential customers, including the lucrative overseas-based investor market.

Research and Development

Fed Land's research and development activities focus on construction materials, engineering and sales and marketing research. Fed Land does not consider the expense for such research and development activities to be material.

Insurance

During construction and development, each project is insured under the policies of the primary contractor. When Fed Land assumes control of the development following the completion of the project, it will insure the project until it is transferred to the control of the managing condominium corporation. Fed Land insurance covers both real and personal property, as required under Philippine law. Its policies are subject to customary deductibles and exclusions and include 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 and construction works. Fed Land does not carry business interruption insurance.

Intellectual Property

Fed Land has intellectual property rights on the use of the various trademark and names for its development projects, including Oriental Garden Residences, Oriental Gardens Makati, Marquinton Residences, Bay Gardens, Blue Wave at Metropolitan Park and Blue Wave at Marikina City. Most of Fed Land's projects have been issued a Certificate of Registration by the Intellectual Property Office. Fed Land believes that its trademark and the names of its development projects play a significant role in its effort to create brand recall and strengthen its position in the real estate industry..

Fed Land has applications pending for intellectual property rights relating to its various development and projects. Several applications have already been processed but await the release of the certificate of registration from the Philippine Intellectual Property Office. Among the project names currently submitted for certification include: FEDS City, Four Season Riviera, The MET, Embarcadero, my HOBS, Six Senses Resort, The Big Apple, One Xavier Mansion, Marco Polo Parkview and Grand Central Park, among others.

Employees

As of June 30, 2016, full-time employees of Fed Land totaled 331. The following table provides a breakdown of Fed Land's employees for the periods indicated. Operational employees include project managers and designers. Technical employees include engineers and architects. Administrative employees include human resources, accounting and information technology staff.

	As of December 31,			**As of June 30**
	2013	**2014**	**2015**	**2016**
Operations and Technical	97	109	97	[•]
Administrative	239	202	239	[•]
Total	313	311	336	[•]

Fed Land does not expect a significant increase in the number of its employees in the near term, despite the increasing number of on-going projects.

Fed Land has no collective bargaining agreements with its employees and none of its employees belong to a labor union. Fed Land does not have employee stock option plans.
Fed Land recruits its employees through on-campus recruitment, job-fairs, and job-posting through newspaper ads and internet postings. Staff and office managers receive skills development through in-house development training programs, as well as professional training. The training programs are designed to increase their

effectiveness at their current assignments and prepare them for future roles. Fed Land also identifies candidates with leadership potential for executive and leadership training programs, for the enhancement of functional, behavioral, and technical expertise. Annual employee performance and appraisal reports are conducted at the end of every year. Fed Land currently has no plans of hiring additional employees, except where necessary to complement its commercial lending, business intelligence, product development, customer service, sales, administration, business development, and for expansion and diversification.

Legal Proceedings

[As of June 30, 2016, Fed Land was a party to various unresolved legal proceedings which arise in the ordinary course of its operations, including several suits and claims relating to its operations. In the opinion of Fed Land's management if such unresolved legal proceedings are decided adversely, they will not have a material adverse effect on Fed Land; its consolidated financial condition; its operations and financial position;or on its opearating results or cash flows.].

Regulatory Matters

Presidential Decree No. 957, otherwise known as The Subdivision and Condominium Buyer's Protective Decree ("P.D. 957"), and *Batas Pambansa Blg*. 220 ("B.P. 220"), as amended, are the principal statutes, which regulate the development and sale of real property as part of a condominium project or subdivision.

P.D. 957 and B.P. 220 cover subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes, and condominium projects for residential or commercial purposes. The Housing and Land Use Regulatory Board ("HLURB") is the administrative agency of the Philippine government, which together with the respective Local Government Unit ("LGU"), enforces these decrees 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 pertinent LGU of the area in which the project is situated. The development of subdivision and condominium projects can commence only after the LGU has issued the development permit.

The issuance of a development permit is dependent on, among others (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project, and (ii) issuance of the barangay clearance, the HLURB locational clearance, Department of Environment and Natural Resources ("DENR") permits, and, as applicable, Department of Agrarian Reform ("DAR") conversion or exemption orders as discussed below. 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 the 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 conditioned 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 HLURB and the written conformity or consent of the duly organized homeowners association, or in the absence of the latter, by the majority of the lot buyers in the subdivision.

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 to the public. Dealers, brokers and salesmen are also required to register with the HLURB pursuant to Republic Act No. 9646 or the Real Estate Service Act of the Philippines.

Project permits and licenses to sell may be suspended, cancelled or revoked by the HLURB by itself or upon complaint from an interested party for reasons such as insolvency or violation of any of the provisions of P.D. 957. 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 and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

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 economic and socialized housing, must comply with B.P. 220, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with P.D. 957, which sets 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.

Republic Act No. 7279, otherwise known as the Urban Development and Housing Act, as amended, further 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 city or municipality, whenever feasible, and in accordance with the standards set by the HLURB and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 20% of the total area of the main subdivision project or allocate and invest an amount equal to 20% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structures therein, or they may engage in development of a new settlement through purchase of socialized housing bonds, slum upgrading, participation in a community mortgage program, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

Republic Act No. 6552, otherwise known as the Realty Installment Buyer Act (the "Maceda Law"), applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installment are granted a grace period of one month for every year of paid installment to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installment have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installment and who default on installment payments are given a 60-day grace period to pay all unpaid installment before the sale can be cancelled, but without right of refund.
Condominium Projects

Republic Act No. 4726, otherwise known as The Condominium Act ("R.A. No. 4726"), as amended, likewise regulates the development and sale of condominium projects. R.A No. 4726 requires the annotation of the master deed on the title of the land on which the condominium project shall be located. The master deed contains, among other things, the description of the land, building/s, common areas and facilities of the condominium project. A condominium project may be managed by a condominium corporation, an association, a board of governors or a management agent, depending on what is provided in the declaration of restrictions of the condominium project. However, whenever a condominium corporation holds the common areas, such corporation shall constitute the management body of the project.

Recent Financial Performance

In the first six months of 2016 and for the years ended December 31, 2015 and 2014, Fed Land registered a net income attributable to equity holders of the parent company of ₱[●] million, ₱[●] million and ₱[●] million, respectively; accounting for [●]%,[●]and [●]of GT Capital's net income for the said periods. For the financial highlights of Fed Land, please refer to the section on Financial Information found elsewhere in the Prospectus.

BUSINESS – PCFI

OVERVIEW

Property Company of Friends, Inc., more popularly known as Pro-friends, was incorporated on February 23, 1999 as a real estate development company primarily to own, use, improve, develop subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds. PCFI was founded on a common vision of creating communities and transforming lives by providing quality and affordable homes.

The company's initial projects consisted of small pocket developments catering to the low and middle income markets, offering house and lot packages ranging from ₱500,000-₱3.0 million. It has since expanded operations to include the construction of medium-rise buildings, as well as the development of larger, master planned estates, complete with lifestyle amenities for the convenience of its residents.

Today, PCFI is one of the leading property developers focusing on the affordable housing segment, as well as retail space and business process outsourcing (BPO) office leasing. In over 16 years, PCFI has built and sold over 36,000 affordable homes in the provinces of Cavite and Iloilo

In August of 2015, GT Capital Holdings invested ₱7.24 Billion for a 22.68% economic stake in PCFI with an option to increase to 51% within the next 3 years. Subsequently on June 30, 2016, GT Capital increased its direct equity stake in PCFI to 51%.

PCFI' partnership with GT Capital aims to strengthen the property developer's ability to be a leading player in the affordable housing segment, considered as the sweet spot in the Philippine property sector. PCFI aims to contribute to serving the market's urgent need to overcome the supply shortage of homes, which is estimated to number around three million as of end-2015.

GT Capital's acquisition of PCFI is seen as mutually beneficial for both companies. PCFI contributes to the strategic partnership with its expertise in the affordable property development and its strategic land bank, while GT Capital brings to the table its robust financial capability and access to capital. The partnership allows for opportunities to develop synergies between Profriends and other GT Capital component companies. Collaboration in providing financing options to home buyers and leveraging on complementary market offerings are just some of the synergistic opportunities that may be tapped. Being part of the GT group also allows Profriends to have access to management and market insights that cut across the various and diverse business interests of GT Capital that can contribute in having a more holistic view of the business environment. The venture adds a new dimension to GT Capital's property development portfolio and effectively expands its product and service offerings in the sector.

The acquisition also complements Federal Land's property development projects. GT Capital now offers Federal Land's upper-mid to high-end vertical projects as well as PCFI affordable horizontal and mixed-use townships in key areas near Metro Manila, effectively fusing GT Capital's property sub-segments.

PCFI' registered office is at PCFI Center, 55 Tinio St., Barangay Addition Hills, Mandaluyong City.

HOUSING INDUSTRY

The SHDA (Subdivision and Housing Developers Association) in partnership with the Center for Research and Communication at University of Asia and the Pacific has undertaken a study ("The Housing Industry Road Map of the Philippines: 2012-2030"), which classifies the overall housing supply in the Philippines into five different categories (socialized, economic, low cost, mid income, and high end). The price ranges upon which this classification is based are detailed in the table below.

Housing Supply Classifications
(amounts in ₱)

Segments	Price Range		Housing Price Used	Interest Rate	Term (years)	Loan Value
Socialized Housing	Below	400,000[1]	300,000	6.0%	25	100%
Economic Housing	400,001[1]	1,250,000	400,000	8.5%	20	90%
Low Cost	1,250,001	3,000,000	1,250,000	10.5%	20	80%
Mid End	3,000,001	6,000,000	3,000,000	10.5%	15	80%
High End	6,000,001	and above	6,000,000	10.5%	15	80%

Sources: SHDA, Various banks as cited in "The Housing Industry Road Map of the Philippines: 2012-2030"

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*Note 1: Subsequent to "The Housing Industry Road Map of the Philippines: 2012-2030" study, **the price ceiling for socialized housing was revised to ₱450,000** by HUDCC (Housing & Urban Development Coordinating Council)*

The SHDA report highlights that, aside from the prices, different segments also vary in loan terms and interest rates e.g., socialized housing, where most buyers come from lower-income classes, typically has a lower interest rate and longer loan term.

From the price range and loan terms indicated above, the annual amortization for each category and required minimum income for a home buyer in each category were derived, assuming a 30% threshold for annual amortization as a percentage of annual household income.

Required Income for Each Housing Segment
(amounts in ₱)

Segments	Annual Amortization	Required Annual Income	Required Annual Income[1]
Socialized Housing	23,468.02	78,226.72	At least 78,000
Economic Housing	38,041.55	126,805.17	At least 130,000
Low Cost	121,493.27	404,977.55	At least 405,000
Mid End	324,595.20	1,081,984.01	At least 1,100,000
High End	649,190.41	2,163,968.02	At least 2,200,000

Sources: SHDA, Center for Research and Communication (University of Asia and the Pacific)
Note 1: Rounding to facilitate easier matching with the income survey of NSO

The total housing backlog in the Philippines as of 2011 registered at approximately 3.9 million households. Mass housing comprised approximately 79% of this housing backlog, particularly in the economic housing segment (up to ₱1.25million unit price).

The table below shows the distribution of housing surplus/(deficit) in various regions of the Philippines. For the economic housing segment, all regions across the Philippines showed a deficit, with NCR (Metro Manila) requiring an estimated 267,418 units, the highest across all regions.

Metro Manila also had high deficit in the low-cost segment, with 86,550 housing units. On the other hand, the region posted a surplus of 89,869 housing units and 84,818 units in the mid-income and high-end segments respectively. This provides an indication of how the housing supply in Metro Manila has historically been focused more on mid-income and high-end segments.

REGIONAL ANALYSIS HOUSING SURPLUS/DEFICIT BY SEGMENTS

	Socialized	Economic	Low Cost	Mid	High-end	Total
Total	(663,282)	(1,962,077)	(462,160)	250,403	224,011	(2,613,105)
NCR	125,882	(267,418)	(86,550)	89,869	84,818	(53,399)
CAR	13,703	(44,223)	(12,418)	751	999	(41,188)
I – Ilocos	56,148	(170,177)	(37,869)	3,802	898	(147,198)

II - Cagayan Valley	42,780	(81,967)	(15,618)	(3,208)	(830)	(58,840)
III - Central Luzon	35,667	(220,405)	(26,627)	51,653	41,117	(118,595)
IVA - CALABARZON	111,899	(211,298)	(45,877)	68,650	64,066	(12,560)
IVB - MIMAROPA	(59,968)	(83,866)	(17,157)	123	206	(160,662)
V – Bicol	(123,076)	(114,442)	(21,434)	3,485	3,017	(252,450)
VI - Western Visayas	(99,965)	(146,938)	(36,327)	18,466	13,555	(251,209)
VII - Central Visayas	(63,151)	(142,493)	(49,081)	15,123	15,780	(223,822)
VIII - Eastern Visayas	(107,576)	(72,175)	(25,060)	650	(1,114)	(205,275)
IX - Zamboanga Peninsula	(73,056)	(42,527)	(9,413)	(448)	339	(125,105)
X - Northern Mindanao	(38,902)	(81,145)	(18,776)	3,586	1,427	(133,810)
XI – Davao	(41,413)	(95,773)	(12,698)	1,515	3,403	(144,966)
XII - SOCCSKSARGEN	(48,858)	(88,679)	(28,278)	(2,983)	(265)	(169,063)
XIII - Caraga	(37,976)	(39,237)	(13,336)	(523)	(404)	(91,476)
ARMM	(130,156)	(59,313)	(5,642)	(109)	-	(195,220)

Sources: *"The Housing Industry Roadmap of the Philippines: 2012-2030" report by SHDA, Center for Research and Communication (University of Asia and the Pacific) which used data from HLURB, HUDCC, UN World Population Prospectus. NSO and computation by authors of the same report*

In order to derive housing needs from 2012-2030, the authors of "The Housing Industry Road Map of the Philippines: 2012-2030" report used the Family Income and Expenditure Survey (FIES) 2009 and population projections data of the United Nations to derive the increase in household per income bracket, as indicated beforehand. The increase in household was also grouped according to the respective housing segments. Based on this analysis, from 2012 to 2030 approximately 6.2 million housing units will be required to address the housing needs in the Philippines. Mass housing demand is expected to comprise approximately 76% of this expected housing need (41% for economic housing, 25% for socialized housing and 10% for low cost housing). On the other hand, the mid-income housing segment and high-end segments are projected to account for only approximately 1% and 0.2% respectively, of new housing demand from 2012 to 2030. In terms of housing supply projections, the report assumes that production will average 200,000 units every year from 2012 to 2030.

Housing Demand and Supply Profile, 2001-2011

Market Segment	Housing Demand	Housing Supply	Surplus/(Deficit)
Socialized Housing	1,143,048	479,765	(663,283)
Economic Housing	2,503,990	541,913	(1,962,077)
Low Cost Housing	704,406	242,246	(462,160)
Mid Cost Housing	72,592	322,995	250,403
High End Housing	18,235	242,246	224,011

Those who can't afford	***832,046***
Housing Backlog 2001-2011	**3,087,520**
Total Housing Backlog (2011)	**3,919,566**

Estimated Housing Backlog by 2030

Particulars	Units Per Year	No. of Years	Total Units
Current Housing Backlog			3,919,566
Est. new housing need (2012-2030)	345,941	18	6,226,540
Housing production capacity	200,000	18	(3,600,000)
Backlog by 2030			6,546,106

Source: "The Housing Industry Road Map of the Philippines: 2012-2030" – Subdivision and Housing Developers Association of the Philippines

Based on the above key assumptions and calculations in the report, housing backlog in the Philippines is projected to persist and grow to reach 6.5 million households by 2030.

STRATEGIES

In order to effectively serve the vast opportunity presented by the large housing backlog in the Philippines, PCFI aims to carry out the following strategies:

Be at the Forefront of Delivering Complete Product Offerings that are tailor-fit to the Needs of the Market

Having been in the business of developing communities for the low to middle income housing segments for more than 17 years, PCFI has harnessed a core competency of developing products that fit the needs of the market it wishes to serve. Houses are designed with the family in mind – this is why PCFI' house models usually feature 3 bedrooms and 2 toilet and baths offered at affordable prices. Housing units go through a rigorous design and development process that takes into consideration efficient space planning, architectural and engineering design, as well as choices of materials to be used in order to best serve the unique needs of a family looking to buy a home.

The complete product offering goes beyond the housing unit itself. Financing options are designed to ensure that products are truly affordable to the market both in the equity and amortization stages of the different financing schemes. Various key elements in community development such as security, transportation, education, and commercial facilities are likewise integral to making the product offering tailor-fit to the everyday needs of the target market segments. PCFI constantly invests in consumer-insight generation initiatives that aim to be in touch with evolving market needs.

Go Beyond Housing through Integrated Township Developments

From developing pocket housing communities, PCFI has shifted to developing large-scale master planned township developments that offer residential, commercial, and institutional components. The company's flagship development, the 1,700 hectare Lancaster New City (LNC) in Cavite, serves as an existing proof of concept of such a large scale township development. The township development approach does not only allow for a strong and complete product offering for home buyers but also allows PCFI to offer more than just the residential housing component to its market.

Lancaster New City offers housing packages at various price points; in addition, it supplemented Lancaster New City with education, transport, and commercial developments to offer a complete range of services to residents. The St. Edward Integrated School system offers primary and secondary education in multiple campuses spread around various locations within LNC. It also has a transport hub which offers shuttle services within LNC as well as a bus terminal which links LNC to key points in Metro Manila and Cavite. Lastly, Lancaster New City also has its own commercial development, designed to be a major BPO hub. The existing and planned commercial areas within Lancaster New City aim to provide work opportunities for people living inside the development. The integrated township development model is at the heart of PCFI' "live, learn, work, play" approach which aims to target the different needs of homebuyers comprising the underserved segments.

Leverage on Economies of Scale Created by the Township Model

The integrated township model also allows PCFI to leverage on economies of scale brought about by the high volume nature of operations. Large capex items and fixed costs such as warehouses, fabrication facilities, machines and equipment are spread over the 300-500 housing units constructed in Lancaster New City every month. The approach to construction is managed using principles more akin to a manufacturing plant rather than the traditional construction site. The construction technology used goes through constant improvements and upgrades that result in continuously improving capacity to deliver quality housing units. These allow PCFI to offer well designed homes at affordable prices.

COMPETITIVE STRENGTHS

Value for Money Products

PCFI provides quality house and lot packages with features and specifications at par with its competitors, made available at more affordable prices. Its projects are strategically located near vital establishments including commercial areas, transport terminals, schools, hospitals, and workplaces. The provision of subdivision amenities further enhances the value of its products, coupled with the availability of affordable financing packages and friendly customer service. It strongly believes in the importance of market research, commissioning independent studies that can provide additional insights for value adding offering for its target market. These are evident in enhancements to its home design and community planning as well as financing packages. As the projects of PCFI progressed from pocket to estate developments, it made innovation a norm in the design and construction process, constantly finding means to improve product features and efficiency. This way, and through economies of scale, costs are kept to a minimum even while keeping value adding features intact, at prices affordable to buyers.

Financial Strength

PCFI has consistently exhibited a strong and stable financial position borne of prudent credit and financial management. With sales reliant on mid-level office workers, small business owners and OFWs, bank credit standards are applied in the underwriting process at the onset, keeping collection efficiency, a key result area currently at over [98]%. At this level, collection efficiency is highly manageable, allowing the Group to maintain adequate liquidity levels through regular mortgage take-outs by various financial institutions. Periodic portfolio risk assessment is undertaken and seen as vital to efficient and effective financial management. Since [2013], the Group's average net income margin and net income growth are at [●]% and [●]%, respectively.

Robust Sales Network

PCFI's sales and marketing network is composed of over [6,000] exclusive in-house agents and non-exclusive brokers who receive commissions, incentives and rewards at par with industry standards. This is complemented by various forms of support, which include the provision of marketing supplies, manning assistance during events, transportation, and continuous product training and skills development. Sales promos are launched from time to time to incite lead generation and closing. To promote engagement, a systematic approach to sales is implemented in order to give the agents a sense of ownership in their area of responsibility – hand- holding their buyers at the onset and providing assistance during the early stages of the payment and documentation process to preserve the Group's portfolio quality. Even without sales offices abroad, the Group is able to tap the OFW market through the ability of its agents to utilize various means of promoting its products, resulting to [●]% of sales coming from the overseas market.

PROPERTY DEVELOPMENT PROJECTS

Lancaster New City is the largest project of PCFI with a total land area of [1,700] hectares as of [June 30, 2016]. This project spans the municipalities of Kawit, Imus and General Trias in Cavite. Since 2007, when the initial pocket sized villages were launched, more than [●] housing units have been sold, with a significant acceleration in sales velocity noted since the opening of the Manila-Cavite Expressway (Cavitex) in 2011, as it effectively reduced travel time between Cavite and Manila.

To further add value to the property, PCFI will undertake the development of a private road network link to Daang-Hari in Bacoor Cavite, making Lancaster New City easily accessible as well to and from other parts of Metro Manila and Laguna. Further, the construction and future opening of the CALAX is, likewise, expected to add value to the property.

Approximately 400 hectares of this master-planned, mixed-use development have already been developed. **Lancaster New City** is currently home to around 20,000 residents and hosts the ***Church of the Holy Family***, the ***St. Edward Integrated School System***, and ***Downtown Lancaster***.

Bellefort Estates, located in Bacoor, Cavite, is the first middle income priced development of PCFI with a total land area of [99] hectares as of June 30, 2016. It offers three house models at a price range of P 2.5 million to P 5.3 million. The project is very accessible to major commercial establishments – shopping malls, supermarkets, as well as schools and hospitals. More than [●] units have been sold since its launch.

Road network developments, such as the Daang-Hari - South Luzon Expressway ("SLEX") Interchange, a project under the Government's Public-Private Partnership ("PPP") Program, provide additional access to the property.

Carmona Estates is located near the Carmona Exit of the SLEX, and is just a few minutes away from the Carmona town proper and public market. It has a total land area of [13] hectares as of June 30, 2016. This project was initially launched in 2004 and has since expanded it to 12 phases, with over [●] housing units sold. Carmona Estates carries 5 house models priced at ₱1.1 million to ₱2.7 million.

Iloilo Estates (Parc Regency Residences, Parc Regency Greens and Monticello Villas) is PCFI' initial venture outside Cavite, and is located in the province of Iloilo. It has a total land area of 125 hectares as of [June 30, 2016]. Launched in the fourth quarter of 2007, the development is continuously expanding in consonance with Iloilo's growth and development as an emerging business hub. These projects are located in the town of Pavia, a 15-minute drive from Iloilo City. Monticello Villas offers three lower-priced house models at a range of ₱800,000 to ₱1.2 million; Parc Regency Residences sells five house models at prices ranging from ₱1.8 million to ₱3.4 million while Parc Regency Greens sells three house models at price ranging from ₱2.3 million to ₱3.4 million.

Micara Estates in Tanza, Cavite, is the first development of Micara Land, Inc., the affordable housing subsidiary of PCFI, established in 2014. This maiden project offers affordable house and lots on a 71.8 hectare property located in the progressive town of Tanza, Cavite, a mere 30 minutes from the Coastal Metro Bus Station via Cavitex. Micara Estates offers two affordable house models at a price range of ₱620,000 to ₱800,000. It also now has a commercial center **- Micara Plaza. T**he development also provides for a school, a transport hub, a multi-purpose hall and other recreational amenities to service the residential community

Commercial Developments

PCFI has embarked on commercial developments to complement its residential estates and serve as sources of recurring income. Management and administration of PCFI commercial developments is under Marcan Development Corporation, a 100 percent owned subsidiary of PCFI.

Downtown Lancaster is a 25-hectare fully integrated commercial and lifestyle business district, located inside **Lancaster New City, Cavite**. This mixed-use business and retail park shall cater to office workers and residential communities inside Lancaster New City.

- **The Square in Downtown Lancaster** is a modern strip-mall commercial center, architecturally designed to accommodate one or two-storey structures. It has a Gross Leasable Area (GLA) of 46,000 square meters.

- **Suntech iPark** is the first PEZA accredited campus IT Park in Cavite that caters to the growing needs of the country's BPO industry. This world-class technopark can accommodate 10 BPO office buildings which translate to a total GLA of 118,395 square meters. The first low-rise building of Suntech iPark, with a GLA of 5,600 square meters, has already been leased out.

Micara Plaza is a 0.4-hectare the commercial area within Micara Estates, Tanza , now operational with a gas station and various retail establishments.

LAND BANK / LAND ACQUISITION

PCFI' land bank includes undeveloped land, most of which is in Kawit, Imus, General Trias, Bacoor, and Carmona in Cavite; and Pavia and Passi in Iloilo. As of June 30, 2016, total land bank is approximately [●] hectares. Below is a breakdown of PCFI' existing land bank:

Property	Area (in sqm)
[●]	[●]
[●]	[●]

Land acquisition is undertaken primarily for the expansion of existing projects, specifically, Lancaster New City, Bellefort Estates and Iloilo Estates. The company sources land for its project through direct purchase from various land owners. PCFI believes that its land bank is sufficient to meet its medium-term development plan, but it is constantly looking for opportunities to make strategic land purchases.

PROJECT DEVELOPMENT AND CONSTRUCTION

There are three stages in the estate development of PCFI – 1) land development to include the clearing of the land, pipe-laying and road construction; 2) the pre-cast tilt-up system that covers the fabrication of all modular parts and putting all these together; and, 3) finishing to install all functional and aesthetic features of the house.

PCFI conducts rigorous training on various trade specializations to enhance competency, achieve operational efficiency and ensure that its proprietary construction technology is implemented properly. Its own pool of engineers is visible on site to oversee critical functions in project construction to monitor its contractors.

The Tilt-up Pre-cast Construction System ("Pre-cast System") applies to [90]% of PCFI developments and is already in its [8th] generation of upgrade. It was first introduced in the latter half of 2006, resulting in a significant decrease in PCFI cost of sales. This technology allows for indicative timetables for delivery of completed housing units to buyers, with the assurance that they have passed standards of structural soundness and quality control. Likewise, construction costs are indirectly reduced with the elimination of wastage from production inefficiencies.

SALES AND CUSTOMER FINANCING

PCFI resorts to a pre-selling method whereby house and lot packages are generally sold prior to house construction and are turned over only upon completion of the required down payment or equity contribution, the terms of which vary depending on the financing scheme and/or prevailing sales promos. House construction usually takes about four (4) to six (6) months and commences only some time nearing full equity payment, thereby minimizing construction and payment risk.

PCFI maintains a sales network consisting of over 6,000 exclusive in-house sales agents and non-exclusive brokers, who receive commissions and incentives at par with industry standards. PCFI provides various forms of support to its sales force, which include the provision of marketing paraphernalia, manning support/assistance onsite and in selected malls, tripping support and sales training and development. Sales promos are launched from time to time; and rewards and recognition programs are provided for high sales performers.

Sales and marketing strategies focus on increasing awareness of the brand and product offerings. Efforts are undertaken to increase and enhance visibilities through print, various media press releases, strategically located billboards, bus wraps, and improved marketing brochures/flyers.

PCFI also employs the services of third party market research firms to conduct regular studies/surveys to support overall business and sales strategies. Recent studies include consumer/market profiling, consumer acceptance/preferences of house models in specific areas, and brand awareness.

Buyers of PCFI' residential projects pay for their purchases in cash or through bank financing or in-house financing. Cash and/or full equity/downpayments are typically discounted to allow for accelerated payment schedules and other bulk payments. This is to encourage buyers to pay upfront for their property acquisition.

Customers' end user financing is also available through partner banks –MBT, BDO, EastWest Bank, United Coconut Planters Bank, Security Bank Corporation, Philippine National Bank, China Bank Savings, and BPI Savings Bank.

In-house financing is made available to select buyers who do not qualify for bank financing because of limited documentation, such as low-income workers, OFWs and entrepreneurs. Under its in-house financing program, PCFI typically finances 80% of the total contract price of the residential unit. The loans are then repaid through equal monthly installments over a period ranging from five to ten years, with interest rates at 18% per annum for the 5-year term; and 21% per annum for loan terms over 5 to 10 years.

PCFI retains the title to the property until full payment of the loan. If the buyer defaults on payment of its monthly installments, PCFI has the right to cancel the sale and retain payments made by the buyers, subject to grace periods and refunds, as required by Philippine law.

Meanwhile, Pag-IBIG or HDMF Financing is also made available for buyers of the more affordable house models.

Over the last five years PCFI has shifted significantly from in-house financing to bank financing for end user loans.

PCFI' existing portfolio consists of 86% bank financing, 6% in-house, and 9% HDMF.

COMPETITION

The Philippine real estate development industry is highly competitive. With respect to townships developments in Cavite, Iloilo and Cagayan de Oro, PCFI major competitors are Ayala Land, Inc. (Bella Vita Land, Inc., Amaia Land, Inc. and Avida Land, Inc.), Vista Land and Lifescapes, Inc. (Lumina Homes and Camella Homes), Megaworld Corporation (Suntrust Properties) and 8990 Housing Development. PCFI believes that it is a strong competitor in the low cost to mid-end market due to the strategic location, design, quality and price of its products. PCFI also believes that its association with the GT Capital group allows it to reach a wider network of potential customers, including the lucrative overseas-based market.

RESEARCH AND DEVELOPMENT

PCFI research and development activities focus on construction materials, engineering, sales and marketing. PCFI maintains a research and development facility in Lancaster New City aimed at testing new construction materials, research on construction process improvements, and research on enhancing overall product quality. PCFI does not consider the expense for such research and development activities to be material.

INSURANCE

PCFI has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, PCFI carries all-risks insurance during the project construction stage. Similarly, it also requires all of its purchasers to carry fire insurance and sales redemption insurance, for which it pays the annual premium upfront to the insurer and charges purchasers on a monthly basis. For its vertical projects, PCFI requires its general contractors to carry all-risks insurance for the period of building construction.

INTELLECTUAL PROPERTY

PCFI has intellectual property rights on the use of the various trademark and names for its development projects, including the following: Ilustrata Residences, Property Company of Friends, Inc., Micara Land, Inc., Monticello Villas, Park Regency Residences, Lancaster New City Cavite, Downtown Lancaster, The Square, Central Greens, and Suntech iPark. PCFI believes that its trademark and the names of its development projects play a significant role in its effort to create brand recall and strengthen its position in the real estate industry.

PCFI has applications pending for intellectual property rights relating to its various development and projects. Several applications have already been processed and are awaiting release of the certificate of registration from the Philippine Intellectual Property Office. Among the project names, currently submitted for certification include: Park Regency Greens and Profriends Group, Inc.

EMPLOYEES

As of June 30, 2016, full-time employees of PCFI totaled 1,585. The following table provides a breakdown of its employees:

Type	No. of Employees
Executives (AVP and up)	54
Supervisors-Managers	279
Officers	404
Rank and File	848
Total	**1,585**

LEGAL PROCEEDINGS

PCFI is subject to various civil lawsuits and legal actions arising in the ordinary course of business. However, the Company does not consider any of these as material as they will not affect the daily operations of its business, nor will they exceed 10% of the current assets of the Company or have any material effect on the Company's financial position.

RECENT FINANCIAL PERFORMANCE

To be included after June 30, 2016

BUSINESS–AXA PHILIPPINES

Overview

GT Capital has interests in the life insurance business through its 25.3% ownership of shares in AXA Philippines, the Philippines' second largest insurance company in terms of total net insurance premium ₱22.8 billion in 2015. AXA Philippines is a joint venture between the AXA Group, one of the world's largest insurance groups, and the MBT Group, one of the Philippines' largest financial conglomerates. In April 2016, AXA Philippines announced its entry into the non-life insurance business with the acquisition of 100% interest in CPAIC, the fifth largest non-life insurance company in terms of Gross Premiums Written in the Philippines. AXA Philippines is now a provider of a comprehensive suite of products, personal and group insurance in the Philippines, covering life insurance and investment-linked insurance products, savings and investment, health coverage, and property and casualty insurance. AXA Philippines distributes its products in the Philippines through a multi-channel distribution network comprised of agents, bancassurance, corporate solutions and DMTM.

For the six months ended June 30, 2016, AXA Philippines' gross premiums were ₱[●] billion and net insurance premiums were ₱[●] billion compared to gross premiums of ₱[●] billion and net insurance premiums of ₱[●] billion for the six months ended June 30, 2015, respectively. In 2013, 2014, and 2015, AXA Philippines' gross premiums were ₱18.3 billion, ₱18.4 billion, and ₱22.9 billion, while its net insurance premiums were ₱18.3 billion, ₱18.3 billion, and ₱22.8 billion, respectively. AXA Philippines recorded a net income of ₱1.2 billion, ₱1.2 billion, ₱1.4 billion, ₱[●] billion, and ₱[●] billion for the years ended 2013, 2014 and 2015, and six months ended June 30, 2015 and 2016, respectively.

AXA Philippines is part of the AXA Group, one of the world's largest insurance groups and asset managers. With its headquarters in Paris, the AXA Group operates in Western Europe, North America, the Asia Pacific region and in certain regions of Africa and the Middle East. The AXA Group conducts its operations in the Philippines through its 45% interest in AXA Philippines. AXA Philippines' remaining joint venture partners are GT Capital, with a 25.3% shareholding and FMIC, which owns 28.2%, with 1.5% held by other shareholders.

Over the past years, AXA Philippines has developed into a multi-line, multi distribution channel company offering traditional and unit-linked products for individual and group clients with a nationwide coverage through 919 MBT and PSBank branches, being serviced by 700 salaried financial executives and 32 AXA branch offices that are home to its growing network of 2,700 exclusive financial advisors.

History

AXA Philippines' predecessor company, The Cardinal Life Insurance Corporation was incorporated in the Philippines in 1962 to engage in selling personal and group insurance, including life insurance, accident and other insurance products. In 1977, The Cardinal Life Insurance Corporation was renamed Pan-Philippines Life Insurance Corporation. In 1997, Pan-Philippines Life Insurance Corporation was renamed Metro Philippines Life Insurance Corporation.

The AXA Group, through its Asia Pacific subsidiary, AXA Asia Pacific Holdings Limited ("AXA APH") (then known as National Mutual Holdings Limited), an Australian company, signed the AXA Shareholders Agreement on January 27, 1999 to form a joint venture with FMIC and Ausan Resources Corporation ("Ausan"), through the acquisition of 45 % of the capital stock of the Metro Philippines Life Insurance Corporation with the purchase of a portion of shares held by Ausan and all of the shares held by Topsphere Realty Development Company Inc., as well as a subscription of new shares. As a result, the company's name was changed from Metro Philippines Life Insurance Corporation to Philippine AXA Life Insurance Corporation in 1999.

In 2003, AXA Philippines received a license to sell variable or investment-linked life insurance products by the Philippine Insurance Commission. In 2004, AXA Philippines received BSP approval to conduct bancassurance activities in the Philippines. AXA Philippines then became the pioneer bancassurance provider in the Philippines through its relationship with MBT.

In 2009, Ausan's shareholdings in AXA Philippines were transferred to GT Capital Holdings. In 2011, AXA SA acceded to AXA APH and assumed all rights and obligations of AXA APH under the AXA Shareholders Agreement.

On November 5, 2015, GT Capital Holdings and AXA Philippines executed a Sale and Purchase Agreement wherein GT Capital Holdings agreed to sell its 100% equity stake in CPAIC. The transaction was completed in April 2016.

The acquisition of CPAIC is expected to support faster growth of new clients, development of an effective employer distribution channel, increase retention through higher cross-selling ratios and differentiated positioning as the Protection Company.

Competitive Strengths

AXA Philippines believes that its principal strengths are the following:

A leading insurance provider in the Philippines

AXA Philippines by end 2015 strengthened its market share to 12.1% from 11.6% in 2014, maintaining its number two position in the life insurance industry according to the Insurance Commission rankings. This was due to strong growth across all product lines and distribution channels resulting to Total Premium Income of ₱22.9 billion, coming from ₱18.4 billion in 2014.

AXA Philippines trails behind Sun Life in total premium Income, with Sun Life having a more established and bigger agency distribution network. While new players have entered the market, there is still high level of market concentration with top 5 players cornering 78% of market share (Sun Life Group, AIA Group, AXA Philippines, Manulife Group, Prulife). Most top players have partnered with a bank for a formal bancassurance relationship, except for Prulife. Notable new entrants are FWD, partnering with Security Bank; Ageas partnering with East-West Bank and Allianz entering a joint venture with PNB Life.

Pioneer and market leader for bancassurance in the Philippines

AXA Philippines pioneered the bancassurance concept in the Philippines in 2004 through its tie up with the MBT Group. As of June 30, 2016, AXA Philippines distributes [●]% of its insurance products through its bancassurance relationship with MBT and PSBank. The MBT Group, which is the one of the largest Philippine bank in terms of asset size, net loans and receivables and total deposits as of December 31, 2015, has a large and diverse customer base, both in major cities and provincial areas of the Philippines. AXA Philippines reaches out to the MBT Group's large and diverse customer base by placing AXA Philippines financial executives in key MBT Group branches. AXA Philippines believes that its relationship with the MBT Group is among the strongest and most productive bancassurance relationships in the Philippines. AXA Philippines also believes its first mover advantage and extensive experience in bancassurance distribution will continue to provide it with a distinct competitive advantage in the Philippine life insurance market.

Value-enhancing strategic partnerships with MBT

Apart from the area of bancassurance, AXA Philippines has also benefited from its affiliation with MBT in several other ways. AXA Philippines' relationship with MBT is a key element of AXA Philippines' marketing strategy. AXA Philippines' relationship with the MBT Group enhances AXA Philippines' profile with customers in the Philippines and provides local credibility to an internationally known brand. AXA Philippines directly markets to MBT credit card holders, who are able to pay insurance premiums directly through their credit cards. Operationally, MBT manages AXA Philippines' investment-linked product funds. MBT Group employees are also AXA Philippines customers, as AXA Philippines is the primary individual insurance provider to the MBT Group. In terms of management, AXA Philippines is also able to draw up on the resources of the MBT Group to enhance its management's resources and leverage MBT's knowledge of financial products and local consumer preferences. AXA Philippines' partnership with MBT provides benefits across its marketing, operations and management policies and practices; it believes that this will help drive its future premium growth.

Strong, well-recognized global brand and reputation

AXA Philippines' affiliation with the AXA Group provides it with strong brand recognition and financial credibility, both of which contribute to AXA Philippines' ability to attract new customers to its insurance products and introduce new products to existing customers. The 'AXA' brand was the top insurance brand in the world as well as the 48th best brand across all categories according to Interbrand in 2015. The AXA Group's leading market position in the global insurance industry is also important for attracting and retaining talented and skilled agents, employees, brokers and managers who in turn work to build AXA Philippines' client base and overall growth of its operations. In addition, AXA Philippines' relationship with the wider AXA Group allows it to benefit from their product introductions and resources, particularly those which have been successful in other markets.

Competitive advantage among top players

The relationship with CPAIC gives AXA Philippines a unique advantage among top players with strong brand names to have full protection suite of both general insurance and life in its portfolio - allowing for synergies, opportunities for cross-sell and increasing its reach to customers.

<u>Strategies</u>

Because of the positive outlook for the Philippines macro-economic fundamentals and demographic changes that is resulting to a growing middle class, AXA Philippines sees these as fueling the continued growth of the insurance industry. Investment-linked products will continue to dominate product mix as consumers increase their awareness on investment instruments and look for higher returns to their savings.

AXA Philippines looks to sustain its strong position in the market as it continues to focus on:

Accelerating the growth of its distribution channels - Agency and Bancassurance

AXA Philippines plans to continue to strengthen its distribution footprint while increasing the level of professionalism and productivity of its distributors so that its customers can continue to benefit from the best financial advice and solutions it can offer.

Providing customer-centric propositions

AXA Philippines has always taken pride in bringing innovative and relevant solutions to its customers. In 2015 for example, AXA Philippines launched the first critical illness product in the local market that provides coverage up to age 100. Central to meeting its ambition, it is offering superior value propositions that address the whole range of customers' financial needs be it basic protection, health, retirement or investments, also recognizing the different servicing and communication demands of the different customer segments.

With the acquisition of CPAIC comes the extension of our product range

This will allow AXA Philippines to provide customers the convenience of having life, health and general insurance solutions in one place and this will help grow its customer base and build deeper relationships with them.

Delivering superior customer experience

AXA Philippines aims to deliver superior customer experience in terms of service and how it interacts with its customers through the digitalization and simplification of its processes. It looks forward to increasing its presence in digital platforms, including a self-service portal for its customers, for a more convenient transaction with them. It also continues to make investments in digital assets and data so it can understand its customers' needs better.

<u>Products</u>

Overview

AXA Philippines offers a range of life and non-life insurance and investment-linked insurance products in the Philippines. The following table sets for the AXA Philippines' net premium income by product type for the periods indicated:

(₱ in millions, except for %)	As of December 31,						As of June 30,	
	2013		2014		2015		2016	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Participating	1,081.14	5.92%	953.86	5.20%	685.36	3.00%	[●]	[●]
Non-participating	453.97	2.49%	647.84	3.53%	886.19	3.88%	[●]	[●]
Investment-Linked Policies	16,124.07	88.28%	16,098.85	87.74%	20,504.70	89.85%	[●]	[●]
Group	604.98	3.31%	647.92	3.53%	744.64	3.26%	[●]	[●]
Total	**18,264.16**	**100.00%**	**18,348.47**	**100.00%**	**22,820.89**	**100.00%**	[●]	[●]

The following table sets forth AXA Philippines' annual new premiums, value of new business and new business margin by product type for the periods indicated:

	As of December 31,									As of June 30,		
	2013[1]			2014			2015			2016		
(₱ in millions, except for %)	Annual New Premiums[2]	Value of New Business[3]	New Business Margin[4]	Annual New Premiums[2]	Value of New Business[3]	New Business Margin[4]	Annual New Premiums[2]	Value of New Business[3]	New Business Margin[4]	Annual New Premiums[2]	Value of New Business[3]	New Business Margin[4]
Participating	91.93	48.22	52.45	62.52	27.42	43.86	37.59	20.23	53.82	[●]	[●]	[●]
Non-participating	241.01	260.97	108.28	453.35	546.44	120.53	449.37	605.73	134.80	[●]	[●]	[●]
Investment-Linked Policies – RP	1,662.91	1,241.65	74.68	2,148.42	1,519.28	70.72	2,680.41	1,886.01	70.36	[●]	[●]	[●]
Investment-Linked Policies – SP	1,339.54	629.94	47.03	1,217.25	627.73	51.57	1,517.18	759.41	50.05	[●]	[●]	[●]
Group	63.20	145.96	230.95	68.19	122.20	179.21	78.15	108.58	138.94	[●]	[●]	[●]
Total	**3,398.59**	2,326.74	68.46	**3,949.73**	2,843.07	**71.98**	**4,762.70**	3,379.96	70.97	[●]	[●]	[●]

Notes:

(1) The value of new business is net of acquisition expense over run. Expense over run is the amount of expense which exceeds what is in the pricing loadings.

(2) Annual new premiums is calculated as 100% of annualized regular premium plus 10% of single premium.

(3) Value of new business is calculated as the present value of future profits.

(4) New business margin is calculated as the value of new business divided by annual new premium.

(5) Historical group APE is restated for comparability to reflect the shift in computation from high watermark approach to single premium approach beginning 2014.

The following table sets forth AXA Philippines' regular premium/single premium breakdown of its total premium income for the periods indicated:

(₱ in millions, except for %)	As of December 31,						As of June 30	
	2013		**2014**		**2015**		**2016**	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Regular Premium	4,919.77	26.85%	6,231.55	33.86%	7,759.98	33.85%	[●]	[●]%
Single Premium	13,400.23	73.15%	12,172.93	66.14%	15,163.27	66.15%	[●]	[●]%
Total	**18,319.99**	**100.00%**	**18,404.48**	**100.00%**	**22,923.26**	**100.00%**	[●]	[●]%

The following table sets forth AXA Philippines' regular premium/single premium breakdown of its Annual Premium Equivalent for the periods indicated:

(₱ in millions, except for %)	**As of December 31,**						As of June 30**,**	
	2013		**2014**		**2015**		**2016**	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Regular Premium	1,995.85	58.73%	2,664.29	67.46%	3,167.36	66.50%	[●]	[●]%
Single Premium	1,339.54	39.41%	1,217.25	30.82%	1,517.18	31.86%	[●]	[●]%
Group Premium	63.20	1.86%	68.19	1.73%	78.15	1.64%	[●]	[●]%
Total	**3,398.59**	**100.00%**	**3,949.73**	**100.00%**	**4,762.70**	**100.00%**	[●]	[●]%

Products

Life

Life insurance contracts offered by AXA Philippines primarily include: (i) traditional whole life participating policies; (ii) investment-linked products; and (iii) various non-participating products mostly catering to start-up life protection and savings needs.

Life-traditional and investment-linked
Ensures that the family will continue to live in comfort even after the sudden loss of the breadwinner

Health and critical illness
Covers the cost of unexpected critical illness and major health-related expenses

Education
Prepares for the future education needs of your children

Retirement
Secures funds for the worry-free retirement

Savings and investments
Helps you achieve your future goals and ensure your needs for the years to come

Non-life

CPAIC offers a wide array of insurance products designed to provide protection or indemnification to counterparties against financial loss, damage or liability arising from an unknown or contingent event. These insurance products are as follows:

Motor Car Insurance

Provides comprehensive coverage for vehicles. Standard coverage includes Own Damage (OD)/Theft, Excess Bodily Injury (EBI) and Third Party Property Damage (TPPD).

Fire Insurance

Provides coverage for property/ies (i.e., building, contents, improvements, etc.) against unforeseen losses due to perils. It is a product that is designed to protect hard-earned investments in the midst of the vulnerability of modern society to natural catastrophes.

Offer Bond

Bond is a three-party agreement where CPAIC (i.e., the surety company) assures the performance of an obligation of the Bond Applicant (Principal/Obligor) to a Third Party (Obligee/Bond Beneficiary), by virtue of contract or as required by law.

Marine Insurance

Covers losses or damages of cargo regardless of the nature of the mode of conveyances (be it by land, sea or air), acquired or held between the point of origin and final destination.

Personal Accident Insurance

Provides monetary compensation for death or bodily injury as a result of accidental, violent, external and visible means. It provides financial security in case of unforeseen events or accidents.

Engineering Insurance

Provides a comprehensive and adequate protection to contract works/erection works, construction plant and equipment and/or machinery, and computer data and equipment. It also covers third-party claims for property damage and bodily injury in connection with the construction and erection works.

Casualty Insurance

Pays, on behalf of the insured, all sums which the insured shall be legally liable to pay for all reason of liability imposed on the insured by law for compensation due to bodily injury and/or property damage occurring during the period of insurance within the geographical limits as a result of the occurrence and happening in connection with the insured's business.

Distribution Channels

Life

The distribution network is the starting point of AXA Philippines' relationship with its customers. AXA Philippines' distribution strategy focuses on strengthening traditional channels and developing new ones, such as the internet and strategic partnerships. Staff hiring, retention, market conduct, streamlined sales techniques and presentations, and sales performance metrics are the main initiatives to strengthen distribution channels. AXA Philippines believes the diversification of its distribution channels can help develop new relationships with potential AXA Philippines customers.

AXA Philippines distributes its products through four main channels: agents, bancassurance, and corporate solutions that include brokers and in-house distribution channels for corporate accounts. The table below sets out AXA Philippines' annual new premiums, value of new business and new business margin by distribution channel for the periods indicated:

	As of December 31,									As of June 30,		
	2013			2014			2015			2016		
	Annual New Premiums [2]	Value of New Business[3]	New Business Margin[4]	Annual New Premiums [2]	Value of New Business[3]	New Business Margin[4]	Annual New Premiums [2]	Value of New Business [3]	New Business Margin [4]	Annual New Premiums [2]	Value of New Business [3]	New Business Margin [4]
	(₱ in millions, except for %)											
Agents............	987.38	725.96	73.52	1,282.71	932.94	72.68	1,557.22	1,211.06	77.77	[●]	[●]	[●]
Bancassurance	2,348.02	1,433.45	61.05	2,598.83	1,787.93	68.80	3,127.32	2,060.31	65.88	[●]	[●]	[●]
Others…….....	63.19	167.33	264.76	68.19	122.20	179.21	78.16	108.59	138.94	[●]	[●]	[●]
Total	**3,398.59**	**2,326.74**	**68.46**	**3,949.73**	2,843.07	**71.98**	**4,762.70**	**3,379.96**	**70.97**	[●]	[●]	[●]

Notes:

(1) The value of new business is net of acquisition expense over run.

(2) Annual new premiums is calculated as 100% of annualized regular premium plus 10% of single premium.

(3) Value of new business is calculated as the present value of future profits.

(4) New business margin is calculated as the value of new business divided by annual new premium

Agents

Direct written premiums are generated through exclusive agents, as only exclusive agents are allowed for life insurance distribution under Philippine regulations. Exclusive agents are prohibited from distributing insurance products for any other life insurance companies. Exclusive agents accounted for approximately 33% and 33% of AXA Philippines' total new business in 2014 and 2015, respectively. AXA Philippines uses agents throughout its 32 branches located in strategic locations in Metro Manila, Cebu and Davao, as well as elsewhere throughout the Philippines. In addition to the 32 branches owned or leased by AXA Philippines, there are also several franchise branches that are owned and operated by exclusive agents and co-branded under the AXA Philippines name. AXA Philippines believes that its agency distribution channel is important to its future success and intends to double its current total number of [1,850] agents (as of [June 30, 2016]) by **[●]**

All of AXA Philippines' agents are required to enter into agency agreements before distributing AXA Philippines products. Agents are not considered to be AXA Philippines employees. These agreements set out the terms under which agents act for AXA Philippines, the activities they are authorized to carry out on AXA Philippines' behalf, prohibited activities, types of products they are authorized to sell and the criteria for payment of commission. In addition, agents are required to be licensed by the Philippine Insurance Commission. Agents are responsible for submitting a customer's information and their application for an insurance policy to be processed by the head office.

Bancassurance

Bancassurance refers to the sales of insurance through banking institutions. AXA Philippines utilizes financial executives, who are AXA Philippines employees placed within key MBT branches throughout the Philippines, to provide insurance advisory services to bank-sourced clients. AXA Philippines' bancassurance related products are aimed at complementing MBT's existing line of financial products, thereby providing MBT customers with a complete set of financial and insurance solutions. MBT and AXA Philippines also cross-market their products through joint advertising campaigns and promotional offers, such as tie-ups with MCC. MBT-based financial executives accounted for 67% and 67% of AXA Philippines' total new business premiums in 2014 and 2015, respectively. The cross-marketing of AXA Philippines products at MBT branches is the main component of AXA Philippines' marketing efforts.

Non-life

CPAIC's interactions with its clients or policyholders are through its distribution networks, sales channels, partners and those with mutual business interests:

Branches

CPAIC has 19 branches nationwide, located in Manila, Quezon City, Muntinlupa, Caloocan, Calamba Laguna, Batangas, Naga, Tarlac, Dasmarinas Cavite, San Fernando Pampanga, Baguio City, Urdaneta Pangasinan, Isabela, Iloilo, Bacolod, Cebu, Cagayan de Oro, Davao and General Santos.

Sales Channels

The CPAIC's products and services are sold through its intermediaries, namely licensed agents, licensed Brokers, MBT (through the Bancassurance platform) and synergy with the GT Capital group.

Partners

Several service providers and partners are necessary for product enhancements, including car dealers, accredited repair shops and adjusters for claims.

Marketing

Life

[AXA Philippines aims to be the preferred life insurance company in the Philippines by 2015.] To achieve this goal, AXA Philippines believes significant efforts and investments are necessary for increasing AXA's brand awareness. AXA Philippines' in-house marketing team utilizes both AXA Philippines and AXA SA marketing campaigns to increase its brand awareness and to promote product launches. AXA Philippines pays AXA SA a service fee for access to AXA SA's global brand campaigns as well as assistance in formulating and executing its marketing and branding strategy within the global AXA Group guidelines. AXA Philippines utilizes several forms of advertising, including television, newspapers, magazines and billboard advertisements.

Non-life

In 2016, the Company initiated several drives to elevate awareness and branding:

- Launching of Sales rallies effective the whole year of 2016
- Events to promote the Company such as Binibining Pilipinas sponsorship, Million Producers Nights for top producers, Sports Fests for Intermediaries and other annual intermediary events
- Partnership program with TMP for the exclusive Toyota Insure Program across all Car Dealers nationwide
- Earned a global recognition, Best General Insurer for Philippines by World Finance Global Insurance Awards based in London

Underwriting

AXA Philippines' underwriting process for individual businesses is handled by the Underwriting Department under the umbrella of the Customer Transformation and Operations. For Group, Underwriting Department evaluates cases which are beyond the No Evidence Limit while the rest of the businesses is processed by Corporate Solutions.

The processes through which AXA Philippines underwrites insurance policies are documented and standardized.

An underwriting manual, which documents AXA Philippines' underwriting process and guidelines, is maintained by AXA Philippines. This document serves as useful reference for underwriters on the necessary step sand consideration on risk evaluation.

Claims Management

The Claims Unit of the Life Operations Division (namely, death, disability, medical and personal accident claims) handles the evaluation and adjudication of all claims.

Upon receipt of the complete claim requirements, a claim will be processed by the Claims Unit that later issues a recommendation and/or routes the file with the rest of the Underwriting and Claims Committee for further evaluation and endorsement to approver for processing benefit proceeds.

Approval of a claim requires concurrence of an approver bearing the limits of authority for the subject amount after which a claims processor will proceed to the settlement process, effect a recommendation in the system, and await pay advice.

Denied claims are routed to Policy Services and Benefits Fulfillment head regardless of the amount for final disposition. Claims denied beyond the Policy Services and Benefits Fulfillment head authority are further referred to a higher officer that bears the proper authority for the amount, opinion, concurrence and final disposition.

Release of proceeds, both for approved and denied claims (such as a return of premiums or account value) for valid claimants are then carried out by the Claims Unit where the appropriate documentation is completed.

Investments

AXA Philippines' investment portfolio is an integral part of its business. AXA Philippines' financial strength, underwriting capacity and results of operations depend, in significant part, on the quality and performance of its investment portfolio. To maintain an adequate yield to support future policy liabilities, AXA Philippines' management is required to reinvest the proceeds of maturing securities and to invest premium receipts while continuing to maintain satisfactory investment quality. AXA Philippines adopts an investment strategy of investing primarily in what it believes to be high quality securities while maintaining diversification to avoid significant exposure to any particular issuer, industry and/or country. AXA Philippines' investment strategy includes producing cash flows required to meet maturing insurance liabilities. AXA Philippines invests in equities for various reasons, including diversifying its overall exposure to interest rate risk. Generally, insurance regulations restrict the type of assets in which an insurance company may invest. No derivative instruments, including those used in hedging transactions, are allowed under Philippine insurance regulations.

AXA Philippines' investment policy and strategic asset allocation is managed by an investment management department. MBT provides fund management services for AXA Philippines' investment-linked products under an arm's-length agreement.

Set out below is the value of AXA Philippines' investment portfolio (excluding investment in unit-linked funds) by investment category for the periods indicated. This investment portfolio does not include AXA Philippines' assets held to cover investment-linked liabilities.

(₱ in millions, except for %)	As of December 31,					
	2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total
Equity Securities						
Listed	683,316	7%	841,792	8%	831,968	7%
Unlisted	12,179	0.1%	14,079	0.1%	15,579	0.1%
Debt Securities						
Government	6,357,194	63%	6,244,179	56%	6,835,585	56%
Private	245,761	2%	475,712	4%	1,448,444	12%
Bank deposits						
Time deposits	2,727,153	27%	3,578,083	32%	919,424	7%
Other (UITF)	-	0%	-	0%	2,258,983	18%
Total	**10,025,603**		**11,153,845**		**12,309,984**	

The following table sets out AXA Philippines' investment return and average annual yields for the periods indicated:

(₱ in millions, except for %)	As of December 31,					
	2013		2014		2015	
	Amount	% of total	Amount	% of total	Amount	% of total
Dividend income from trading and non-trading securities	17,636	3%	19,490	4%	17,011	4%
Interest income from trading and non-trading securities	498,954	97%	498,609	96%	443,193	96%
Other	-		-		-	
Total	**516,590**		**518,099**		**460,203**	

Equity securities

The equity portfolio is denominated in Philippine Pesos. All investments must be Philippine peso-denominated to remove any currency risk exposure. The equity portfolio will invest in equities listed in the PSE. It may also invest in an equity fund subject to the governing investment committees and regulator's approval (e.g. AXA Wealth Equity Fund and Unit Trust Fund). Investments in equities may be managed in-house or by a third party manager and shall be subject to the approved investments parameters.

As of June 30, 2016, AXA Philippines' investments in equity securities consist of approximately [●]% listed and [●]% non-listed equity securities which pertains mostly to club shares. A significant portion of AXA Philippines' equity investments consist mainly of shares in MBT which make up [●]% of AXA's equity investment portfolio. All of AXA Philippines' equity investments in securities consist of shares in Philippine companies.

Debt securities

The bond portfolio is invested in Peso and US dollar denominated Government bonds. AXA Philippines may also invest in the following:

Peso denominated bonds:
- The Government's Peso bonds;
- Quasi-sovereign ("ROP") bonds; and
- Supra-national bonds.

USD denominated bonds:
- The Government's US dollar denominated bonds; and
- Supra-nationals at least two notches above the Government's credit rating.

Investment in corporate bonds may be undertaken subject to risk and sensitivity analysis as required on a case by case basis. Approval of governing investment committees (LMIC/RIALC/BIC) and the local regulator will be sought prior to investment.

As of June 30, 2016, AXA Philippines' debt securities that consisted of investments in Government or Government guaranteed bonds amounted to ₱[●] billion, or [●]% of AXA Philippines' total bond portfolio.

Bank deposits

AXA Philippines maintains primarily Peso and U.S. dollar cash deposits in the Philippines. To ensure the availability of adequate cash for day-to-day operations and to meet claim payments which may be required from time-to-time, AXA Philippines maintains call deposits and term deposits, the majority of which are for terms between three days and 90 days. As of December 31, 2013, 2014 and 2015, and June 30, 2016, AXA Philippines had bank deposits valued at ₱2.7 billion, ₱3.6 billion, ₱919 million, and ₱[●] billion respectively, representing approximately 27%, 32%, 7%, and [●]% respectively, of its investment assets and having an investment return of 0.25% to 1.50%, 0.25% to 1.85%, 0.10% to 1.70%, and [●]% to [●]%, respectively. AXA's bank deposits are placed with MBT, PS Bank, Citibank, Land Bank, HSBC, Banco de Oro, China Bank, Union Bank, Bank of the Philippine Island and Philippine National Bank.

Competition

Life

AXA Philippines faces competition in the Philippines for its products. Competition in the life insurance industry is based on many factors. AXA Philippines believes the principal competitive factors that affect its business are distribution channels, quality of sales force and advisors, price, investment management performance, historical performance of investment-linked insurance contracts and quality of management. AXA Philippines' major competitors in the Philippines are also affiliated with international insurance companies. Many insurance companies in the Philippines offer products similar to those offered by AXA Philippines and in some cases, use similar marketing techniques and banking partnership support. AXA Philippines' principal competitors are Philippine American Life, Sun Life of Canada, PruLife of the UK and Manufacturers Life.

The table below shows the new business premium income plus single premium income and percentage of total market share for AXA Philippines and its principal competitors for 2014 to 2015

	As of December 31,					
	2014			2015		
(₱ in billions, except for %)	**Amount**	**% of total**	**Ranking**	**Amount**	**% of total**	**Ranking**
1. AXA Philippines [(1)]	14, 424.33	15.37%	2	17,945.99	15.97%	3
2. GeneraliPilipinas	1,759.86	1.87%	10	2,340.30	2.08%	10
3. BPI Philam Life	13,033.57	13.89%	3	18,393.19	16.37%	2
4. Insular Life	7,862.24	8.38%	7	8,473.67	7.54%	7
5. Sunlife	18,989.33	20.23%	1	19,406.34	17.27%	1
6. Philam Life & Gen.	9,267.60	9.87%	5	11,021.69	9.81%	5
7. Pru Life	10,951.51	11.67%	4	13,021.65	11.59%	4
8. Grepalife Financial	5,615.69	5.98%	8	8,623.05	7.68%	6
9. Manulife (Phils)	8,211.81	8.75%	6	8,047.38	7.16%	8
10. PNB Life Insurance, Inc.	3,744.64	3.99%	9	5,068.91	4.51%	9

Source: Philippine Insurance Commission

(1) Data obtained from information contained in and derived from the Philippine Insurance Commission under its own calculation methodology, which may not reconcile with the information in AXA Philippines' audited financial statements contained herein.

The table below shows the net premium income and percentage of total market share for AXA Philippines and its principal competitors for 2014 to 2015.

(₱ in billions, except for %)	As of December 31, 2014 Amount	2014 % of total	2015 Amount	2015 % of total
1. Philam Life & Gen	18,311.49	13.17%	21,169.79	12.73%
2. Sunlife	30,732.67	22.10%	32,811.20	19.73%
3. AXA Philippines [(1)]	18,348.46	13.20%	22,820.89	13.72%
4. Pru Life	15,450.74	11.11%	19,809.81	11.91%
5. Insular Life	11,697.39	8.41%	12,653.76	7.61%
6. BPI Philam Life	14,483.17	10.42%	20,798.90	12.50%
7. Manulife (Phils)	13,357.41	9.61%	13,919.35	8.37%
8. Grepalife Financial	7,044.88	5.07%	10,145.89	6.10%
9. PNB Life Insurance, Inc	4,619.01	3.32%	5,833.02	3.51%
10. GeneraliPilipinas	4,988.82	3.59%	6,364.14	3.83%

Source:Philippine Insurance Commission

(1) Data obtained from information contained in and derived from the Philippine Insurance Commission under its own calculation methodology, which may not reconcile with the information in AXA Philippines' audited financial statements contained herein.

Non-life

Based on the Insurance Commission's industry ranking for the last five years, the average industry growth in terms of GPW was 8.9% while CPAIC's average growth was 16.6%. In terms of GPW, CPAIC maintained its 5th ranking in the GPW, and its 4th ranking in the NPW in terms of 2015 industry performance.

The top ten non-life insurance companies control 64.9% share in the insurance industry in terms of GPW. CPAIC's 2015 market share was at 5.9%.

The Philippine insurance industry has generated stable results despite high exposure to natural catastrophes. The government drives a national and natural catastrophe protection schemes.

The issues on capital requirements, regulatory requirements, tax and consolidation remain. There is an increasing consciousness and demand for microinsurance which contributed to the stable growth of the insurance industry.

Primary products sold in the country are the traditional lines. Motor Car insurance, remains to be the main driver in terms of premium volume.

As of December 2015, the Philippine insurance industry is composed of a total of 69 non-life insurance companies and 4 composite life and non-life.

Product Research and Development

The development of new products is organized, managed and coordinated primarily within AXA Philippines.

Product Development and Pricing

Through its relationship with the AXA Group, AXA Philippines draws up on the experience of AXA Group companies in other markets. In particular, AXA Philippines adopts the successful or innovative products that have been launched in other markets for introduction in to the Philippine market. The investment-linked insurance products, for example, are based on the AXA Group's earlier introduction of this product in HongKong.

AXA Philippines follows the AXA Group's Asian businesses' product management and development guidelines which are set forth in the Regional Product Blueprint (the"RPB") as published by the AXA Group's regional office in Hong Kong. Products are either developed locally in the Philippines and approved by the regional office in Hong Kong, or sent to AXA Philippines from the Hong Kong regional office or the AXA Group headquarters in Paris for local approval and implementation. All new products are subject to approval by the Philippine Insurance Commission. The RPB prescribes every new product or product modification from the concept stage using market research, customer and distributor insights and competitor movements. If local management approves a concept, the next stages are the feasibility, design and planning stages. In these stages, key product features, volume projections, profit metrics, marketing and risk measures are evaluated locally and regionally before any product is approved and moved to the next stages of implementation and launch. Once a product is launched, its actual performance is regularly reviewed against volumes committed in the design and planning stages. Products that do not perform as anticipated may be redesigned or may be pulled out from AXA Philippines' portfolio.

The pricing of AXA Philippines' products is determined using the various assumptions, profit requirements, risk appetite, competitiveness and pricing strategy as developed by AXA Philippines and approved by the regional office in Hong Kong. All new products, including price changes to existing products, must be approved by the Philippine Insurance Commission.

Reinsurance

AXA Philippines reinsures a portion of the risks it underwrites in an attempt to limit volatility in surpluses due to catastrophic events and other concentration risks. Philippine regulations require insurance companies to cede up to 10% of their cessions to unauthorized reinsurers to the National Reinsurance Company. AXA also uses reinsurance to leverage its underwriting capacity. Total gross premiums covered by third party reinsurers in 2015 was ₱102.40 million.

Asset And Liability Management And Risk Management

AXA Philippines manages its capital through its compliance with Philippines statutory requirements on solvency margins for insurance companies, minimum paid-up capital and minimum net worth. AXA Philippines also complies with Philippine statutory regulations on Risk-based Capital ("RBC") to measure the adequacy of its statutory surplus in relation to the risks inherent in its business.

AXA Philippines has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risk. It also supports the effective implementation of policies at the overall company and individual business unit levels. These policies define AXA Philippines' identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of underwriting and reinsurance strategies to the corporate goals and specific reporting requirements.

Properties

AXA Philippines owns the premises occupied by its corporate office at the ground floor of the Philippine AXA Life Centre in Makati. AXA Philippines leases additional space in the Philippine AXA Life Centre from PSBank and Unionseal Plastic, Inc.

AXA Philippines owns certain investment properties including office space, seven condominium units and 16 parking slots at the Skyland Plaza in Makati.

CPAIC's head office is located at Skyland Plaza, Sen. Gil Puyat Avenue corner Tindalo St., Makati City. It owns the premises except for a portion of the Executive Office located at the ground floor which it leases from FMIC and Skyland Plaza Condominium Corporation.

CPAIC has 21 branches nationwide with 1 Satellite office: 4 in Metro Manila; 8 in North Luzon (including 1 satellite office); 4 in South Luzon; 3 in Visayas; and 3 in Mindanao. It owns the premises where its Binondo office is located and the rest of the branches are leased either from MBT or from other lessors. The term of the lease ranges from one to three years renewable under mutually acceptable terms and conditions.

Intellectual Property

Under the terms of the joint venture agreement between AXA SA and other shareholders, AXA Philippines has the right to use the 'AXA' name in the Philippines. AXA Philippines does not own any intellectual property rights.

CPAIC has no intellectual property rights. The trade mark "CPAIC" was registered with the Intellectual Property Office on 8 November 2012 as per Certificate of Registration Number 4-2012-002127.

Employees

As of [June 30, 2016], AXA Philippines had [●] full-time employees, [●] bancassurance employees and [●]corporate solution employees. AXA Philippines has no collective bargaining agreements with its employees and none of its employees belong to a labor union. AXA Philippines believes its relationships with its employees are generally good. Currently, AXA Philippines has no plans for additional hiring except in the ordinary course of business expansion.

As of June 2016, CPAIC had 384 full-time employees, 23 probationary employees and 12 consultants.

Employee Pension Plan

AXA Philippines maintains a non-contributory defined benefit pension plan that covers any regular and permanent employee of AXA Philippines who has completed six months of continuous employment. The plan requires contributions to be made to a fund, which is funded solely by contributions from AXA Philippines and administered by MBT as the trustee. AXA Philippines' pension plan consists of a financial package that provides retirement, disability, death and separation benefits based on a pre-determined schedule.

Reserves

Insurance companies are required to maintain reserves to ensure that it will be able to meet its obligations to its policy holders. A life insurance company is required to annually make, on a net premium basis, a valuation of all policies, additions there to, unpaid dividends and all other obligations outstanding on December 31 of the preceding year. The aggregate net reserves on the company's policies shall be deemed its reserve liability for policy holders to provide, for which it shall hold funds in secure investments equal to such net reserves.

For ordinary plans, the legal policy reserve is the sum of the interpolated terminal reserves plus the unearned net premium. AXA Philippines maintains legal policy reserves to meet its future benefit obligations under its long-term life and health insurance policies. The legal policy reserves are calculated on the basis of actuarial assumptions, including those regarding mortality and morbidity rates, interest rates and administrative expenses.

Future dividend reserves are set as the earned portion of the dividends due at the end of the policy year. For disability riders and group policies, reserves are equal to unearned premium reserves.

Incurred but not reported ("IBNR") claims for AXA Philippines' group business is calculated based on competition ratios derived from the analysis conducted on the pattern of reported of deaths occurring within a one-year historical period. IBNR for individual business is based on the product of the actual death claims paid for the year and one-year experience ratio of IBNR to the death claims paid. IBNR for medical claims is computed as the one-month average disability and hospitalization benefits paid for the year.

Figures for accumulated dividends are generated by AXA Philippines' accounting systems. However, reasonableness checks are routinely conducted to ensure that the figures are in accordance with AXA Philippines' dividend policy.

The establishment of reserves is an inherently uncertain process, and therefore, there is no assurance AXA Philippines' ultimate losses will not differ from its initial estimates.

Regulatory Matters

The ICP mandates that no corporation, partnership or association of persons shall transact any insurance business in the Philippines until after it shall have secured a certificate of authority for that purpose from the Insurance Commission. In addition, the ICP provides that existing insurance companies already doing business in the Philippines must have a net worth of Five Hundred Fifty Million Pesos (₱550,000,000.00) by December 31, 2016. The increase in capitalization aims to boost the insurance industry to better compete globally and will provide additional cushion against risks for the protection of the insured. Also, the investment area of insurance companies have expanded to include investments of up to 25% of their admitted assets in obligations issued or guaranteed by local or foreign banks. Further, the ICP provides that the insurance companies should comply with the financial reporting frameworks adopted by the Insurance Commission for purposes of creating the statutory financial reports and the annual statements to be submitted to the Insurance Commission.

Among other reforms, the amendment brought about by Republic Act No. 10607 include the recognition of financial products such as Bancassurance or cross-selling wherein the bank may present and sell to its customers by an insurance company of its insurance products within its premises, under such rules and regulations which the Insurance Commission and the BSP may promulgate.

Legal Proceedings

AXA Philippines is involved in various legal proceedings. AXA Philippines believes that these proceedings will not have a material adverse effect on AXA Philippines' financial position, operating results or cashflows.

Currently, there are eight (8) major cases which can materially affect CPA. We believe, however, that CPA has strong legal positions in these cases and the outstanding amount of claims involved is not material relative to the Group's total current assets.

Recent Financial Performance

In the first six months of 2016 and 2015, and for the years ended December 31, 2015, 2014, and 2013, AXA Philippines registered a net income of ₱[●],₱[●], ₱1,383 million, ₱1,226 million and ₱[●] million, respectively; accounting for [●]%, [●]%, 2.5%, 2.6% and [●]% of GT Capital's net income for the said periods. For the financial highlights of AXA Philippines, please refer to the section on Financial Information found elsewhere in the Prospectus.

BUSINESS – MPIC

Metro Pacific Investments Corporation (MPIC) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 20, 2006 as an investment holding company. MPIC's common shares of stock are listed in and traded through the Philippine Stock Exchange (PSE). On August 6, 2012, MPIC launched Sponsored Level 1 American Depositary Receipt (ADR) Program with Deutsche Bank as the appointed depositary bank in line with the Parent Company's thrust to widen the availability of its shares to investors in the United States.

MPIC was 52.1% and 55.8% owned by Metro Pacific Holdings, Inc. (MPHI) as at December 31, 2015 and 2014, respectively. The reduction of MPHI's economic interest in MPIC resulted from an overnight placement on February 9, 2015.

On May 27, 2016, the following transactions took place:

- The placing of 3.6 billion new MPIC ordinary common shares to GT Capital Holdings, Inc. at a price of ₱6.10 per share for a total cash consideration of ₱21.96 billion. This will be received by MPIC as a deposit for share subscription while MPIC increases its Authorized Share Capital pursuant to shareholder approvals received in 2015. Upon completion of the subscription, GT Capital would hold 11.4% of the enlarged common share capital base of MPIC.

- GT Capital will also acquire a further 1.3 billion shares from Metro Pacific Holdings, Inc („MPHI‟), the majority shareholder of MPIC, which would then increase GT Capital‟s overall holding in the common share capital of MPIC to 15.6%.

- Immediately prior to the issue of new common shares by MPIC as described above, MPHI has subscribed to 4.1 billion newly issued Class A voting preferred shares of MPIC at par value for a total consideration of ₱41.3 million. Following all these transactions MPHI continues to hold an overall majority of the share capital of MPIC, with a 55.0% voting interest.

- MPIC announced that its associate, Beacon Electric Asset Holdings Inc. ("Beacon Electric"), through a wholly owned subsidiary Beacon PowerGen Holdings Inc., has entered into a Share Purchase Agreement with GT Capital Holdings to acquire an aggregate 56% of the ordinary and issued share capital of Global Business Power Corporation ("Global Power") for an aggregate consideration of ₱22.06 billion. Global Power is one of the leading independent power producers in the Visayas region and Mindoro island, with a combined gross maximum capacity of 704 MW comprising 696.5 MW of power supplied to the Visayas grid and 7.5 MW of power supplied within Mindoro island.

MPIC is a leading infrastructure holding company in the Philippines. MPIC's intention is to maintain and continue to develop a diverse set of infrastructure assets through its investments in water utilities, toll roads, electricity distribution and generation, healthcare services and light rail. MPIC is therefore committed to investing through acquisitions and strategic partnerships in prime infrastructure assets with the potential to provide synergies with its existing operations.

<u>BUSINESSES</u>

MPIC is organized into the following segments based on services and products:

- *Water utilities*, which relate to the provision of water and sewerage services by Maynilad Water Holding Company, Inc. (MWHCI) and its subsidiaries Maynilad Water Services, Inc. (Maynilad) and Philippine Hydro, Inc. (PHI), and bulk water supply and distribution by MetroPac Water Investments Corporation (MPWIC) outside Metro Manila.

- *Toll operations,* which primarily relate to operations and maintenance of toll facilities by Metro Pacific Tollways Corporation (MPTC) and its subsidiaries Manila North Tollways Corporation (MNTC) and Cavitex Infrastructure Corporation (CIC), and associates, Tollways Management Corporation (TMC) and CII Bridges and Roads Investment Joint Stock Co. (CII B&R), and MPIC's associate, Don Muang Tollway Public Ltd (DMT).

- *Power distribution and generation*, which primarily relates to the operations of Manila Electric Company (MERALCO) in relation to the distribution and supply of electricity and Global Business Power in relation to power generation.

  The investment in MERALCO is held both directly and through a joint venture, Beacon Electric Asset Holdings, Inc. (Beacon Electric). While, the investment in Global Power is held through Beacon Electric's wholly-owned subsidiary, Beacon PowerGen Holdings Inc.

- *Healthcare,* which primarily relates to operations and management of hospitals, nursing and medical schools and such other enterprises that have similar undertakings by Metro Pacific Hospital Holdings, Inc. (MPHHI).

- *Rail*, which primarily relates to Metro Pacific Light Rail Corporation (MPLRC) and its subsidiary, Light Rail Manila Corporation (LRMC), the operations and maintenance of the Light Rail Transit (LRT) and construction of the LRT1 south extension; and systems-related services such as the ticketing services provided by AF Payments Inc. (AFPI, formerly Automated Fare Collection Services, Inc).

- *Logistics,* which primarily relates to the services provided by MetroPac Logistic Company, Inc. (MLCI) through its subsidiary MetroPac Movers Inc. (MMI), MMI is to provide services in logistics, shipping, freight forwarding and e-commerce fulfillment.

- *Others*, which represent holding companies and operations of subsidiaries involved in real estate and provision of services.

OWNERSHIP AND CAPITALIZATION

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in its articles of incorporation and the by-laws. As of June 30, 2016, the current authorized capital stock of the Company is ₱5,000,000,000.00 divided into 298,257,000 Common Shares with a par value of ₱10.00 per share, 20,000,000 Perpetual Preferred Shares with a par value of ₱100.00 per share, and 174,300,000 Voting Preferred Shares with a par value of ₱0.10 per share. As of date, 174,300,000 Common Shares and 174,300,000 Voting Preferred Shares are issued and outstanding. All of the issued and outstanding Common Shares are listed in the PSE.

Following the Offer, and assuming the Oversubscription Option is exercised in full, the Company will have the following issued and oustanding shares: (a) 174,300,000 Common Shares, (b) 12,000,000 Preferred Shares and (c) 174,300,000 Voting Preferred Shares. Following the Offer, and assuming the Oversubscription Option is not exercised, the Company will have the following issued and outstanding shares: (a) 174,300,000 Common Shares, (b) 8,000,000 Preferred Shares and (c) 174,300,000 Voting Preferred Shares.

Top 20 Shareholders of Common Shares

(as of June 30, 2016)

Rank	Name of Stockholder	No. of Shares	Percentage to Total Outstanding Common Shares	Percentage to Total Outstanding Shares
1	[●]	[●]	[●]	[●]
2	[●]	[●]	[●]	[●]
3	[●]	[●]	[●]	[●]
4	[●]	[●]	[●]	[●]
5	[●]	[●]	[●]	[●]
6	[●]	[●]	[●]	[●]
7	[●]	[●]	[●]	[●]
8	[●]	[●]	[●]	[●]
9	[●]	[●]	[●]	[●]
10	[●]	[●]	[●]	[●]
11	[●]	[●]	[●]	[●]
12	[●]	[●]	[●]	[●]
13	[●]	[●]	[●]	[●]
14	[●]	[●]	[●]	[●]
15	[●]	[●]	[●]	[●]
16	[●]	[●]	[●]	[●]
17	[●]	[●]	[●]	[●]
18	[●]	[●]	[●]	[●]
19	[●]	[●]	[●]	[●]
20	[●]	[●]	[●]	[●]

Top 20 Shareholders of Voting Preferred Shares

Rank	Name of Stockholder	No. of Shares	Percentage to Total Outstanding Voting Preferred Shares	Percentage to Total Outstanding Shares
1	[●]	[●]	[●]	[●]
2	[●]	[●]	[●]	[●]
3	[●]	[●]	[●]	[●]
4	[●]	[●]	[●]	[●]

5	[●]	[●]	[●]	[●]
6	[●]	[●]	[●]	[●]
7	[●]	[●]	[●]	[●]
8	[●]	[●]	[●]	[●]
9	[●]	[●]	[●]	[●]
10	[●]	[●]	[●]	[●]
11	[●]	[●]	[●]	[●]
12	[●]	[●]	[●]	[●]
13	[●]	[●]	[●]	[●]
14	[●]	[●]	[●]	[●]
15	[●]	[●]	[●]	[●]
16	[●]	[●]	[●]	[●]
17	[●]	[●]	[●]	[●]
18	[●]	[●]	[●]	[●]
19	[●]	[●]	[●]	[●]
20	[●]	[●]	[●]	[●]

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Set forth below are the directors and officers of the Company and their business experience for the past five (5) years as of June 30, 2016.

Board of Directors of GT Capital

The Board is entrusted with the responsibility for the Company's overall management and direction. As provided in the Company's Articles of Incorporation and By-laws, it shall be composed of eleven (11) directors, at least two of whom shall be independent directors. The roles of the Chairman and President are separate and clearly defined while the independent directors are expected to provide a source of independent advice and judgment and considerable knowledge and experience to the Board's deliberations. Directors are elected by the shareholders for a period of one year. There are no restrictions on re-election, except with respect to independent directors. See "– Term of office".

The Chairman has a vote in resolutions of the Board, which must be passed by a majority vote of those present at a meeting. The senior executive officers carry out the Company's day-to-day operations under the direction of the Board.

The current members of the Board of Directors of GT Capital are as follows:

Name	Age	Citizenship	Position	Date First Elected
Dr. George S.K. Ty	83	Filipino	Group Chairman	July 20, 2007
Arthur V. Ty	49	Filipino	Chairman	July 20, 2007
Francisco C. Sebastian	62	Filipino	Co-Vice Chairman	May 30, 2014
Alfred V. Ty	48	Filipino	Co-Vice Chairman	July 20, 2007
Carmelo Maria L. Bautista	58	Filipino	President/Director	August 5, 2011
Roderico V. Puno	53	Filipino	Director	August 5, 2011
Dr. David T. Go	62	Filipino	Director	May 30, 2014
Jaime Miguel G. Belmonte	52	Filipino	Independent Director	July 11, 2012
Christopher P. Beshouri	53	American	Independent Director	May 14, 2013
Wilfredo A. Paras	69	Filipino	Independent Director	May 14, 2013
Peter B. Favila	67	Filipino	Independent Director	May 11, 2015

The following is a brief description of the business experience of each of the directors:

Dr. George S.K. Ty served as GT Capital's Chairman of the Board since its inception in July 2007 until July 11, 2012. He is the current Group Chairman of GT Capital. Dr. Ty is also the founder of MBT, a listed company, and served as its Chairman from 1975 until 2006 when he became Group Chairman of the MBT Group of Companies. Dr. Ty graduated from the University of Santo Tomas and received his Doctorate in Humanities, Honoris Causa from the same university. He is concurrently the Chairman of the Board of Trustees of the Metrobank Foundation, Inc. and of the board of directors of TMP.

Arthur Vy Ty was elected as GT Capital's Chairman in May 2016. He previously served as the Company's Vice Chairman since its inception in 2007 before assuming the Chairmanship in 2012 up to June 2014. He was the President of MBT, a listed company, from 2006 to 2012 and was appointed as its Chairman in April 2012. He also serves as the Chairman of Metropolitan Bank (China) Ltd., Inc., Vice Chairman of Philippine Savings Bank (PSBank), a listed company, and FMIC. He earned his Bachelor of Science degree in Economics at the University of California, Los Angeles and obtained his Masters in Business Administration degree from Columbia University, New York in 1991.

Francisco C. Sebastian was elected as GT Capital's Co-Vice Chairman in May 2016. He served as Chairman of GT Capital since June 2014. He joined the MBT Group in 1997. He was initially appointed President of First Metro Investment Corporation, a post he kept for 14 years until he was made Chairman in 2011. Concurrently, he was appointed Vice Chairman of MBT in 2006. He also serves as Chairman of GBPC since 2007. Mr. Sebastian has been elected as Director of MPIC, a listed company, on June 3, 2016. He earned his AB degree in Economics Honors, Magna Cum Laude, from the Ateneo de Manila University in 1975. He worked in Hong Kong as an investment banker from 1977 to 1984 with Ayala International Finance Limited and Filinvest Finance (HK) Ltd. From 1984 until he joined MBT in 1997, he owned and managed his own business and financial advisory firm in Hong Kong, Integrated Financial Services Ltd. He is now the Chairman of First Metro Investment Corporation (FMIC), after having served as its President for 13 years.

Alfred Vy Ty has been a Co-Vice Chairman of the Company since February 14, 2012 and has served as a director of the Company since 2007. He is also a Director of MBT and MPIC, both listed companies, and Vice Chairman of TMP. He graduated from the University of Southern California with a degree major in Business Administration in 1989. Some of his other current roles and positions include: Chairman, Lexus Manila, Inc.; Chairman, Federal Land, Inc. (Fed Land); Chairman, PCFI; Board of Trustee Member, Metrobank Foundation, Inc.; and Co-Vice Chairman, GBPC.

Carmelo Maria Luza Bautista assumed the role of director and President of GT Capital in 2011. Prior to his election, Mr. Bautista joined FMIC in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee, he later assumed the position of Head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for 36 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank Manila; Vice President Real Estate Finance Group Citibank N.A. Singapore branch; Vice President Structured Finance Citibank N.A. Singapore Regional Office; Country Manager ABN AMRO Bank Philippines; and President and CEO Philippine Bank of Communications. Mr. Bautista has a Masters in Business Management degree from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelor's degree major in Economics from the Ateneo de Manila University.

Roderico V. Puno has been a director of the Company since August 5, 2011 and is a Senior Partner of Puno & Puno Law Offices. He earned his Bachelor of Arts Major in Political Science from the Ateneo de Manila University in 1985, his Bachelor of Laws degree from the same University in 1989, and his Masters of Law from Northwestern University in Chicago. He is a widely recognized expert in energy law and also specializes in general corporate law, banking and project finance, real estate, utilities regulation, securities, and infrastructure. He is currently Corporate Secretary of Atlas Consolidated and Mining and Development Corporation, First Philippine Industrial Park, and Rustan Supercenters, Inc. He served as Vice-President- Head of Legal, General Counsel, and Corporate Secretary for First Gen Corporation and Vice President Legal for First Philippine Holdings Corporation, concurrently.

Dr. David T. Go has been a director of GT Capital since May 2014. He acquired his Doctor of Philosophy Degree (International Relations) from New York University in 1982. He currently serves as Director, Senior Executive Vice President, and Treasurer of TMP. He is also the Vice Chairman of Toyota Autoparts Phils., Inc.; Board Adviser and Treasurer of TFSPH; President of Toyota Motor Philippines Foundation, Inc.; Trustee of Toyota Savings and Loan Association; Chairman of Toyota San Fernando, Inc., Toyota Makati, Inc., Toyota Manila Bay Corporation. (TMBC), and Toyota Sta. Rosa Inc.; Director and Chairman of the Executive Committee of Toyota Cubao, Inc. (TCI); Director of Lexus Manila, Inc.; and President of Toyota Motor Phils. School of Technology, Inc.

Jaime Miguel G. Belmonte, was elected Independent Director of GT Capital on July 11, 2012. He is also the President and Chief Executive Officer of The Philippine Star (since 1998); President and Chief Executive Officer of Business World (since 2015); President and Publisher of Pilipino Star Ngayon (since 1994) and PM-Pang Masa

(since 2003); and President of Pilipino Star Printing Company (since 1994). Mr. Belmonte is also the President of Cebu-based The Freeman and Banat News (since 2004), Vice Chairman of Stargate Media Corporation (Director since 2000), Publisher of People Asia Magazine, and member of the Board of Advisers of Manila Tytana College (since 2008). He earned his undergraduate degree from the University of the Philippines-Diliman.
MBT,

Christopher P. Beshouri was elected as Independent Director of GT Capital on May 14, 2013. He is Group President and COO of VICSAL Development Corporation, a diversified conglomerate owned and led by the Gaisano Family, with holdings in Retail (Metro Retail stores), Property (Taft, HT Land), and Financial Services (banking, investment banking, brokerage, and trust). Prior to joining VICSAL, Mr. Beshouri was with McKinsey and Company for more than 15 years, where he held 3 distinct roles: President / CEO of Philippines (2005-2013), Chief of Staff of Asia (2004-2005), and Associate Principal (1997-2004). Mr. Beshouri also worked as a Senior Financial Economist and Director at the United States Treasury from 1989 to 1997, where he focused on financial markets and banking regulation. In addition, Mr. Beshouri was an Adjunct Professor of Georgetown University, College of Business from 1996-1997, a Consultant for the West Africa Country Operations of the World Bank in 1988, a Financial Auditor of the Catholic Relief Services from 1987 to 1988, and an Analyst and Research Assistant for the Federal Reserve Bank of Atlanta from 1984 to 1986. Mr. Beshouri holds a Bachelor of Arts Degree (Dual Major in Economics and Public Policy) from the Michigan State University, and a degree in Master of Public Affairs from Princeton University.

Wilfredo A. Paras was elected as Independent Director of GT Capital on May 14, 2013. He currently holds various positions in Philippine corporations, such as: Independent Director of Philex Mining Corporation, a listed company, (2011-present); Director of Oil Mills Goup of CIIF- Granexport Manufacturing Corporation, Cagayan de Oro Oil Mills Corporation, Iligan Coconut Oil Mills Corporation (2011-present); Member of the Board of Trustees of Dualtech Training Center (2012-present); and President of WAP Holdings, Inc. (2007-present). He also served as the Executive Vice President/Chief Operating Officer and Director of JG Summit Petrochemical Corporation; and was also the President of Union Carbide Philippines, the President/Director of Union Carbide-Indonesia, Managing Director of Union Carbide Singapore and Business Director for Union Carbide Asia-Pacific. Mr. Paras holds a degree in Bachelor of Science (BS) Industrial Pharmacy from the University of the Philippines and a Master in Business Administration (MBA) from the De la Salle University Graduate School of Business. He finished a Management Program of the University of Michigan, Ann Arbor, Michigan, USA.

Peter B. Favila was elected as Independent Director on May 12, 2015. Prior to this, he served as GT Capital's Board Advisor since October 23, 2014. He is presently a Consultant to the Bangko Sentral ng Pilipinas (BSP) after completing his fixed term as Member of the Monetary Board. Likewise, Mr. Favila is a member of the Supervisory Committee of the (ABF) Philippines Index Bond Fund and of the Advisory Council of the Asian Bankers Association. He is a member of the Board of Trustees of the Ramos for Peace and Development Foundation, Inc. (RPDev) and Trustee of the Alay sa Kawal Foundation, Inc. With more than 40 years of experience in the field of banking and finance, he held various executive positions in both the public and private sector. In 2005, he was appointed Secretary of the Department of Trade and Industry (DTI) where in concurrent capacity he chaired several attached agencies to DTI until the end of his term in 2010. Mr. Favila, in the private sector, had served as Senior Vice President of Metropolitan Bank and Trust Co., President/CEO of Security Banking Corporation, Vice-Chairman/President/CEO of Philippine National Bank, and President/CEO of Allied Banking Corporation. Prior to his stint in government service, he was elected as Chairman of the Philippine Stock Exchange (PSE). Mr. Favila is a recipient of various recognitions and awards prominent of which are the Republic of the Philippine's Order of Lakandula with the rank of Bayani conferred by President Gloria Macapagal-Arroyo; the Gran Cruz Orden de Isabel la Catolica conferred by King Juan Carlos I of Spain; the Order of the Rising Sun, Gold and Silver Star conferred by His Majesty Emperor Akihito of Japan. Mr. Favila earned his Bachelor of Science degree in Commerce from the Santo Tomas University and completed his Advance Management Program at the Wharton School, University of Pennsylvania. He is an adopted member of Class 1982 of the Philippine Military Academy.

Board Meetings
The Board meets regularly to ensure a high standard of business practice for GT Capital and its stakeholders and to ensure soundness, effectiveness, and adequacy of its internal control environment. In 2015, the Board had five (5) board meetings, inclusive of one (1) organizational meeting, three (3) regular meetings, and one (1) special meeting. As of June 30, 2016, the Board has had five (5) meetings.

Term of office
The directors are elected during each regular meeting of the Company's stockholders and hold office for one year and until their successors are elected and qualified. SEC Memorandum Circular No. 9 Series of 2011 sets the term of an independent director at five consecutive years. After this period, an independent director shall be eligible for re-election as such after a two-year period. In case of re-election, such person may serve as an independent director for another consecutive five (5) years, after which he is perpetually barred from serving as an independent director of GT Capital. However, in GT Capital's Manual on Corporate Governance, a re-elected independent director may only serve for another four (4) consecutive years. The Company's By-laws have been recently amended to reflect that the Company's regular meetings of stockholders are to be held on the second Wednesday of May of each year, or on the day following, if the second Wednesday of May is a legal holiday.

Involvement in certain legal proceedings of directors and executive officers
None of the members of the Board, nor any of the Company's executive officers, has been or is involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past five years and up to the date of this Prospectus. None of the members of the Board, nor any of the Company's executive officers, has been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or of any other nation or country. None of the members of the Board nor any of the Company's executive officers have been or are subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities. None of the members of the Board nor any of the Company's executive officers have been found by a domestic or foreign court of competent jurisdiction (in a civil action), commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Corporate Governance

The Company adopted its original Manual on Corporate Governance (the "Governance Manual") on December 2, 2011. The latest Governance Manual, as amended, was submitted to the Securities and Exchange Commission on December 17, 2014. The policy of corporate governance is based on the Governance Manual. The Governance Manual lays down the principles of good corporate governance to be followed by the entire organization. The Governance Manual provides that it is the Board's responsibility to initiate compliance with the principles of good corporate governance, to foster long-term success and to secure the Company's sustained competitiveness in a manner consistent with its fiduciary responsibility. Included in the Board of Directors' yearly Self-Assessment is the evaluation of its compliance with this function. Moreover, the Company's Human Resources ("HR") and Administration Department, in coordination with the relevant heads of each department, monitors and ensures compliance with the Company's policies, including the Governance Manual, and if necessary, imposes the appropriate disciplinary action. In addition, each department is audited by the Company's Internal Audit Department to further verify compliance with existing policies and procedures.

The Company's By-laws and Governance Manual provide that the Board shall have at least two independent directors. The Company espouses the definition of independence pursuant to the Securities Regulation Code. The Company considers an independent director as one who, except for his director's fees and shareholdings, is independent of management and free from any business or other relationship which, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director of GT Capital.

The Governance Manual embodies the Company's policies on disclosure and transparency, and mandates the conduct of communication and training programs on corporate governance. The Governance Manual further provides for the rights of all shareholders and the protection of the interests of minority stockholders. Violation of the Governance Manual may result in the imposition of a penalty ranging from a reprimand to dismissal, depending on the frequency and gravity of the violation.

The Board has constituted six committees to effectively oversee the Company's operations: (i) the Executive Committee; (ii) the Audit Committee; (iii) the Nominations Committee; (iv) the Compensation Committee; (v) the Corporate Governance Committee (which acts as the Company's Related Party Transactions Committee); and (vi) the Risk Oversight Committee.

The Company intends to align its corporate governance standards and practices with best practice in accordance with the ASEAN Corporate Governance Scorecard.

Executive Committee

The Executive Committee exercises the Board's powers in the interim periods between Board meetings. The Committee, however, cannot approve resolutions or take action with regard to the following: (a) matters requiring shareholders' approval; (b) filling of vacancies in the Board; (c) amendment or repeal of GT Capital's Articles of Incorporation and By-laws or the adoption of new By-laws; (d) amendment or repeal of any resolution of the Board; and (e) declaration of cash dividends.

The Executive Committee is composed of:

1. Arthur Vy Ty	(Chairman)
2. Alfred Vy Ty	(Vice Chairman)
3. Francisco C. Sebastian	(Member)
4. Carmelo Maria Luza Bautista	(Member)
5. Mary Vy Ty	(Adviser)

Audit Committee

The Audit Committee, among its other duties and responsibilities, assists the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations. The Audit Committee also has oversight functions over GT Capital's external auditor and is responsible for its appointment and the monitoring of non-audit fees paid to the external auditor.

The Audit Committee consists of four directors, all of whom are non-executive directors. At least one member has accounting and finance background, as well as audit experience, and the Chairman is an independent director.

The Audit Committee is composed of:

1. Wilfredo A. Paras	(Chairman)
2. Christopher P. Beshouri	(Member)
3. David T. Go	(Member)
4. Peter B. Favila	(Member)
5. Pascual M. Garcia, III	(Adviser)

Nominations Committee

The Nominations Committee is composed of three voting directors, of which a majority are independent, including the Chairman.Its key function is the evaluation of candidates for director and the shortlisting of nominees for election to the Board, as well as those nominated in other positions requiring appointment by the Board in accordance with specified qualifications and disqualifications.

The Nominations Committee is composed of:

1. Wilfredo A. Paras (Chairman)
2. Carmelo Maria Luza Bautista (Member)
3. Peter B. Favila (Member)

Compensation Committee

The Compensation Committee is composed of three members of the Board, a majority of which are independent, including the Chairman. It is responsible for establishing a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with GT Capital's culture, strategy and the business environment in which it operates.

The Compensation Committee is composed of:

1. Jaime Miguel G. Belmonte (Chairman)
2. Christopher P. Beshouri (Member)
3. Alfred Vy Ty (Member)

Corporate Governance Committee

The Corporate Governance Committee is composed of three members, all of whom are independent directors. It is responsible for ensuring the Board's effectiveness and due observance of corporate governance principles as well as the review of GT Capital's related party transactions.

The Corporate Governance Committee is composed of:

1. Christopher P. Beshouri (Chairman)
2. Wilfredo A. Paras (Member)
3. Jaime Miguel G. Belmonte (Member)

Risk Oversight Committee

The Risk Oversight Committee is composed of at four members, of which three (3) are independent. Its Chairman is a non-executive director, and its members shall possess a range of expertise and adequate knowledge of the institution's risk exposures, in order for the Committee to develop appropriate strategies for addressing identified key risk areas. The Committee is responsible for institutionalizing and overseeing GT Capital's risk management program and monitoring the risk management policies and procedures of GT Capital's subsidiaries in relation to its own.

The Risk Oversight Committee is composed of:

1. Peter B. Favila (Chairman)
2. Wilfred A. Paras (Member)
3. Christopher P. Beshouri (Member)
4. Roderico V. Puno (Member)

Executive officers of GT Capital

GT Capital's executive officers are responsible for the day-to-day management and operations of the Company. The following table sets forth information regarding its executive officers.

Name	Age	Citizenship	Position	Title
Carmelo Maria Luza Bautista	58	Filipino	President/Director	President
Francisco H. Suarez, Jr	56	Filipino	Executive Vice President	Chief Financial Officer
Anjanette T. Dy Buncio	47	Filipino	Treasurer	Treasurer

Alesandra T. Ty	36	Filipino	Assistant Treasurer	Assist. Treasurer
Antonio V. Viray	76	Filipino	Corporate Secretary	Corp. Secretary
Jocelyn Y. Kho	61	Filipino	Assistant Corporate Secretary	Assist. Corp. Sec.
Jeanne Frances T. Chua	50	Filipino	Assistant Corporate Secretary	Assist. Corp. Sec.
Jose B. Crisol, Jr.	49	Filipino	First Vice President	Head of Investor Relations
Winston Andrew L. Peckson	64	Filipino	First Vice President	Chief Risk Officer
Susan E. Cornelio	44	Filipino	Vice President	Human Resources & Administration
Richel D. Mendoza	44	Filipino	Vice President	Chief Audit Executive
Elsie D. Paras	43	Filipino	Vice President	Deputy CFO
Reyna Rose P. Manon-og	34	Filipino	Vice President	Controller
Renee Lynn Miciano-Atienza	34	Filipino	Assistant Vice President	Head of Legal and Compliance

The following is a brief description of the business experience of each of the executive officers:

Carmelo Maria Luza Bautista. See "– Board of Directors of GT Capital".

Francisco H. Suarez, Jr. has served as GT Capital's Executive Vice President and Chief Financial Officer since February 16, 2012. He brings to the Company over 30 years of experience in the fields of investment banking and corporate finance. He served as Chief Financial Officer of ATR KimEng Capital Partners, Inc., PSi Technologies, Inc., and SPi Technologies; and assumed various positions in Asian Alliance Investment Corp., MBT, International Corporate Bank, Far East Bank and Trust Company, and National Economic Development Authority. He earned his Bachelor of Arts in Applied Economics from De La Salle University in 1981; and is a candidate for a Masters in Business Administration degree at the Ateneo Graduate School of Business.

Anjanette Ty Dy Buncio was appointed as GT Capital's Treasurer in May 2015. Prior to this, she has served as the Company's Assistant Treasurer since 2007. She holds several other positions in other companies among which are as Vice Chairman and Director of Metrobank Card Corporation; and Director and Senior Vice President of Fed Land. She graduated from the International Christian University in Tokyo, Japan with a Bachelor of Science degree in Economics.

Alesandra T. Ty was appointed Assistant Treasurer of GT Capital on 14 February 2012. She graduated from the Ateneo de Manila University with a Bachelor of Science degree in Legal Management. She then earned her Masters in Business Administration at the China Europe International Business School in Shanghai, China. She is currently Director and Treasurer of AXA Philippines; Director of ORIX Metro Leasing and Finance Corporation, Federal Homes, Inc., and Sumisho Motorcycle Finance Corp.; the Corporate Treasurer of Metrobank Card Corporation; Corporate Secretary of Metrobank Foundation, Inc.; and Executive Vice President of Grand Titan.

Antonio V. Viray joined the Company as Assistant Corporate Secretary and became Corporate Secretary in 2009. Concurrently, he is the Corporate Secretary of MBT and PCFI. He was formerly the Senior Vice-President, General Counsel and Assistant Corporate Secretary of MBT. He was also a Senior Vice-President & General Counsel of PSBank, a listed company, and Director of Solidbank. At present, he is also the Corporate Secretary of Global Treasure Holdings, Inc. and Grand Titan. He is also Chairman and President of AVIR Development Corporation and Of Counsel of Feria Tantoco Daos Law Office. He obtained his Bachelor of Laws from the University of Sto. Tomas and Master of Laws from Northwestern University and Vice President of Legaspi Import & Export Corporation. Prior to this, she was Senior Vice President and Corporate University in Chicago, U.S.A.

Jocelyn Y. Kho has served as the Company's Assistant Corporate Secretary since June 2011 and formerly Controller until 2010. She concurrently serves as Controller and Assistant Corporate Secretary of Grand Titan and Global Treasure Holdings, Inc.; Director and Treasurer of Global Business Holdings, Inc.; Senior Vice President/ Corporate Secretary of Federal Homes, Inc.; Director/ Corporate Secretary of Crown Central Realty Corporation; Director/Member of the Board and formerly Corporate Secretary of Cathay International Resources, Inc.; Excom Member, formerly Senior Vice President/Comptroller/ Assistant Corporate Secretary of Fed Land; Chairman and President of MBT-Management Consultancy, Inc. She served as Vice President under the Office of the Assistant to the Group Chairman of MBT from 1978 to 2009. She earned her Bachelor of Science degree in Commerce with a major in Accounting from the University of Santo Tomas in 1975, and is a candidate for Master of Science in Taxation from MLQ University.

Jeanne Frances T. Chua was appointed as Assistant Corporate Secretary on May 12, 2015. She concurrently serves as Director of PSBank and Secretary of Century Savings Bank. She holds a Bachelor of Science degree in Finance from Santa Clara University.

Jose B. Crisol, Jr. serves as First Vice President and Head of the Investor Relations and Corporate Communications Division of GT Capital. He was appointed to the position on July 26, 2012. Before joining the Corporation, he was the Assistant Vice President for Investor Relations of SM Investments Corporation (SM). Prior to working with SM, he was a Director at the Department of Trade and Industry (DTI), heading its Trade and Industry Information Center. He also served for a time, on a concurrent basis, as Head of DTI's Office of Operational Planning. His other past employment includes occupying various positions at The Philippine American Life Insurance Company and Merrill Lynch Philippines, Inc., among others. He holds a Bachelor of Science degree in Economics from the University of the Philippines in Diliman, and completed his primary and secondary education at the Ateneo De Manila University.

Winston Andrew L. Peckson serves as First Vice President and Chief Risk Officer of GT Capital. He was appointed to the position in February 2016. Mr. Peckson brings to the Company over 40 years of experience in banking. Concurrent to his position, he is a Director of the First Metro ETF Fund, and a Fellow of the Institute of Corporate Directors. Before joining GT Capital, he served as a Consultant for the Treasury and Investment Banking Group of FMIC. Prior to his stint with FMIC, he was the Head of Treasury Marketing of Philippine National Bank (PNB). Before this, he was also Vice President and General Manager of ABN AMRO Bank NV's Manila Offshore Branch, a position he held for 10 years. Other previous positions held were: Vice President and Corporate Treasury Advisor of Bank of America – Manila Branch, CEO and Director of Danamon Finance Company (HK) Ltd. (DFCL), Manager for Corporate Banking of Lloyds Bank PLC – Hong Kong Branch, Vice President for Commercial Banking of Lloyds Bank PLC – Manila Offshore Branch, and Branch Banking Head of Far East Bank & Trust Company. He obtained his Bachelor of Arts Degree, Major in Psychology and Minor in Business Administration from the Ateneo De Manila University and earned his Masters Degree in Business Management from the Asian Institute of Management.

Susan E. Cornelio joined the Company on July 4, 2012 as the Head of the Human Resources Division. Prior to this, she served as Vice President and Head of the Compensation and Benefits Department of Sterling Bank of Asia. Before this, she was Assistant Vice President and Head of the Compensation and Benefits Department of United Coconut Planters Bank. Her other past employments include: MBT, ABN AMRO, Solidbank, and Citytrust, among others. She holds a degree of Bachelor of Science major in Accounting from the Sta. Isabel College and a Master Certificate in Human Resources from Cornell University's School of Industrial and Labor Relations.

Richel D. Mendoza joined the Company on October 1, 2013 as its Chief Audit Executive. She served as Board Director of the Institute of Internal Auditors (IIA) Philippines from 2004-2012 prior to her appointment as its Chief Operating Officer in 2012. Richel is a seasoned internal audit practitioner with 17 years of experience from listed company Roxas Holdings, Inc., serving as Senior Auditor in one of its subsidiaries until she became the Group Internal Audit Head. She gained her audit background from SGV and Co. Richel has a Masters in Business Administration degree from De La Salle University Graduate School of Business and a Bachelor of Science degree in Business Administration Major in Accounting from University of the East, Magna Cum Laude. Richel is a Certified Public Accountant, a Certified Internal Auditor (CIA), and an IIA accredited Quality Assurance Validator, Trainer and CIA Reviewer. She completed the Diploma Program in Corporate Finance at the Ateneo De Manila Professional Schools.

Elsie D. Paras, serves as GT Capital's Vice President for Corporate Planning and Business Development and Deputy Chief Finance Officer. She was appointed to the position on January 5, 2015. Prior to joining the Company, she served as Finance Manager and Deputy CFO of SIA Engineering Philippines, a joint venture of Cebu Air and SIA Engineering of Singapore. Before this, she was a Manager for Strategic Consulting for Jones Lang La Salle MENA in Dubai. Her other previous employments include: Business Development Manager for Commercial Centers of Robinsons Land Corporation and Project Development Manager at Ayala Land, Inc. for middle income housing among others. She attained her Masters in Business Management, Major in Finance from the Asian Institute of Management in 2001. She was also a participant in the International Exchange Student Program of HEC School of Management of France. Prior to her MBM, she worked for six years in equity research and investment banking. She graduated with honors from the University of the Philippines with a Bachelor of Science degree in Business Economics.

Reyna Rose P. Manon-og, was appointed the Company's controller in October 2011. Prior to joining the Company, she spent seven years at SGV & Co. wherein she held various positions including Director; and another two years in United Coconut Planters Bank as Assistant Vice President and Head of its Financial Accounting Department. She is a Certified Public Accountant and a cum laude graduate of Bicol University.

Renee Lynn Miciano-Atienza serves as Head of GT Capital's Legal & Compliance Department. She has been with GT Capital since 2012, serving as Senior Legal & Compliance Officer. Prior to joining the Company, she was the Head of the Investigation and Enforcement Department of the Capital Markets Integrity Corporation (CMIC). Before joining CMIC, she was the Officer-in-Charge of the Prosecution and Enforcement Department of the PSE. She was also Legal Counsel for the Office of Senator Miguel Zubiri, and prior to entering law school, a Trader for United Coconut Planters Bank. She earned her Bachelor of Science degree in Management from the Ateneo De Manila University and finished her Juris Doctor degree in the same university.

Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

Chief Information Officer and Investor Relations Officer

The Company's CFO, Mr. Francisco H. Suarez, Jr. is also its Chief Information Officer. His contact details are as follows:

Telephone Number	: +632 836 4500
Email Address	francis.suarez@gtcapital.com.ph
Office Address	43/F GT Tower International, 6813 Ayala Avenue cor.HV dela Costa St., 1227 Makati City

See "– Board of Directors and Senior Management of GT Capital – Executive Officers of GT Capital" for a brief profile of Mr. Suarez.

Mr. Jose B. Crisol, Jr. is the Company's Investor Relations Officer, His contact details are as follows:

Telephone Number	: +632 836 4500
Email Address	jose.crisol@gtcapital.com.ph
Office Address	43/F GT Tower International, 6813 Ayala Avenue cor.HV dela Costa St., 1227 Makati City

See "– Board of Directors and Senior Management of GT Capital – Executive Officers of GT Capital" for a brief profile of Mr. Crisol.

Executive Compensation of GT Capital

Summary compensation table
The following table identifies the Company's President and four most highly-compensated executive officers (the "named executive officers") and summarizes their aggregate compensation in 2014, 2015, and 2016 estimate. The amounts (in ₱ millions) set forth in the table below have been prepared based on what the Company paid its executive officers for the periods abovementioned.

Name and Principal Position	Year	Salary	Bonus	Others	Total
Named Executive Officers*	2016E**	29.288	13.084		
	2015	27.565	13.803		
	2014	22.345	14.455		
All other Officers as a Group	2016E**	18.787	3.324		
	2015	17.559	3.106		
	2014	13.940	4.470		
Total	2016E**	48.075	16.408		
	2015	45.124	16.909		
	2014	36.285	18.925		

Named executive officers include: Carmelo Maria Luza Bautista (President), Francisco H. Suarez, Jr. (Chief Financial Officer), Joselito V. Banaag (Head, Legal and Compliance)*, Jose B. Crisol (Head, Investor Relations and Corporate Communications), and Susan E. Cornelio (Head, Human Resources).*
*** Figures for the year 2016 are estimates.*
**** Resigned effective November 8, 2015*

Employment contracts between the Company and named executive officers
The Company has no special employment contracts with the named executive officers.

Warrants and options outstanding
There are no outstanding warrants or options held by the CEO, the named executive officers, and all officers and directors as a group.

Stock option plan
The Company has no employee stock option plan.

Family Relationships
Mary Vy Ty is the wife of Dr. George SK Ty. Arthur Vy Ty, Alfred Vy Ty, Anjanette T. Dy Buncio and Alesandra T. Ty are the children of Dr. George SK Ty and Mary Vy Ty. Jeanne Frances T. Chua is the niece of Dr. George SK Ty. All other directors and officers are not related either by consanguinity or affinity. There are no other family relationships known to the Company other than the ones disclosed herein.

Security Ownership of Management and Certain Record and Beneficial Owners

Owners of more than 5% of the Company's voting securities as of June 30, 2016 were as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (%)
Preferred	Grand Titan Capital Holdings, Inc. (Grand Titan) 4th Floor Metrobank Plaza, Sen. Gil Puyat Ave., Makati City Grand Titan is the parent company of the Issuer.	Same as the Record Owner **Arthur Vy Ty,** Chairman of Grand Titan, is authorized to vote the shares held by Grand Titan.	Filipino	170,490,640	97.8145%
Common				94,656,110	54.3064%

<table>
<tr><td>Common</td><td>PCD Nominee Corp. (Non-Filipino) [1]

37/F The Enterprise Center, Ayala Avenue, Makati City</td><td rowspan="2">Various Scripless Stockholders

The Corporation has not been advised of any stockholder under PCD Nominee Filipino or Non-Filipino who holds more than 5% of the common stock of the Corporation.</td><td>Foreign</td><td>59,881,402</td><td>34.3554%</td></tr>
<tr><td>Common</td><td>PCD Nominee Corp. (Filipino) [1]

37/F The Enterprise Center, Ayala Avenue, Makati City</td><td>Filipino</td><td>19,158,091</td><td>10.9914%</td></tr>
</table>

(1) PCD Nominee Corporation (PCNC) is a wholly owned subsidiary of the Philippine Central Depository (PCD) and acts as trustee-nominee for all shares lodged in the PCD system where trades effected on the Philippine Stock Exchange are finally settled and lodged. Persons who opt to trade through the PCD do not receive stock certificates as an evidence of ownership, as trading using the PCD is completely paperless. Beneficial ownership of shares lodged with the PCNC (Filipino/Non-Filipino) remains with the lodging stockholder.

Voting Trust Holders of 5% or More

There is no person holding more than 5% of the Company’s voting securities under a voting trust or similar agreement.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The GT Capital group, in the regular conduct of its business, has entered into transactions with its associate and other related parties principally consisting of cash advances for reimbursement of expenses, merger and acquisitions, capital infusion, leasing agreements, management agreements and dividends received from associates. Transactions with related parties are made on an arm's length basis and are subject to review by the Company's Corporate Governance Committee.

Related party transactions are also discussed in the accompanying financial statements of the Company.

TMP'S RELATED PARTY TRANSACTIONS

As a member of the GT Capital Group, TMP continues to benefit from this affiliation in several ways. GT Capital has a 40% interest in TFSPH, which is a joint venture between GT Capital and Toyota Financial Services Corporation of Japan. TFSPH provides financing to both the general public and Toyota dealerships for the purchase of cars and the acquisition of vehicle inventories, respectively. While TMP does not have any ownership interest in TFSPH, TFSPH's financing promotions for retail and wholesale customers help to support sales of TMP's products. MBT's credit card subsidiary, MCC, and TMP have also developed a Toyota Mastercard, a loyalty and credit card in one, where rewards earned on purchases made with the Toyota Mastercard can be used to purchase items at any Toyota dealership. In addition, certain GT Capital companies maintain fleet accounts for the purchase of Toyota cars for their business operations. In terms of management, TMP is also able to draw upon the significant managerial experience of the GT Capital companies to complement its own managerial resources.

TMBC'S RELATED PARTY TRANSACTIONS

TMBC has some transactions with the following related parties:

a) Maintains savings, current accounts and short-term cash investments with MBT and Philippine Savings Bank.
b) Purchase vehicles, parts and accessories from TMP.
c) Swaps vehicle inventory with Toyota Makati, Toyota San Fernando, and Toyota Plaridel.
d) Contract of lease with Federal Land, Inc., Horizon Land Property Development Corporation and Oxfordshire Holdings, Inc. for the dealership facilities, stockyard and parking area.
e) Contract of sublease with MBTC for office space and branch facilities.
f) Management of retirement plan assets by MBTC.
g) Charter Ping An – insurance of motor vehicles
h) MBT Credit Card Corporation – tie up with Toyota Mastercard

TFSPH'S RELATED PARTY TRANSACTIONS

<u>TFSPH enters into transactions with TMP and Toyota dealers nationwide.</u>

As the financing arm of TMP, TFSPH collaborates with both TMP and Toyota dealers for joint sales programs and promotions as well as integration of operations to fully support Toyota sales. When Toyota dealers sell cars to customers, they offer TFSPH with its *flexible and affordable financial packages* that customers can choose from.

MBT'S RELATED PARTY TRANSACTIONS

a. MBT, in its regular conduct of business, has entered into transactions with its associate and other related parties principally consisting of cash advances for reimbursement of expenses, merger and acquisitions and capital infusion, leasing agreements and management agreements. Transactions with related parties are made at normal market prices. For a description of the related party transactions of MBT, see also the respective note on Related Party Transactions in MBT's financial statements.

b. 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 or if they are subjected to common control or common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities.

c. The MBT Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral terms, as those prevailing at the time for comparable transactions with unrelated parties. These transactions did not involve more than the normal risk of collectability or present other unfavorable conditions.

d. In the ordinary course of business, the MBT Group has DOSRI loan transactions (as discussed in BSP Circular No. 423 dated March 15, 2004, as amended). Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the MBT Group. In the aggregate, loans to DOSRI generally should not exceed the respective total equity or 15.00% of total loan portfolio, whichever is lower, of MBT, PSBank, FMIC and ORIX Metro.

e. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts:

	2013	**2014**	**2015**	**As of June 30, 2016**
Total outstanding DOSRI accounts	[●]	[●]	[●]	[●]
Percent of DOSRI accounts granted prior to effectivity of BSP Circular No. 423 to total loans	[●]	[●]	[●]	[●]
Percent of DOSRI accounts granted after effectivity of BSP Circular No. 423 to total loans	[●]	[●]	[●]	[●]
Percent of DOSRI accounts to total loans	[●]	[●]	[●]	[●]
Percent of unsecured DOSRI accounts to total DOSRI accounts	[●]	[●]	[●]	[●]
Percent of past due DOSRI accounts to total DOSRI accounts	[●]	[●]	[●]	[●]
Percent of nonaccruing DOSRI accounts to total DOSRI accounts	[●]	[●]	[●]	[●]

f. BSP Circular No. 560 provides the rules and regulations that govern loans, other credit accommodations and guarantees granted to subsidiaries and affiliates of banks and quasi-banks. Under the said Circular, the total outstanding loans, other credit accommodations and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank as reported to the BSP. As of [June 30, 2016] and December 31, 2013, the total outstanding loans, other credit accommodations and guarantees to each of MBT's subsidiaries and affiliates did not exceed 10.0% of MBT's net worth, and the unsecured portion did not exceed 5.0% of such net worth and the total outstanding loans, other credit accommodations and guarantees to all such subsidiaries and affiliates represent 2.1% and 2.9%, respectively, of MBT's net worth.

g. The BSP issued Circular No. 654 which allows a separate individual limit to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation, i.e., a separate individual limit of twenty-five (25.0%) of the net worth of the lending bank/quasi-bank: provided, that the unsecured portion thereof shall not exceed 12.5% of such net worth: provided further, that these subsidiaries and affiliates are not related interests of any of the director, officer and/or stockholder of the lending bank/quasi-bank; except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank. As of [June 30, 2016] and December 31, 2013, the total outstanding loans, other credit accommodations and guarantees to each of MBT's subsidiaries and affiliates engaged in energy and power generation did not exceed 25.0% of MBT's net worth, as reported to the BSP, and the unsecured portion did not exceed 12.5% of such net worth.

h. Total interest income on the DOSRI loans in 2013, 2012 and 2011amounted to ₱275.5 million, ₱629.0 million, and ₱593.5 million, respectively, and ₱94.8 million and ₱21.3 million in the quarters ended March 31, 2013 and [June 30, 2016], respectively, for the MBT Group.

i. Other significant related party transactions of MBT are discussed in Note 31 to the MBT Group's audited financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013, 2012 and 2011. Transactions with subsidiaries have been eliminated in the consolidated financial statements.

Bancassurance
MBT and AXA Philippines engage in bancassurance activities whereby AXA Philippines personnel market life insurance products to MBT's clients. This bancassurance relationship was memorialized in a Service Level Agreement dated January 25, 2012. This agreement sets out the scope of the relationship between the parties as well as the various responsibilities of both MBT and AXA Philippines. The agreement terminates on the date when MBT ceases to be a shareholder of AXA Philippines, unless otherwise rendered illegal, pre-terminated or extended by the parties in writing. AXA Philippines pays referral fees for bank and bank staff referrals determined at various rates based on the collected premiums. Referral fees recognized as commission expense amounted to ₱[●] million and ₱[●] million in 2014 and 2015, respectively. The outstanding balance included in commission payable amounted to ₱[●] million and ₱[●] million in 2014 and 2015, respectively.

FED LAND'S RELATED PARTY TRANSACTIONS

Fed Land, in its regular conduct of its business, has entered into transactions with its associate and other related parties principally consisting of cash advances and reimbursement of expenses, leasing agreements, acquisition of undeveloped land and management agreements.

1. Land for Development

In 2015, Fed Land purchased three parcels of land all located at Macapagal and four parcels of land in the Ortigas area from Hill Realty and MBT, respectively, for a total consideration of ₱6.7 billion. These parcels of land were acquired at their fair market values at the time of the acquisition.

2. Management Fees

Management fee pertains to the income received from a joint venture of Fed Land with Bonifacio Landmark Realty and Development Corp (BLRDC) Fed Land Orix Corporation ("FLOC") and MBT.

3. Lease agreements

In 2015, Fed Land also leased/renewed leases of its mall and offices to some of its associates and affiliates. The lease terms ranged from 5 to 10 years.

PCFI'S RELATED PARTY TRANSACTIONS

In its regular conduct of business, PCFI has entered into bank financing transactions with MBT and First Metro Investment Corporation, principally consisting of promissory and corporate notes, in order to finance its working capital and real estate development. Transactions are made at an arm's length basis.

AXA'S RELATED PARTY TRANSACTIONS

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are 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.

Related party transactions consist mainly of the following:

Entities with joint control over the Company	Terms	Conditions
MBT		
Savings, current and time deposits accounts	5 days, 0.10 % to 0.375%	Unsecured, no impairment
Interest income	5 days, 0.10 % to 0.375%	Unsecured, no impairment
Service fees	0.10% to 0.30% of NAV	Unsecured, no impairment
Commission expense	Interest-free, settlement in cash	Unsecured, no impairment
Pension liability	Interest-free, settlement in cash	Unsecured, no impairment
Trust fees	Interest-free, settlement in cash	Unsecured, no impairment
Rent expense	Interest-free, settlement in cash	Unsecured, no impairment
Rent income	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
FMIC		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
AXA S.A.		
Shared service costs	Interest-free, settlement in cash	Unsecured, no impairment
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
Unit-linked funds		
Asset management fees	1.30% to 2.10% of NAV	Unsecured, no impairment
Redemptions	Interest-free, settlement in cash	Unsecured, no impairment
Other related parties		
Philippine Savings Bank		
Savings, current and time deposits accounts	90 days, .25 % to 1.75%	Unsecured, no impairment
Interest income	90 days, .25 % to 1.75%	Unsecured, no impairment
Rent expense	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
Federal Land		
Settlement of receivable	Interest-free, settlement in cash	Unsecured, no impairment
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Charter Ping An Insurance Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund		

Orix Metro Leasing and Finance Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Toyota Motor Philippines Corporation		
Premium income	Interest-free, settlement in cash	Unsecured, no impairment
Claims	Interest-free, settlement in cash	Unsecured, no impairment
Gross experience refund	Interest-free, settlement in cash	Unsecured, no impairment
AXA Paris		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA Malaysia		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA HK		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
AXA New York		
Various expenses	Interest-free, settlement in cash	Unsecured, no impairment
Key management personnel		
Due from officers and employees	6% to 12% interest bearing, settlement in cash or salary deduction	Secured, with impairment

TMBC'S RELATED PARTY TRANSACTIONS

TMBC enters into transactions with related parties on a regular basis. These transactions and related parties are as follows:

a. Maintains savings, current accounts and short-term cash investments with MBT and Philippine Savings Bank.
b. Purchase vehicles, parts and accessories from TMP.
   Swaps vehicles with Toyota Makati, Toyota San Fernando, and Toyota Plaridel.
c. Contract of lease with Federal Land, Inc., Horizon Land Property Development Corporation and Oxfordshire Holdings, Inc. for the dealership facilities, stockyard and parking area.
d. Contract of sublease with MBT for office space and branch facilities.
e. Management of retirement plan assets by MBT.

MPIC'S RELATED PARTY TRANSACTIONS

In its regular conduct of business, MPIC and its subsidiaries, has entered into transactions with GT Capital's subsidiaries and associates, namely, TMP, PCFI, MBT and First Metro Investment Corporation, principally consisting of loans, various time deposits, purchase of company fleet and Operations and Maintenance Agreement involving toll banners for the group's respective working capital, capital expenditure and operational requirements. Transactions are made at normal market prices.

MARKET PRICE OF AND DIVIDENDS ON THE ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's Common Shares are listed and traded at the PSE since April 20, 2012. The high and low sales prices for each period since the listing of the Common Shares are as follows:

	2014	
1st Quarter (Jan 1 to Mar 31)	850.00	718.00
2nd Quarter (Apr 1 to June 30)	890.00	785.00
3rd Quarter (July 1 to Sept 30)	1,060.00	853.00
4th Quarter (Oct 1 to Dec 31)	1,148.00	1,004.00
	2015	
1st Quarter (Jan 1 to Mar 31)	1,364.00	1,040.00
2nd Quarter (Apr 1 to June 30)	1,455.00	1,218.00
3rd Quarter (July 1 to Sept 30)	1,449.00	1,120.00
4th Quarter (Oct 1 to Dec 31)	1,377.00	1,215.00
	2016	
1st Quarter (Jan 1 to Mar 31)	1,456.00	1,215.00
2nd Quarter (Apr 1 to June 30)		

**Source: Bloomberg*

As of June 30, 2016, the closing price of the Company's shares of stock is ₱[●]/share.

Dividends

As a policy, GT Capital has an annual target dividend payout of ₱3.00 per share, payable out of its unrestricted retained earnings available. Such declaration takes into consideration factors such as restrictions that may be imposed by current and prospective financial covenants; projected levels of operating results, working capital needs and long-term capital expenditures; and regulatory requirements on dividend payments, among others.

In 2013, 2014 and 2015, the Company paid cash dividends to its stockholders as follows:

Date of declaration	Record date	Payment date	Class of stock	Total amount (in millions)	Per share
August 12, 2013	September 10, 2013	October 2, 2013	Common	522.90	3.00
March 11, 2014	April 8, 2014	May 2, 2014	Common	522.90	3.00
March 13, 2015	April 17, 2015	May 4, 2015	Common	522.90	3.00

On March 10, 2016, the Board of Directors of the Company approved the declaration of cash dividends as follows:

Date of declaration	Record date	Payment date	Class of stock	Total amount (in millions)	Per share
March 10, 2016	April 8, 2016	May 4, 2016	Common	1,045.80	6.00
March 10, 2016	April 8, 2016	May 4, 2016	Voting Preferred	0.66	0.00377

Recent Sale of Unregistered or Exempt Securities

On January 10, 2013, GT Capital launched and priced an overnight placement of 23,027,000 Common Shares (the "Placement") to institutional buyers priced at ₱620.00 per share. Grand Titan Holdings, Inc., GT Capital's controlling shareholder, sold existing shares and subsequently subscribed to 16,300,000 new Common Shares issued by GT Capital, at the same price as the Placement. GT Capital filed a Notice of Exemption with the SEC for the issuance of Voting Preferred Shares under the SRC Rule 10.1(e): the sale of capital stock of a corporation to its own stockholders exclusively, where no commission or other remuneration is paid or given directly or indirectly in connection with the sale of such capital stock.

On March 13, 2015, the Board of the GT Capital approved the issuance of 174,300,000 Voting Preferred Shares with a par value of ₱0.10 per share through a 1:1 Stock Rights Offering, to all stockholders of record as of March 25, 2015, offered to eligible stockholders from April 1 to 8, 2015 and issued on April 13, 2015. This transaction is also exempt under SRC Rule 10.1(e).

Effect on Common Equity Holders

The Preferred Shares will not have any dilutive effect on the rights of the holders of the Common Shares of GT Capital, as these are non-voting, non-convertible and non-participating.

Foreign Equity Holders

As of June 30, 2016, the percentage of the outstanding total capital stock of GT Capital held by foreigners is [●]%

Class of Shares	**Foreign Shares**	**% of Foreign Owned**
Common Shares		
Voting Preferred Shares		
TOTAL		

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

Prospective investors should read the following discussion and analysis of the Issuer's consolidated financial position and financial performance together with (i) the report of independent auditors, (ii) the audited consolidated financial statements as at and for the years ended December 31, 2015, 2014 and 2013 and the notes thereto, and (iii) the unaudited interim condensed consolidated financial statements as at and for the period ended [June 30, 2016].

This discussion contains forward-looking statements and reflects the current views of GT Capital with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors and Other Considerations" and elsewhere in this Prospectus.

FACTORS AFFECTING RESULTS OF OPERATIONS

GT Capital is a holding company which conducts all of its operations through its subsidiaries and associates. As a holding company, GT Capital derives virtually all of its consolidated revenues from the revenues of its consolidated subsidiaries, namely Fed Land, GBP, TMP, PCFI and TMBC, and as equity in net earnings of its associates and jointly controlled entities, namely MBT, AXA Philippines, TFSPH and MPIC. For a discussion of the factors affecting the results of operations of GT Capital's subsidiaries and associates, please refer to the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Results of Operations" for each of the GT Capital companies contained elsewhere in this Prospectus.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both (i) relevant to the presentation of GT Capital's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgments become even more subjective and complex. In order to provide an understanding of how GT Capital's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, GT Capital has identified certain critical accounting policies. For a complete discussion of GT Capital's critical accounting policies and significant accounting judgments and estimates, see Notes 2 and 3 to GT Capital's financial statements included in this Prospectus.

DESCRIPTION OF KEY LINE ITEMS

Revenue from Automotive Operations
Revenue from automotive operations arises from sale of manufactured vehicles and trading of completely builtup vehicles and local and imported parts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer (including certain "bill and hold" sales, wherein in the buyer takes title and accepts billing), usually on dispatch of goods. Revenue from automotive operations also include service fees earned by the dealerships from installation of parts and repairs and maintenance of vehicles and are recognized as revenue when the related services have been rendered.

Net Fees
Net fees consist of energy fees for the energy and services supplied by the Generation Subsidiaries as provided for their respective Electric Power Purchase Agreements with respective customers. Energy fees are recognized based

on the actual delivery of energy generated and made available to customers multiplied by the applicable tariff rate, net of adjustments, as agreed upon between the parties. Power sold through the WESM is also included in net fees. Net fees are net of discounts provided by the Generation Subsidiaries and their customers.

Equity in Net Income of Associates and Jointly Controlled Entities
Equity in net income of associates and jointly controlled entities represents GT Capital's share in the results of operations of its associates and joinly controlled entities based on its effective ownership in those associates and jointly controlled entities. Only companies in which GT Capital Group exercise significant influence are equitized. Equity-accounted associates and jointly controlled entities consist of MBT, AXA Philippines, TFSPH and MPIC at GT Capital level and Federal Land Orix Corporation ("FLOC"), Bonifacio Landmark Realty and Development Corporation ("BLRDC"), Crown Central Properties Corporation and Alveo Federal Land Communities, Inc. ("AFLCI") at Fed Land level.

Real estate sales
Real estate sales in a given accounting period reflect the amount for which down payments have been paid based on the percentage of completion method. Required down payments range from 10% to 50% of the total contract price, depending on the type of property being purchased, and buyers are given anywhere from one to 50 months to complete the down payment, depending on the project involved. Revenue recognition begins once a certain percentage of the down payment is collected from a buyer and a certain percentage of the project is completed. 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.

Sale of goods
Sale of goods is recognized from retail customers at the point of sale in the stores. This is measured at the fair value of the consideration received, excluding (or 'net of,' or 'reduced for') discounts, returns, rebates and sales taxes.

Interest income on real estate sales
Interest income on real estate sales is derived partly from interest paid by customers who have obtained in-house financing from Fed Land and PCFI. Interest rates on these customer loans currently range from 8.0% to 21.0% per annum, depending on the term of the loan. This line item also reflects accretion of interest on deferred sales using the effective interest rate method.

Interest income
Interest income earned from banks represents interest earned from short-term placements, deposits and savings accounts maintained with banks.

Rent Income
Rent income consists of income from various office and commercial spaces rented out by Fed Land, including the GT Tower International, the Blue Wave Malls, several units at the Phil AXA Life Centre and Florida Sun Estate.

Commission income
Commission income is recognized by reference to the percentage of collection of the agreed sales price or depending on the term of the sale as provided under the marketing agreement.

Other Income
Other customer-related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract. Other income includes sale of scrap and sludge oil which is recognized when there is delivery of goods to the buyer and recovery from insurance which is recognized when the right to receive payment is established. Other income also includes gain on sale of shares of stock, gain on sale of fixed assets, dividend income, ancillary income and other income

Costs and Expenses

Cost of goods and services sold
Cost of goods sold for vehicles and spare parts includes the purchase price of the products sold, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location. These costs include the costs of storing and transporting the products. Vendor returns and allowances are generally deducted from cost of goods sold and services. Other cost of goods sold includes Fed Land's gasoline and food products, and are recognized when goods are delivered which is usually at the point of sale in stores. Cost of services is recognized when services are rendered.

Cost of goods manufactured
Cost of goods manufactured includes the purchase price of the products manufactured, as well as costs that are directly attributable in bringing the merchandise to its intended condition and location.

Power plant operations and maintenance costs
Power plant operations and maintenance costs reflects power plant operations, purchased power and repairs and maintenance and others. Power plant operations mainly represent cost of coal and start-up fuel costs and purchased power from the National Power Corporation. Repairs and maintenance and others mainly represent cost of materials and supplies consumed and the cost of restoration and maintenance of the power plants.

General and administrative expenses
General and administrative expenses consist of salaries, wages and employee benefits, commissions, advertising and promotions, light, water and other utilities, depreciation and amortization, taxes and licenses, outside services, rent, professional fees, office supplies, transportation and travel, royalty and service fees, entertainment, amusement and recreation, retirement expense, repairs and maintenance and miscellaneous expenses.

Cost of real estate sales
Cost of real estate sales reflects the cost of residential units sold and the sales of which have been recorded as real estate sales. The cost of residential units sold before project completion is determined based on, among other factors, the cost of land, expenses for regulatory approvals, project personnel costs, site development costs, construction costs and other project cost estimates. Cost of real estate sales are recognized in line with sales.

Interest expense
Interest expense relates to interest incurred on the interest-bearing debt obligations of GT Capital and subsidiaries.

Consolidated Results of Operations –
For the Six Months Ended June 30, 2016 and For the Six Months ended June 30, 2015

GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME	**Unaudited Six Months Ended June**		**Increase (Decrease)**	
(In million Pesos, except for percentage)	**2016**	**2015**	**Amount**	**Percentage**
REVENUE				
Automotive operations	₱[●]	₱[●]	₱[●]	[●]
Net fees	[●]	[●]	[●]	[●]
Real estate sales	[●]	[●]	[●]	[●]
Equity in net income of associates and jointly controlled entities	[●]	[●]	[●]	[●]
Interest income	[●]	[●]	[●]	[●]
Rent income	[●]	[●]	[●]	[●]
Sale of goods and services	[●]	[●]	[●]	[●]
Commission income	[●]	[●]	[●]	[●]
Gain on revaluation of previously held interest	[●]	[●]	[●]	[●]
Other income	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]
COST AND EXPENSES				
Cost of goods and services sold	[●]	[●]	[●]	[●]
Cost of goods manufactured and sold	[●]	[●]	[●]	[●]
General and administrative expenses	[●]	[●]	[●]	[●]
Power plant operation and maintenance expenses	[●]	[●]	[●]	[●]
Cost of real estate sales	[●]	[●]	[●]	[●]
Interest expense	[●]	[●]	[●]	[●]
Cost of rental	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]
Income Before Income Taxes From Continuing Operations	[●]	[●]	[●]	[●]
Provision For Income Tax	[●]	[●]	[●]	[●]
Net Income from Continuing Operations	[●]	[●]	[●]	[●]
Net Income from Disposal Group	[●]	[●]	[●]	[●]
NET INCOME	₱[●]	₱[●]	₱[●]	[●]
Net Income Attributable to:				
Equity holders of the parent company				
Profit for the year from continuing operations	₱[●]	₱[●]	[●]	[●]
Profit for the year from disposal group	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]

Non-controlling interests				
Profit for the year from continuing operations	₱[●]	₱[●]	[●]	[●]
Profit for the year from disposal group	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]
	₱[●]	₱[●]	₱[●]	[●]

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GT CAPITAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	Unaudited	Audited	Increase (Decrease)	
(In million Pesos, except for percentage)	June 2016	December 2015	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	₱[●]	₱37,861	₱[●]	[●]
Short-term investments	[●]	1,861	[●]	[●]
Receivables	[●]	25,417	[●]	[●]
Reinsurance assets	[●]	-	[●]	[●]
Inventories	[●]	53,248	[●]	[●]
Due from related parties	[●]	370	[●]	[●]
Prepayments and other current assets	[●]	7,673	[●]	[●]
	[●]	126,430	[●]	[●]
Assets of disposal group classified as held-for-sale	[●]	8,434	[●]	[●]
Total Current Assets	[●]	134,864	[●]	[●]
Noncurrent Assets				
Noncurrent receivables	[●]	9,186	[●]	[●]
Land held for future development	[●]	27,356	[●]	[●]
Available-for-sale investments	[●]	3,195	[●]	[●]
Investments in associates and joint ventures	[●]	60,265	[●]	[●]
Investment properties	[●]	10,797	[●]	[●]
Property and equipment	[●]	51,972	[●]	[●]
Goodwill and intangible assets	[●]	17,000	[●]	[●]
Deferred tax assets	[●]	1,772	[●]	[●]
Other noncurrent assets	[●]	878	[●]	[●]
Total Noncurrent Assets	[●]	182,421	[●]	[●]
TOTAL ASSETS	**₱[●]**	**₱317,285**	**₱[●]**	[●]
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	₱[●]	₱22,407	₱[●]	[●]
Insurance contract liabilities	[●]	-	[●]	[●]
Short-term debt	[●]	7,318	[●]	[●]
Current portion of long-term debt	[●]	6,757	[●]	[●]
Current portion of liabilities on purchased properties	[●]	636	[●]	[●]
Customers' deposit – current	[●]	3,691	[●]	[●]
Dividends payable	[●]	2,861	[●]	[●]
Due to related parties – current	[●]	174	[●]	[●]
Income tax payable	[●]	1,013	[●]	[●]
Other current liabilities	[●]	520	[●]	[●]
	[●]	45,377	[●]	[●]
Liabilities of disposal group classified held-for-sale	[●]	6,444	[●]	[●]
Total Current Liabilities	[●]	**51,821**	[●]	[●]

	Unaudited	Audited	Increase (Decrease)	
(In million Pesos, except for percentage)	June 2016	December 2015	Amount	Percentage
Noncurrent Liabilities				
Long-term debt net of current portion	[●]	82,021	[●]	[●]
Bonds payable	[●]	21,801	[●]	[●]
Liabilities on purchased properties – net of current portion	[●]	2,146	[●]	[●]
Pension liability	[●]	2,219	[●]	[●]
Deferred tax liability	[●]	10,826	[●]	[●]
Other non-current liabilities	[●]	2,609	[●]	[●]
Total Noncurrent Liabilities	[●]	121,622	[●]	[●]
Total Liabilities	[●]	173,443	[●]	[●]
EQUITY				
Equity attributable to equity holders of Parent Company				
Capital Stock	[●]	1,760	[●]	[●]
Additional paid-in capital	[●]	46,695	[●]	[●]
Treasury Shares	[●]	(6)	[●]	[●]
Retained Earnings				
Unappropriated	[●]	33,267	[●]	[●]
Appropriated	[●]	8,760	[●]	[●]
Other equity adjustments	[●]	576	[●]	[●]
Other comprehensive income	[●]	(918)	[●]	[●]
	[●]	90,134	[●]	[●]
Non-controlling interest	[●]	53,708	[●]	[●]
Total Equity	[●]	143,842	[●]	[●]
TOTAL LIABILITIES AND EQUITY	**₱[●]**	**₱317,285**	[●]	[●]

The major changes in GT Capital's consolidated balance sheet from December 31, 2015 to June 30, 2016 are as follows:

Key Performance Indicators (in Million Pesos, except %)

Income Statement	**June 30, 2015**	**June 30, 2016**
Total Revenues	[●]	[●]
Net Income attributable to GT Capital Holdings	[●]	[●]

Balance Sheet	**December 31, 2015**	**June 30, 2016**
Total Assets	317,285	[●]
Total Liabilities	173,443	[●]
Equity attributable to GT Capital Holdings	90,134	[●]
Return on Equity	14.30%	[●]

**Annualized net income attributable to GT Capital Holdings divided by the average equity; where average equity is the sum of equity attributable to GT Capital Holdings at the beginning and end of the period/year divided by 2.*

Component Companies Financial Performance

<u>Automobile Assembly and Importation. Dealership and Financing</u>

TMP

Toyota Financial Services Philippines Corporation

Toyota Manila Bay Corporation

<u>Banking</u>

MBT

<u>Power</u>

Global Business Power

<u>Property Development</u>

Federal Land

PCFI

<u>Life and Non-Life Insurance</u>

AXA Philippines

Charter Ping An

CALENDAR YEAR ENDED DECEMBER 31, 2015
COMPARED TO YEAR ENDED DECEMBER 31, 2014

Results of Operations

GT CAPITAL CONSOLIDATED STATEMENTS OF INCOME	Audited Year Ended December 31		Increase (Decrease)	
(In million Pesos, except for percentage)	2015	2014 (As restated)	Amount	Percentage
REVENUE				
Automotive operations	**120,802**	108,816	11,986	11%
Net fees	**18,391**	18,973	(582)	(3%)
Real estate sales	**9,000**	5,841	3,159	54%
Interest income on real estate sales	**1,462**	1,157	305	26%
Equity in net income of associates and jointly controlled entities	**5,616**	3,420	2,196	64%
Sale of goods and services	**636**	603	33	5%
Rent income	**841**	765	76	10%
Interest income on deposits and investments	**511**	364	147	40%
Commission income	**194**	80	114	143%
Other income	**1,778**	1,087	691	64%
	159,231	141,106	18,125	13%
COST AND EXPENSES				
Cost of goods and services sold	**74,941**	70,597	4,344	6%
Cost of goods manufactured and sold	**27,838**	24,213	3,625	15%
General and administrative expenses	**10,858**	10,392	466	4%
Power plant operation and maintenance expenses	**9,477**	10,328	(851)	(8%)
Cost of real estate sales	**6,487**	4,334	2,153	50%
Interest expense	**3,932**	3,240	692	21%
Cost of rental	**272**	270	2	1%
	133,805	123,374	10,431	8%
Income Before Income Taxes From Continuing Operations	25,426	17,732	7,694	43%
Provision For Income Tax	**4,517**	2,681	1,836	68%
Net Income from Continuing Operations	**20,909**	15,051	5,858	39%
Net Income from Disposal Group	**50**	100	(50)	(100%)
NET INCOME	**20,959**	15,151	5,808	38%
Net Income Attributable to:				
Equity holders of the parent company	12,119	9,153	2,966	32%
Non-controlling interests	8,840	5,998	2,842	47%
	20,959	15,151	5,808	38%

GT Capital Holdings, Inc. ('GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company grew by 32% from ₱9.2 billion in 2014 to ₱12.1 billion in 2015. The increase was principally due to the 13% increase in consolidated revenues from ₱141.1 billion in 2014 to ₱159.2 billion in 2015.

The revenue growth came from the following component companies:

(1) auto sales from TMP and Toyota Cubao, Inc. (“TCI”) as combined sales increased from ₱108.8 billion to ₱120.8 billion accounting for 76% of total revenue;
(2) higher real estate sales and interest income on real estate sales from Fed Land and PCFI which grew by 49% from ₱7.0 billion to ₱10.5 billion ;
(3) higher equity in net income of associates and jointly-controlled entities (JCEs) which grew by 64% from ₱3.4 billion to ₱5.6 billion; and
(4) Increase in other income from ₱1.1 billion to ₱1.8 billion.

Core net income attributable to equity holders of the Parent Company recorded 26% growth from ₱9.1 billion to ₱11.4 billion after excluding the following:

(1) ₱0.4 billion non-recurring income of Global Business Power Corporation (“GBPC”) comprising collection of insurance proceeds;
(2) ₱0.2 billion gain recognized by Fed Land from its land asset swap, net of tax; and
(3) ₱0.1 billion amortization of fair value adjustments arising from business combination.

GT Capital finalized on August 20,2015 the acquisition of an initial 22.68% of PCFI for ₱7.24 billion, upon fulfillment of all closing conditions, including execution of an irrevocable proxy covering 51% of the total issued and outstanding capital stock of PCFI (the “Irrevocable Proxy”) by Pro Friends Group, Inc. (the selling shareholder) in favor of GT Capital. By virtue of its payment for the 22.68% interest and the Irrevocable Proxy, GT Capital consolidated PCFI‘s financial statements beginning September 1, 2015.

On November 5, 2015, GT Capital signed a Sale and Purchase Agreement to sell 100% of its direct equity stake in CPAIC to AXA Philippines. The completion of the transaction is subject to closing conditions including receipt of regulatory approvals and is expected to be completed within the first half of 2016. With the impending sale, Philippine Financial Reporting Standards (PFRS) 5 prescribe the presentation of CPA‘s results of operations separate from the “Income from Continuing Operations”, wherein all income, expenses and income taxes of CPA in 2015 are presented under “Income from Disposal Group”. For comparability, 2014 and 2013 Consolidated Statements of Income were also restated to show CPA‘s 2014 and 2013 results of operations separate from the “Income from Continuing Operations”.

Fed Land, PCFI, GBPC, TMP and TCI are consolidated in the financial statements of the Company. The other component companies MBT, AXA Philippines, TMBC, and TFSPH are accounted for through equity accounting. As previously discussed, the operations of CPA is presented separately in the income statement under “Income from Disposal Group”.

Of the ten component companies, TMP, GBPC, AXA Philippines TFSPH, Fed Land, TMBC and TCI posted growths in their respective net income. MBT, PCFI, and CPA reported declines in their respective net income for the year.

Automotive operations comprising the sale of assembled and imported auto vehicles and spare parts grew by 11% from ₱108.8 billion to ₱120.8 billion principally driven by the 13% increase in wholesales volume from 108,658 units to 122,817 units and continued expansion in the dealer outlets from 45 to 49.

Net fees realized from the power generation companies of GBPC declined by 3% from ₱19.0 billion to ₱18.4 billion due to lower fuel pass-through costs as coal and oil prices declined in the global market. GBPC‘s coal fired plants also experienced mandatory preventive maintenance shutdowns and plant downtimes for the year due to operational issues.

Real estate sales and interest income on real estate sales rose by 50% from ₱7.0 billion to ₱10.5 billion. Fed Land's sales contributed ₱7.5 billion in 2015, mostly from its middle-market development projects. PCFI's low cost and economic housing projects contributed ₱2.9 billion representing sales from September to December 2015.

Equity in net income of associates and JCEs, increased by 64% from ₱3.4 billion to ₱5.6 billion due to the following:

(1) Improved core net income of MBT from ₱10.5 billion to ₱18.0 billion;
(2) Growth in net income of AXA Philippines from ₱1.2 billion to ₱1.4 billion; and
(3) Higher net income of TFSPH from ₱397.9 million to ₱515.5 million.

Sale of goods and services increased by 5% from ₱603.0 million to ₱635.8 million primarily due to GBPC's sale of coal to third parties. This account also includes Fed Land's sale of petroleum products, on a wholesale and retail basis, in the Blue Wave malls.

Rent income from the lease of GT Tower International office building, the Blue Wave malls, Blue Bay Walk and Philippine AXA Life Center Condominium grew by 10% from ₱764.5 million to ₱840.5 million.
Interest income on deposits and investments increased by 40% from ₱363.8 million to ₱510.9 million due to an increase in cash available for short-term placements by GT Capital and subsidiaries.

Commission income more than doubled from ₱79.5 million to ₱194.2 million due to increases in the unit sales of Grand Hyatt Residences and Marco Polo Residences Tower 3.

Other income grew by 64% from ₱1.1 billion to ₱1.8 billion due to the following:

(1) ₱787.3 million from Fed Land comprising real estate forfeitures, gain on asset swap, management fees and other income;
(2) ₱617.8 million from GBPC consisting of insurance claims, dividend income and other income; and
(3) ₱279.6 million from TMP's ancillary income from its majority-owned dealers, gain on sale of fixed assets, dividend income and other income.

Consolidated costs and expenses increased by 8% from ₱123.4 billion to ₱133.8 billion with the following breakdown:

(1) ₱101.0 billion from TMP comprising cost of goods manufactured, cost of goods and services sold, general and administrative expenses and interest expenses;
(2) ₱14.6 billion from GBPC consisting of power plant operations and maintenance, general and administrative expenses and interest expenses;
(3) ₱8.1 billion from Fed Land consisting of cost of real estate sales, cost of goods sold, cost of rental, general and administrative expenses and interest expenses;
(4) ₱6.4 billion from TCI consisting of cost of goods and services sold, general and administrative expenses and interest expenses;
(5) ₱2.0 billion from GT Capital representing interest expenses and general and administrative expenses; and
(6) ₱1.7 billion from PCFI comprising cost of real estate sales, general and administrative expenses and interest expenses.

Cost of goods and services sold increased by 6% from ₱70.6 billion to ₱74.9 billion with TMP's and TCI's completely built-up units and spare parts accounting for ₱74.4 billion and the balance of ₱0.5 billion from Fed Land's petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 15% from ₱24.2 billion in 2014 to ₱27.8 billion in 2015.

General and administrative expenses rose by 4% from ₱10.4 billion to ₱10.9 billion. TMP accounted for ₱4.6 billion comprising advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling. GBPC contributed ₱3.4 billion representing salaries, taxes and licenses, other general and administrative expenses, amortization of intangible assets-power purchase agreements, outside services, insurance and provision for impairment losses. Fed Land contributed ₱2.0 billion comprising salaries, commissions, taxes and licenses, advertising expenses and other general and administrative expenses. TCI accounted for ₱0.4 billion consisting of salaries, advertising and promotions, commission and utilities expenses. PCFI contributed ₱0.3 billion comprising of salaries, commissions, professional fees, advertising and taxes and licenses. The remaining ₱0.2 billion came from GT Capital's salaries, professional fees and taxes and licenses.

Power plant operations and maintenance expenses consisting of purchased power and repairs and maintenance from the power generation companies of GBPC declined by 8% from ₱10.3 billion to ₱9.5 billion mainly due to the decline in fuel cost and purchased power expenses.

Cost of real estate sales increased by 50% from ₱4.3 billion to ₱6.5 billion arising from the increase in real estate sales. Fed Land contributed ₱5.3 billion while PCFI accounted for the remaining ₱1.2 billion

Interest expense increased by 21% from ₱3.2 billion to ₱3.9 billion with GBPC, GT Capital, Fed Land, TMP, PCFI and TCI accounting for ₱1.8 billion, ₱1.8 billion, ₱142.0 million, ₱100.4 million, ₱99.6 million and ₱13.4 million, respectively.

Provision for income tax increased by 68% from ₱2.7 billion to ₱4.5 billion mainly increases in taxable income from TMP, Fed Land and GBPC.

Income from disposal group amounting to ₱50 million represent the after tax-operating income of CPA.

Net income attributable to non-controlling interest grew by 47% from ₱6.0 billion to ₱8.8 billion due to an increase in the net income of subsidiaries which are not wholly-owned.

Consolidated net income attributable to equity holders of the Parent Company increased by 32% from ₱9.2 billion in 2014 to ₱12.1 billion in 2015.

GT CAPITAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**Audited December 31**		**Increase (Decrease)**	
(In million Pesos, except for percentage)	**2015**	**2014**	**Amount**	**Percentage**
ASSETS				
Current Assets				
Cash and cash equivalents	**37,861**	29,702	8,159	27%
Short-term investments	**1,861**	1,309	552	42%
Receivables	**25,417**	16,223	9,194	57%
Reinsurance assets	**-**	3,879	(3,879)	(100%)
Inventories	**53,248**	31,426	21,822	69%
Due from related parties	**370**	171	199	116%
Prepayments and other current assets	**7,673**	5,468	2,205	40%
Assets of disposal group classified as held-for-sale	**8,434**	-	8,434	100%
Total Current Assets	**134,864**	88,178	46,686	53%

Noncurrent Assets

Noncurrent receivables	**9,186**	4,897	4,289	88%
Available-for-sale investments	**3,195**	4,127	(932)	(23%)
Land held for future development	**27,356**	-	27,356	100%
Investments in associates and jointly controlled entities	**60,265**	47,451	12,814	27%
Investment properties	**10,797**	8,643	2,154	25%
Property and equipment	**51,972**	44,801	7,171	16%
Goodwill and intangible assets	**17,000**	17,806	(806)	(5%)
Deferred tax asset	**1,772**	1,726	46	3%
Other noncurrent assets	**878**	634	244	38%
Total Noncurrent Assets	**182,421**	**130,085**	52,336	40%
TOTAL ASSETS	**317,285**	**218,263**	99,022	45%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	₱22,407	₱19,208	₱3,127	16%
Insurance contract liabilities	-	5,665	(5,665)	(100%)
Short-term debt	7,318	2,347	4,971	212%
Current portion of long-term debt	6,757	3,061	3,696	121%
Current portion of liabilities on purchased properties	636	783	(147)	(19%)
Customers' deposit – current	3,691	2,549	1,142	45%
Dividends payable	2,861	2,034	827	41%
Due to related parties – current	174	176	(2)	(1%)
Income tax payable	1,013	476	537	113%
Other current liabilities	520	882	(362)	(41%)
Liabilities of disposal group classified held-for-sale	6,444	-	6,444	100%
Total Current Liabilities	**51,821**	37,253	14,568	39%

	Audited		**Increase (Decrease)**	
(In million Pesos, except for percentage)	**2015**	**2014**	**Amount**	**Percentage**
Noncurrent Liabilities				
Long-term debt net of current portion	**82,021**	42,118	39,903	95%
Bonds payable	**21,801**	21,775	26	0%
Liabilities on purchased properties – net of current portion	**2,146**	2,729	(583)	(21%)
Pension liability	**2,219**	2,261	(42)	(2%)
Deferred tax liability	**10,826**	3,532	7,294	207%
Other non-current liabilities	**2,609**	2,653	(44)	(2%)
Total Noncurrent Liabilities	**121,622**	**75,068**	46,554	62%
Total Liabilities	**173,443**	**112,321**	61,122	54%
EQUITY				
Equity attributable to equity holders of Parent Company				
Capital Stock	**1,760**	1,743	17	1%
Additional paid-in capital	**46,695**	46,695	-	-
Treasury Shares	**(6)**	(2)	(4)	200%
Retained Earnings				

Unappropriated	**33,267**	24,431	8,836	36%
Appropriated	**8,760**	6,000	2,760	46%
Other comprehensive income	**(918)**	(103)	(815)	791%
Other equity adjustments	**576**	583	(7)	(1%)
	90,134	79,347	10,787	14%
Non-controlling interest	**53,708**	26,595	27,113	102%
Total Equity	**143,842**	105,942	37,900	36%
TOTAL LIABILITIES AND EQUITY	**317,285**	218,263	99,022	45%

The major changes in the balance sheet items of the Company from December 31, 2014 to December 31, 2015 are as follows:

Total assets of the Group increased by 45% or ₱99.0 billion from ₱218.3 billion as of December 31, 2014 to₱317.3 billion as of December 31, 2015. Total liabilities increased by 54% or ₱61.1 billion from ₱112.3 billion to ₱173.4 billion while total equity rose by 36% or ₱37.9 billion from ₱105.9 billion to ₱143.8 billion.

In August 2015, GT Capital acquired control over PCFI by virtue of the Irrevocable Proxy and the ₱7.24 billion payment representing a 22.68% direct equity interest. As a result, GT Capital consolidated PCFI‘s balance sheet on a line-by-line basis.

In November 2015, GT Capital signed Sale and Purchase Agreement with AXA to sell 100% of its direct equity stake in CPA. As a result, Philippine Philippine Financial Reporting Standards (PFRS) 5 prescribe a separate presentation of CPA’s assets and liabilities under “Assets of disposal froup classified as held for sale”, and “Liabilities of disposal group classified as held for sale”, respectively.

Cash and cash equivalents increased by ₱8.2 billion reaching ₱37.9 billion with GBPC, TMP, GT Capital, PCFI, Fed Land and TCI accounting for ₱14.9 billion, ₱13.5 billion, ₱6.9 billion, ₱1.4 billion, ₱1.1 billion and ₱69.8 million, respectively.

Short-term investments increased by 42% from ₱1.3 billion to ₱1.9 billion, with TMP and GBPC contributing ₱1.8 billion and ₱67.0 million, respectively.

Receivables increased by 57% from ₱16.2 billion to ₱25.4 billion with PCFI contributing ₱9.3 billion comprising of installment contract receivables and other receivables; Fed Land contributing ₱6.9 billion, a majority of which were installment contract receivables, rent receivable and other receivables: TMP contributing ₱5.1 billion consisting of trade and non-trade receivables; GBPC contributing ₱3.4 billion representing outstanding billings for energy fees and passed-through fuel costs arising from the delivery of power and other receivables; and TCI accounting for ₱706.5 million representing trade receivables from the sale of automobiles and after-sales maintenance services.

Inventories increased by ₱21.8 billion from ₱31.4 billion to ₱53.2 billion with Fed Land contributing ₱34.2 billion comprising land and improvements, condominium units for sale and inventory with construction-in-progress; PCFI contributing ₱11.3 billion comprising of landbank, land improvements, materials inventory, ongoing construction of house inventory and condominium units for sale; and TMP contributing ₱6.0 billion mostly finished goods. The balance of ₱1.8 billion came from GBPC representing coal and spare parts and supplies (₱1.5 billion) and TCI representing automobiles and spare parts (₱182 million).

Due from related parties increased by ₱199 million from ₱171 million to ₱370 million primarily due to consolidation of PCFI’s due from related parties amounting to ₱218 million, which was offset by collections of ₱19 million from Fed Land‘s related parties.

Prepayments and other current assets grew by 40% from ₱5.5 billion to ₱7.7 billion with Fed Land contributing ₱4.0 billion consisting of advances to contractors and suppliers, prepaid expenses, current input tax, deferred input tax and creditable withholding taxes; GBPC contributing ₱2.0 billion consisting advances to contractors and suppliers, current input tax, deferred input tax and prepaid expenses; PCFI contributing ₱946.0 million comprising of advances to contractors and suppliers, cash advances to agents, and input tax; and TMP contributing ₱711.7 million comprising of ad valorem tax deposit and prepaid expenses. The balance of ₱82 million came from TCI (₱52 million) and GT Capital (₱30 million).

Assets of disposal group classified as held for sale comprising CPA'S current and non-current assets including reinsurance assets, receivables, and Available-for-sale (AFS) investments amounted to ₱8.4 billion.

Noncurrent receivables from Fed Land (₱4.1 billion) and PCFI (₱4.7 billion) unit buyers who opted for long-term payment arrangements and various GBPC electric cooperatives (₱0.4 billion) rose by 88% from ₱4.9 billion to ₱9.2 billion.

Noncurrent inventories consisting of PCFI's undeveloped land amounted to ₱27.4 billion.

Available-for-sale investments declined by 23% from ₱4.1 billion to ₱3.2 billion primarily due to a change in the presentation of CPA's available-for-sale investments to "Assets of Disposal Group Classified as Held-For-Sale", and offset by mark-to-market gain on GBP's AFS investments.

Investments in associates and jointly-controlled entities increased by 27% from ₱47.5 billion to ₱60.3 billion due to: 1) ₱8.3 billion additional investment in MBT via stock rights offering; 2) ₱0.5 billion investment of Fed Land in a joint venture with Alveo Land Corporation, a wholly-owned subsidiary of Ayala Land, Inc., through Alveo Federal Land Communities, Inc.; 3) ₱5.6 billion share in net income of associates and JCE; 4) (₱1.1 billion) share in other comprehensive loss; and 5) ₱0.2 billion effect of intra-group elimination on sale of inventories and land within the group; offset by ₱0.7 billion cash dividends received from associates and JCE.

Investment properties-net increased by 25% or ₱2.2 billion from ₱8.6 billion to ₱10.8 billion due to the consolidation of PCFI's investment properties into GT Capital.

Property and equipment increased by 16% or ₱7.2 billion from ₱44.8 billion to ₱52.0 billion mainly due to 1) ₱5.7 billion of GBPC's ongoing construction in Panay Energy Unit 3 Plant Expansion, net of depreciation; 2) ₱0.9 billion of TMP's ongoing capital expenditure projects, net of depreciation; and 3) ₱0.6 billion from PCFI's fixed assets.

Other noncurrent assets reached ₱878.1 million, consisting of: (1) ₱462.6 million in non-current deposits of PCFI, Fed Land and TMPI; (2) ₱342.3 million in non-current input tax of Fed Land, TMP and GBPC; and 3) ₱73.2 million noncurrent prepaid expenses, retirement assets other assets.

Accounts and other payables increased by 16% from ₱19.3 billion to ₱22.4 billion with TMP, GBPC, Fed Land, PCFI, TCI and GT Capital accounting for ₱11.4 billion, ₱5.0 billion, ₱3.7 billion, ₱1.8 billion, ₱355.4 million and ₱186.2 million, respectively.

Short-term debt increased by ₱5.0 billion from ₱2.3 billion to ₱7.3 billion due to the consolidation of PCFI's loans (₱4.5 billion), additional loan availments by Fed Land (₱480.0 million), TMP's dealer subsidiaries (₱1.1 billion) and TCI (₱1.8 billion) offset by loan payments made by TMP's dealer subsidiaries (₱1.0 billion) and TCI (₱1.9 billion).

Current portion of long-term debt more than doubled from ₱3.1 billion to ₱6.8 billion due the net effect of 1) consolidation of PCFI's current portion of long-term debt (₱1.3 billion), 2) reclassification of Fed Land's debt

(₱2.0 billion) and GBPC's debt (₱2.9 billion) from non-current to current offset by payment of GBPC's debt (₱2.5 billion).

Current portion of liabilities on purchased properties declined by 19% from ₱783.0 million to ₱636.5 million due to principal payment made by Fed Land.

Customers' deposits increased by 45% from ₱2.5 billion to ₱3.7 billion mainly due to the consolidation of PCFI's customer deposits of ₱1.2 billion.

Dividends payable increased by ₱0.8 billion due to the net effect of GBPC's set-up of 2015 cash dividends payable in 2016 offset by the payment of 2014 cash dividends in April 2015.

Income tax payable increased by ₱537.7 million from ₱475.8 million to ₱1.0 billion due to an increase in the subsidiaries' taxable income.

Other current liabilities declined by 41% from ₱881.7 million to ₱520.3 million mainly due to the ₱298.8 million settlement of advances to GBPC's stockholders and ₱125.1 million reclassification of CPAIC's other current liabilities to "Liabilities of disposal group classified as held for sale".

Liabilities of disposal group classified as held for sale amounted to ₱6.4 billion comprising CPAIC's current and non-current liabilities such as Insurance Contract Liabilities.

Pension liabilities declined by 2% from ₱2.3 billion to ₱2.2 billion with TMP, GBPC, PCFI, Fed Land and TCI contributing ₱1.3 billion, ₱629.1 million, ₱118.6 million, ₱116.8 million and ₱74.9 million, respectively.

Long-term debt-net of current portion increased by ₱39.9 billion from ₱42.1 billion to ₱82.0 billion due to: 1) ₱24.9 billion loan availment of GT Capital, net of ₱0.1 billion deferred financing cost, to finance its investment in the MBT stock rights offering, investment in the Series B preferred shares of Fed Land and investment in PCFI; 2) ₱6.8 billion loan availment of GBPC, net of ₱0.2 billion transaction cost to partially finance the construction of GBPC's power plants; 3) ₱3.8 billion availment of Fed Land to finance the acquisition of additional land bank and working capital requirements; (4) consolidation of ₱9.8 billion long-term loans of PCFI to finance acquisition of land bank and working capital requirements, these were offset by 1) the reclassification of GBPC and Fed Land's debt amounting to ₱2.9 billion and ₱2.0 billion, respectively from non-current to current and 2) ₱0.5 billion amortization of fair valued adjustments in GBPC's long-term debt.

Liabilities on purchased properties, net of current portion, declined by 21% from ₱2.7 billion to ₱2.1 billion due to Fed Land's scheduled principal payments.

Deferred tax liabilities increased by ₱7.3 billion from ₱3.5 billion to ₱10.8 billion due to the set-up of ₱7.3 billion deferred tax liability arising from the fair value increase in the net assets of PCFI as a result of the preliminary purchase price allocation and consolidation of PCFI.

Other noncurrent liabilities reached ₱2.6 billion, composed of long-term accrued expenses of TMP, (₱1.4 billion); non-current retention payable and deferred output tax of Fed Land (₱1.0 billion);, asset retirement obligation and decommissioning liability of GBPC (₱0.2 billion).

Capital stock increased by ₱17 million due to GT Capital's issuance of voting preferred shares in April 2015.

Treasury shares amounted to ₱6 million representing investment in shares of stock by CPAIC in GT Capital common shares of stock.

Unappropriated retained earnings increased by 36% from ₱24.4 billion to ₱33.3 billion due to: 1) the ₱12.1 billion consolidated net income earned in 2015; and 2) ₱6.0 billion reversal of 2014 appropriation of retained earnings, offset by ₱0.5 billion cash dividends declared in March 2015 and ₱8.8 billion appropriation of retained earnings.

Appropriated retained earnings increased by ₱2.8 billion due to the ₱8.8 billion 2015 appropriation for additional investments in PCFI offset by a ₱6.0 billion reversal of 2014 appropriation of investment in Series "B" Fed Land's preferred shares.

Other comprehensive loss increased by ₱815.4 million from ₱102.5 million to ₱917.9 million due to mark-to-market losses recorded on available-for-sale investments of GT Capital's subsidiaries and associates.

Non-controlling interest (NCI) doubled by ₱27.1 billion from ₱26.6 billion to ₱53.7 billion primarily due to: 1) ₱24.3 billion set-up of non-controlling interest from the preliminary purchase price allocation of PCFI; 2) ₱8.8 billion NCI share in the net income of TMP and GBP; and 3) ₱0.3 billion NCI share in other comprehensive income offset by ₱6.3 billion NCI share in dividends declared by TMP and GBPC.

Key Performance Indicators

The following are the key performance indicators of the Company for the years ended December 31, 2013, 2014, and 2015.

Key Performance Indicators (in Million Pesos, except %)

Income Statement	**2013**	**2014**	**2015**
Total Revenues**	104,983	141,106	159,231
Net Income attributable to GT Capital Holdings	8,640	9,153	12,119

Balance Sheet			
Total Assets	192,360	218,263	317,285
Total Liabilities	99,796	112,321	173,443
Equity attributable to GT Capital Holdings, Inc.	70,525	79,347	90,134
Return on Equity *	13.9%	12.2%	14.3%

*Net income attributable to GT Capital divided by the average equity where average equity is the sum of equity attributable to GT Capital at the beginning and end of the year divided by 2.
**As restated

MBT

The following are the major performance measures used by MBT for 2013, 2014 and 2015.

(In Million Pesos, except %)	**2013**	**2014**	**2015**
Net income attributable to equity holders	22,488	20,113	18,625
Average total assets	1,212,606	1,491,555	1,682,616
Average shareholders' equity (attributable to equity holders)	126,310	142,508	171,944
Return on Average Assets	1.9%	1.3%	1.1%
Return on Average Equity	17.8%	14.1%	10.8%
Average shareholders' equity (as a percentage of average total assets)	10.4%	9.6%	10.2%
Net income attributable to equity holders	22,488	20,113	18,625
Average total assets	1,212,606	1,491,555	1,682,616

	2013	**2014**	**2015**

Dividend Payout Ratio	9.4%	13.6%	14.7%
Cost to average assets	4.8%	3.9%	3.3%
Tier 1 Capital Adequacy ratio	15.0%	12.1%	14.3%
Total Capital Adequacy ratio	16.7%	16.0%	17.8%
Non Performing Loans ratio	1.3%	1.0%	1.0%
Non Performing Loans coverage	164.1%	165.2%	110.7%

Notes:

(1) *Dividend payout ratio is the ratio of cash dividends to net income after tax (excluding non-controlling interest).*

(2) *Cost to average assets is the ratio of operating expenses (including interest expenses but excluding depreciation and amortization) to average total assets.*

(3) *Capital adequacy ratios as of December 31, 2014 and 2015 were computed based on Basel III standards, while capital adequacy ratios as of December 31, 2013 were computed based on Basel II standards. The common equity Tier 1 capital adequacy ratio is not applicable under Basel II standards.*

(4) *Net non-performing loans ratio is the ratio of net non-performing loans divided by total loans – excluding interbank loans.*

(5) *Non-performing loans coverage is the ratio of allowance for credit loan losses to total non -performing loans.*

MBT registered a 7% decline in consolidated net income attributable to equity holders from ₱20.1 billion in 2014 to ₱18.6 billion in 2015. The decline was attributed to lower other operating income by ₱10.7 billion and share in net income of associates and a joint venture by ₱0.03 billion offset by higher net interest income by ₱3.2 billion and decrease in total operating expenses and provision for income tax by ₱4.91 billion and ₱1.22 billion, respectively.

Net interest income grew by 7% from ₱45.8 billion in 2014 to ₱49.0 billion in 2015 due to growth in the middle market, small-and-medium scale enterprises and consumer loans, and trading and investment securities. Non-interest income, however, dropped by 37% from ₱29.1 billion in 2014 to ₱18.4 billion in2015 arising from lower profit from the disposal of foreclosed properties, and decrease in trading and securities gains.

Total resources reached a record high of ₱1.8 trillion in 2015, a 10% increase from ₱1.6 trillion level in the previous year. The improvement came from the issuance of stock rights in April 2015 with total net proceeds of ₱31.5 billion, (the 26% increase in bills payable and securities sold under repurchase agreements) and 6% expansion in total deposits to ₱1.3 trillion resulting in a 17% growth in net loans and receivables to ₱887.2 billion in 2015. MBT opened 23 branches to increase its domestic presence to 943 branches. This network is supplemented by 2,226 ATMs nationwide.

Non-performing loans (NPL) ratio improved at a new low or under the 1.0% level in 2015, while NPL coverage decreased from 165.2% in 2014 to 110.7% in 2015.

MBT's BASEL III total capital adequacy ratio ("CAR") remained well-above the regulatory limit at 17.8% with Common Equity Tier 1 ("CET1") of 14.3%.

TMP

The following are the major performance measures used by TMP for 2013, 2014 and 2015.

(In Million Pesos, except for ratios)	**2013**	**2014**	**2015**
Sales	80,676.6	104,886.9	114,346.2
Gross Profit	10,256.6	14,628.9	18,355.2
Operating Profit	5,719.1	9,859.1	13,898.9
Net income attributable to Parent	4,219.0	7,210.0	10,193.9
Total Assets	23,750.0	26,706.7	32,290.3

Total Liabilities	14,464.1	14,779.7	17,060.9
Total Equity	9,285.9	11,927.0	15,229.4
Total Liabilities to Equity ratio	1.6x	1.2x	1.1x

TMP exhibited a 9% growth in consolidated sales from ₱104.9 billion in 2014 to ₱114.3 billion in 2015. Aside from auto assembly and importation, TMP directly owns four (4) dealer outlets namely: Toyota Makati with two (2) branches, Toyota Makati and Toyota Bicutan; Toyota San Fernando in Pampanga with three (3) branches in Toyota San Fernando, Toyota Plaridel Bulacan and Toyota Tarlac all located in Luzon, Lexus Manila, situated in Bonifacio Global City, Taguig City and Toyota Sta. Rosa Laguna Inc.

In 2015, TMP exhibited record retail sales of 125,027 units, an 18% increase from that of previous year. With this feat, TMP earned its 14th consecutive Triple Crown award which means Number 1 in passenger car sales, Number 1 in commercial vehicle sales and Number 1 in overall sales. Overall market share grew from 36.3% in 2013 to 39.4% in 2014 and 38.9% in 2015. The sales improvement was attributed to the launching of the all-new Vios in July 2013, new model introductions in 2014 and 2015 for the Corolla Altis, Wigo, Yaris, Hi Lux, and Alphard, volume increments for all models, and aggressive sales and promotions across the dealership network spanning 49 branches nationwide.

The sales volume growth, managed cost efficiencies, favorable foreign exchange rates and models mix resulted in continuous improvements in gross profit margin from 14.0% to 16.0%, operating profit margin from 9.4% to 12.2% and net profit margin from 6.9% to 9.0%, respectively. Consolidated net income attributable to equity holders grew by 41% from ₱7.2 billion in 2014 to ₱10.2 billion in 2015.

Global Business Power

The following are the major performance measures used by GBPC for 2013, 2014 and 2015.

(In Million Pesos, except for ratios)	**2013**	**2014**	**2015**
Net Fees*	16,944.1	18,973.4	18,391.5
Net income attributable to equity holders	1,937.1	2,284.4	2,941.8
Total assets	59,770.3	68,433.4	74,360.8
Total liabilities	36,051.1	38,657.8	43,945.7
Total equity	23,719.2	29,775.6	30,415.2
Current ratio	1.6x	2.0x	1.8x
Total Liabilities to equity ratio	1.5x	1.3x	1.4x

**Comprising energy fees realized by the operating companies as stipulated in their respective Power Purchase Agreements with their respective customers, net of adjustments*

GBPC's net fees decreased by 3% from ₱19.0 billion in 2014 to ₱18.4 billion in 2015 due to lower fule pass-through costs as oil and coal prices declined in the global market. GBPC's coal-fired plants also experienced mandatory preventive maintenance shutdowns and plant downtimes for the year dues to operational issues. Kilowatt hour sales, however, increase by 9% from 3.3 billion kilowatt-hours in 2014 to 3.6 billion kilowatt-hours in 2015.

Net income attributable to equity holders of the Parent Company increased by 29% from ₱2.3 billion in 2014 to ₱2.9 billion in 2015. This included gross insurance recoveries amounting to ₱473 million on business interruption brought about by Typhoon Yolanda in November 2013. Excluding gross insurance recovery, net income grew by 14% to ₱2.6 billion in 2015.

Panay Energy's Unit 3, a 50MW coal-fired plant in Panay, Iloilo which began construction in June 2014, is expected to be commissioned during the second half of 2016.

Federal Land

The following are the major performance measures used by Fed Land for 2013, 2014 and 2015.

(In Million Pesos, except for ratios)	**2013**	**2014**	**2015**
Real Estate Sales *	5,451.5	6,997.9	7,534.0
Revenues	7,895.7	9,375.2	10,311.3
Net income attributable to equity holders	1,004.3	1,486.4	1,560.0
Total assets	43,231.1	53,325.6	64,553.2
Total liabilities	24,664.3	25,379.0	29,558.7
Total equity	18,566.8	27,946.6	34,994.5
Current ratio	3.9x	4.7x	4.5x
Total Liabilities to equity ratio	1.3x	0.9x	0.8x

** Includes interest income on real estate sales*

Fed Land recorded 10% growth in total revenue from ₱9.4 billion in 2014 to ₱10.3 billion in 2015. The revenue improvement came from: (1) real estate sales and interest income on real estate sales which rose by 8% from ₱7.0 billion to ₱7.5 billion driven by increased sales recognized from ongoing high-end and middle market development projects situated in Pasay, Mandaluyong, Bonifacio Global City, Manila and San Juan; and (2) rent income which grew by 8% from ₱769 million to ₱830 million owing to annual price escalation. As a result of the revenue growth, net income attributable to shareholders increased by 5% from ₱1.5 billion to ₱1.6 billion in 2015.

For 2015, Fed Land launched three (3) new vertical residential condominium projects namely Paseo de Roces II (Chino Roces, Makati City), Six Senses Resort 5 (Macapagal, Pasay City) and Palm Beach Villa 3 (Macapagal, Pasay City).

PCFI

The following are the major performance measures used by PCFI for 2014 and 2015.

(In Million Pesos, except for ratios)	**2013**	**2014**
Real Estate Sales *	10,594.8	6,997.6
Revenues	10,741.8	7,046.7
Net income attributable to equity holders	3,574.3	2,060.4
Total assets	30,789.6	35,881.6
Total liabilities	20,125.2	18,933.7
Total equity	10,664.3	16,947.9
Current ratio	1.6x	2.4x
Total Liabilities to equity ratio	1.6x	0.9x

** Includes interest income on real estate sales*

On August 20, 2015, GT Capital finalized the acquisition of an initial 22.68% stake in PCFI for ₱7.24 billion, with an option to increase its direct shareholding to 51% within the next three years. The ₱7.24 billion capital infusion by GT Capital was utilized to pay down debt, accelerate house construction and other general corporate purposes.

Established in 1999, PCFI is one of the country's leading property developers, focusing on the low cost and economic housing segment and retail space and BPO office leasing. PCFI has built and sold over 36,000 affordable homes in the provinces of Cavite and Iloilo. Its flagship and largest project is Lancaster New City (LNC) which spans the areas of Kawit, Imus and General Trias in Cavite province, island of Luzon. Aside from LNC, ongoing projects include the Bellefort Estates in Bacoor and Dasmarinas in Cavite, the Parc Regency Residences in Iloilo province, and the Carmona Estate in Carmona Cavite.

In consideration of GT Capital's initial equity stake and attainment of effective control, PCFI's financial statement was consolidated into GT Capital's financials effective September 1, 2015.

Total revenues, mainly real estate sales, reached ₱2.95 billion for the last four (4) months of 2015 covering the period of September 1 to December 31, 2015. Cost of sales and expenses, excluding depreciation and interest expenses, amounted to ₱1.52 billion. Net income from September 1 to December 31, 2015 amounted to ₱1.26 billion.

AXA Philippines

The following are the major performance measures used by AXA Philippines for 2013, 2014 and 2015.

(In Million Pesos)	**2013**	**2014**	**2015**
Gross Premiums	18,320.0	18,404.5	22,923.3
Net income after tax	1,184.0	1,223.9	1,383.5
Total Assets	54,951.3	68,007.2	79,978.1

AXA Philippines generated a 21% increase in new business expressed in Annualized Premium Equivalent from ₱4.0 billion in 2014 to ₱4.8 billion in 2015 due to strong equities market in the first half and sales initiatives launched in the second half. Gross premiums, thus, increased by 24.6% from ₱18.4 billion in 2014 to ₱22.9 billion in 2015, mainly attributable to the single premium products that grew by 25%. Asset management fees, likewise, rose by 27% from ₱785 million in 2014 to ₱1.0 billion in 2015, consistent with unit linked Assets under Management. Net income level grew by 13% from ₱1.2 billion in 2014 to ₱1.4 billion in 2015.

Toyota Financial Services Philippines Corporation

The following are the major performance measures used by TFSPH for 2013, 2014 and 2015.

(In Million Pesos)	**2013**	**2014**	**2015**
Finance Revenue	1,704.6	2,234.7	2,828.2
Net Operating Profit	901.1	952.1	1,209.3
Net Income	436.7	398.0	515.5
Finance Receivable	20,301.8	28,357.0	33,304.4
Total Assets	29,577.4	39,424.8	44,278.4
Total Equity	2,725.6	3,842.7	4,369.4

TFSPH recorded a 24% growth in gross interest income from ₱2.4 billion in 2014 to ₱3.0 billion in 2015 as net earning assets increased by 17% from ₱28.4 billion in 2014 to ₱33.3 billion in 2015 with a penetration rate of 16% relative to Toyota Motors' annual auto sales. Net income for the year improved by 30% from ₱398.0 million to ₱515.5 million, partly due to downward adjustments on provisioning following implementation of new risk-based methodology implemented in March 2015 and increase in taxes and licenses, litigation and credit investigation.

CPAIC

The following are the major performance measures used by CPA for 2013, 2014 and 2015.

(In Million Pesos)	**2013**	**2014**	**2015**
Gross Premium Written	3,513.9	4,002.5	4,114.1
Net Premium Written	1,823.6	1,912.1	2,158.6
Gross Underwriting Contribution	529.6	478.9	419.2
Net Income	190.0	105.0	42.4
Total Assets	9,211.3	8,493.0	7,872.9

CPA registered a 3% growth in gross premium written from ₱4.0 billion in 2014 to ₱4.1 billion in 2015. The increase is due to the reallocation of gross premium written from Property to Motor car, with combined share of 70% of total portfolio. Net income, however, decreased by 60% from ₱105.0 million in 2014 to ₱42.4 million in 2015 due to higher losses on property and motor car lines and property and catastrophic losses.

Toyota Manila Bay

The following are the major performance measures used by TMBC for 2013, 2014 and 2015.

(In Million Pesos)	**2013**	**2014**	**2015**
Net Sales	9,440.7	11,268.1	12,324.4
Gross Profit	653.1	651.4	677.7
Net Income	110.3	129.8	142.0
Total Assets	1,934.1	2,370.0	2,509.2
Total Liabilities	1,402.8	1,720.5	1,717.7
Total Equity	531.3	649.5	791.5

TMBC consolidated sales, which comprised of vehicle sales, spare parts and maintenance services grew by 9% from ₱11.3 billion in 2014 to ₱12.3 billion in 2015, translated into a penetration rate of 10% among Toyota dealers in 2015. Vehicle sales, accounting for 92.8% of TMBC's revenues, increased by 8% from ₱10.6 billion to ₱11.4 billion as retail sales volume grew by 8% from 11,474 units to 12,402 units. Sales from spare parts and maintenance services, accounting for a combined 7.2% of revenues, increased by 11% and 17%, respectively.

Net income grew by 9% from ₱129.8 million in 2014 to ₱142.0 million in 2015.

TMBC owns three (3) auto dealer outlets located in Manila Bay, Roxas Boulevard, Pasay City, Jose Abad Santos, Manila and Damarinas, Cavite.

Toyota Cubao, Inc.

The following are the major performance measures used by TCI for 2013, 2014 and 2015.

(In Million Pesos)	**2013***	**2014***	**2015***
Net Sales	4,254,3	5,304.6	6,376.2
Gross Profit	288.8	322.9	432.9
Net Income	171.0**	14.5	29.9
Total Assets	1,096.8	1,337.9	1,348.8
Total Liabilities	885.3	1,079.8	1,069.1
Total Equity	211.5	258.1	279.6

**Parent Company Only*
***Includes a ₱158.1 million non-recurring gain from sale of TCI's direct equity stake in TMBC to GT Capital in 2013.*

TCI consolidated sales, comprising vehicle sales, spare parts and maintenance services, grew by 20% from ₱5.3 billion in 2014 to ₱6.4 billion in 2015 translating to a penetration rate of 5% among Toyota dealers in 2015. Vehicle sales, accounting for 93.3% of TCI's revenues, increased by 21% from ₱4.9 billion to ₱6.0 billion as retail sales volume grew by 16% from 5,394 units to 6,239 units. Sales from spare parts and maintenance services, accounting for a combined 6.7% of revenues, increased by 11% and 16%, respectively.

Net income more than doubled from ₱14.5 million in 2014 to ₱29.9 million in 2015 due to higher vehicle sales volume and significant decrease in interest expense.

TCI owns two (2) auto dealer outlets situated in Cubao, Quezon City and Marikina City.

CALENDAR YEAR ENDED DECEMBER 31, 2014
VERSUS YEAR ENDED DECEMBER 31, 2013

GT CAPITAL CONSOLIDATED STATEMENT OF INCOME	Audited			
	Year Ended December 31		Increase (Decrease)	
(In million Pesos, except for percentage)	**2014**	**2013**	**Amount**	**Percentage**
REVENUE				
Automotive operations	**108,816**	74,359	34,457	46%
Net fees	**18,973**	16,944	2,029	12%
Real estate sales	**5,841**	4,702	1,139	24%
Interest income on real estate sales	**1,157**	749	408	54%
Equity in net income of associates and joint ventures	**3,420**	3,588	(168)	(5%)
Net premium earned	**1,751**	505	1,246	247%
Sale of goods and services	**603**	657	(54)	(8%)
Rent income	**764**	592	172	29%
Interest income on deposits and investments	**439**	680	(241)	(35%)
Commission income	**213**	188	25	13%
Gain from previously held interest	**-**	2,046	(2,046)	(100%)
Other income	**1,146**	537	609	113%
	143,123	**105,547**	**37,576**	**36%**
COST AND EXPENSES				
Cost of goods and services sold	**70,597**	45,469	25,128	55%
Cost of goods manufactured	**24,213**	19,986	4,227	21%
General and administrative expenses	**11,495**	9,281	2,214	24%
Power plant operation and maintenance expenses	**10,328**	8,945	1,383	15%
Cost of real estate sales	**4,334**	3,667	667	18%
Interest expense	**3,241**	3,462	(221)	(6%)
Net insurance benefits and claims	**784**	290	494	170%
Cost of rental	**270**	113	157	139%
	125,262	**91,213**	**34,049**	**37%**
Income Before Income Tax	**17,861**	**14,334**	**3,527**	**25%**
Provision For Income Tax	**2,710**	1,803	907	50%
NET INCOME	**15,151**	**12,531**	**2,620**	**21%**
Net Income Attributable to:				
Equity holders of the parent company	**9,153**	8,640	**513**	**6%**
Non-controlling interests	**5,998**	3,891	2,107	54%

	15,151	**12,531**	**2,620**	**21%**

GT Capital Holdings, Inc. ("GT Capital" or the "Company" or the "Parent Company") consolidated net income attributable to equity holders of the Parent Company grew by 6% from ₱8.6 billion in 2013 to ₱9.2 billion in 2014. The increase was principally due to the 36% improvement in consolidated revenues from ₱105.5 billion in 2013 to ₱143.1 billion in 2014.

The revenue growth came from the following component companies: (1) auto sales from TMP and TCI as combined sales increased from ₱74.4 billion to ₱108.8 billion accounting for 76% of total revenue; (2)) net fees from GBPC which increased from ₱16.9 billion to ₱19.0 billion accounting for 13% of total revenue; (3) higher real estate sales and interest income on real estate sales from Fed Land which grew by 28% from ₱5.5 billion to ₱7.0 billion; and (4) net premium earned from CPA which more than tripled from ₱505 million to ₱1.8 billion.

Core net income attributable to equity holders of the Parent Company grew by 38% from ₱6.6 billion to ₱9.1 billion after excluding the ₱2.0 billion non-recurring income realized from the re-measurement of GT Capital‘s 36% previously-held interest in TMP following GT Capital‘s acquisition of control of TMP in 2013.
Fed Land, GBPC, TMP, CPA and TCI are consolidated in the financial statements of the Company. The other component companies MBT, AXA Philippines, TMBC, and TFSPH are accounted for through equity accounting.

Of the nine (9) component companies, TMP, GBPC, Fed Land and TMBC posted double-digit growths in their respective net income, while AXA Philippines reported a single digit growth in net income for the year. MBT, CPA, TCI and TFSPH reported declines in their respective net income for the year.

Auto sales rose by 46% from ₱74.4 billion to ₱108.8 billion due to continued strong demand for the all new Vios, new models mix – Corolla Altis, Wigo, and Yaris, sales volume increments across all other models, aggressive sales and promotions, and continued expansion in the dealer outlets from 42 to 45.

Net fees increased by 12% from ₱16.9 billion to ₱19.0 billion primarily due to new power purchase contracts with bilateral customers, additional Wholesale Electricity and Spot Market (WESM) compensation collected, and testing / commissioning of Toledo Power‘s Unit 1A.

Real estate sales and interest income on real estate sales rose by 28% from ₱5.5 billion to ₱7.0 billion driven by sales contributions from ongoing high-end and middle-market development projects situated in Pasay City, Escolta, Manila, Cebu, Bonifacio Global City, and Marikina City.

Equity in net income of associates and joint ventures, was 5% lower from ₱3.6 billion in 2013 to ₱3.4 billion in 2014 as the increase in AXA Philippines net income and MBT‘s core net income, excluding gains from the sale of a foreclosed asset to Fed Land and sale of non-financial assets to GT Capital, was offset by a decline in Fed Land‘s investment in jointly-controlled entities as the turnover for the Grand Midori residential condominium project located in Legaspi Village, Makati City was completed in 2014.

Net premium earned from CPA comprising gross premiums on non-life insurance contracts, net of reinsurer‘s share, more than tripled from ₱0.5 billion to ₱1.8 billion due to the full-year consolidation of CPA in 2014.

Sale of goods and services, consisting of the sale of petroleum products on a wholesale and retail basis, at the Blue Wave malls situated in Pasay City and Marikina City, decreased by 8% from ₱657 million to ₱603 million due to lower fuel sales arising from a series of fuel price increases and decreases during the year.

Rent income from Fed Land grew by 29% from ₱592 million to ₱764 million due to annual price escalations and the full year impact of Blue Bay Walk retail and commercial operations.

Interest income on deposits and investments declined by 35% from ₱680 million to ₱439 million due to a decline in placement rates earned on money market investments and termination of Fed Land‘s option agreement in 2013 which previously allowed Fed Land to earn interest income.

Commission income increased by 13% from ₱188 million to ₱213 million due to commissions contributed by CPA from its reinsurance business.

Gain from previously-held interest represents non-recurring income earned following GT Capital‘s acquisition of majority control of TMP in 2013.

Other income grew by 113% from ₱537 million to ₱1.1 billion with Fed Land contributing ₱575 million comprising real estate forfeitures, management fees and other income, TMP contributing ₱331 million from ancillary income, gain on sale of fixed assets, dividend income and other income. The remaining balance of ₱240 million came from TCI (₱98 million), GBPC (₱85 million) and CPA (₱57 million).

Consolidated costs and expenses increased by 37% from ₱91.2 billion to ₱125.3 billion. TMP contributed ₱95.1 billion comprising cost of goods sold for manufacturing and trading activities, general and administrative expenses and interest expenses. GBPC contributed ₱15.6 billion comprising power plant operations and maintenance, general and administrative expenses and interest expenses. Fed Land contributed ₱7.4 billion consisting of cost of real estate sales, cost of goods sold, general and administrative expenses and interest expenses. TCI contributed ₱4.3 billion consisting of cost of goods and services sold, general and administrative expenses and interest expenses. CPA accounted for ₱1.9 billion, which consisted of general and administrative expenses and net insurance benefits and claims. GT Capital Parent Company accounted for ₱1.0 billion representing interest expenses and general and administrative expenses.

Cost of goods and services sold increased by 55% from ₱45.5 billion to ₱70.6 billion with TMP‘s and TCI‘s completely built-up units and spare parts accounting for ₱70.1 billion and the balance of ₱0.5 billion from Fed Land_s petroleum service station business.

Cost of goods manufactured comprising cost of materials, labor and overhead incurred in the assembly of vehicles from TMP grew by 21% from ₱20.0 billion in the previous year to ₱24 billion.

General and administrative expenses rose by 24% from ₱9.3 billion to ₱11.5 billion. TMP accounted for ₱4.8 billion comprising advertising and sales promotion expenses, salaries, taxes and licenses and delivery and handling. GBPC contributed ₱3.3 billion representing salaries, taxes and licenses, other general and administrative expenses, amortization of intangible assets-power purchase agreements, outside services and provision for impairment losses. Fed Land contributed ₱1.8 billion comprising salaries, commissions, taxes and licenses, advertising expenses and other general and administrative expenses. CPA accounted for ₱1.1 billion consisting of commissions and salaries. GT Capital contributed ₱234 million principally salaries, taxes and licenses. The remaining balance of ₱210 million came from TCI‘s salaries, advertising and promotions, commission and utilities expenses.

Power plant operations and maintenance expenses consisting of purchased power and repairs and maintenance from the power generation companies of GBPC increased by 15% from ₱8.9 billion to ₱10.3 billion mainly due to the increase in energy sales and purchased power expenses.

Cost of real estate sales increased by 18% from ₱3.7 billion to ₱4.3 billion arising from the increase in real estate sales.

Interest expense declined by 6% from ₱3.5 billion to ₱3.2 billion with GBPC, GT Capital, Fed Land, TMP and TCI accounting for ₱1.8 billion, ₱0.8 billion, ₱0.5 billion, ₱99 million and ₱17 million, respectively.

Net insurance benefits and claims more than doubled from ₱290 million to ₱784 million, representing benefits and claims paid to policyholders.

Cost of rental more than doubled from ₱113 million to ₱270 million representing direct costs incurred by Fed Land in its leasing business.

Provision for income tax increased by 50% from ₱1.8 billion to ₱2.7 billion mainly increases in taxable income from TMP and Fed Land.

Consolidated net income attributable to equity holders of the Parent Company increased by 6% from ₱8.6 billion in 2013 to ₱9.2 billion in 2014.

GT CAPITAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Audited December 31		Increase (Decrease)	
(In million Pesos, except for percentage)	2014	2013	Amount	Percentage
ASSETS				
Current Assets				
Cash and cash equivalents	**29,702**	27,167	2,535	9%
Short-term investments	**1,309**	1,467	(158)	(11%)
Receivables	**16,223**	12,450	3,773	30%
Reinsurance assets	**3,879**	4,966	(1,087)	(22%)
Inventories	**31,426**	20,813	10,613	51%
Due from related parties	**171**	850	(679)	(80%)
Prepayments and other current assets	**5,468**	5,969	(501)	(8%)
Total Current Assets	**88,178**	**73,682**	14,496	20%
Noncurrent Assets				
Noncurrent receivables	**4,897**	4,929	(32)	(1%)
Available-for-sale investments	**4,127**	3,111	1,016	33%
Investments in associates and joint ventures	**47,451**	40,559	6,892	17%
Investment properties	**8,643**	8,329	314	4%
Property and equipment	**44,801**	41,163	3,638	9%
Goodwill and intangible assets	**17,806**	18,275	(469)	(3%)
Deferred tax asset	**1,726**	1,109	617	56%
Other noncurrent assets	**634**	1,203	(569)	(47%)
Total Noncurrent Assets	**130,085**	**118,678**	11,407	10%
TOTAL ASSETS	**218,263**	**192,360**	25,903	13%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts and other payables	**19,280**	20,837	(1,557)	(7%)
Insurance contract liabilities	**5,665**	6,684	(1,019)	(15%)
Short-term debt	**2,267**	1,744	523	30%
Current portion of long-term debt	**3,141**	3,364	(223)	(7%)
Current portion of liabilities on purchased properties	**783**	783	-	-
Customers' deposits	**2,549**	1,844	705	38%
Dividends payable	**2,034**	1,966	68	3%
Due to related parties	**176**	188	(12)	(6%)
Income tax payable	**476**	876	(400)	(46%)
Other current liabilities	**882**	907	(25)	(3%)
Total Current Liabilities	**37,253**	**39,193**	(1,940)	(5%)

	Audited		Increase (Decrease)	
(In million Pesos, except for percentage)	2014	2013	Amount	Percentage
Noncurrent Liabilities				
Long-term debt	42,118	40,584	1,534	4%
Bonds payable	**21,775**	9,883	11,892	120%

Liabilities on purchased properties	**2,729**	3,537	(808)	(23%)
Pension liability	**2,261**	1,704	557	33%
Deferred tax liability	**3,532**	3,252	280	9%
Other non-current liabilities	**2,653**	1,643	1,010	61%
Total Noncurrent Liabilities	**75,068**	**60,603**	14,465	24%
Total Liabilities	**112,321**	**99,796**	12,525	13%
EQUITY				
Equity attributable to equity holders of GT Capital Holdings, Inc.				
Capital Stock	**1,743**	1,743	-	-
Additional paid-in capital	**46,695**	46,695	-	-
Treasury Shares	**(2)**	(6)	4	(67%)
Retained Earnings	**30,431**	21,802	8,629	40%
Other comprehensive income	**(103)**	(437)	334	76%
Other equity adjustments	**583**	729	(146)	(20%)
	79,347	**70,526**	8,821	13%
Non-controlling interest	**26,595**	**22,038**	4,557	21%
Total Equity	**105,942**	**92,564**	13,378	14%
TOTAL LIABILITIES AND EQUITY	**218,263**	**192,360**	25,903	13%

The major changes in the balance sheet items of the Company from December 31, 2013 to December 31, 2014 are as follows:

Total assets of the Group increased by 13% or ₱25.9 billion from ₱192.4 billion as of December 31, 2013 to ₱218.3 billion as of December 31, 2014. Total liabilities increased by 13% or ₱12.5 billion from ₱99.8 billion to ₱112.3 billion while total equity rose by 14% or ₱13.4 billion from ₱92.6 billion to ₱105.9 billion.

Cash and cash equivalents increased by ₱2.5 billion reaching ₱29.7 billion with GBPC, TMP, Fed Land, CPA and GT Capital accounting for ₱15.6 billion, ₱11.3 billion , ₱1.7 billion, ₱0.6 billion and ₱0.5 billion, respectively.

Short-term investments amounted to ₱1.3 billion mainly short-term placements of TMP.

Receivables increased by 30% from ₱12.5 billion to ₱16.2 billion with Fed Land, TMP and GBPC contributing ₱5.4 billion, ₱4.5 billion and ₱3.6 billion, respectively, representing installment contract receivables, trade receivables with maximum 30 days credit terms, and outstanding billings for energy fees and pass-through fuel costs arising from the delivery of power. CPA and TCI contributed ₱2.1 billion and ₱681 million, respectively, representing premiums receivable and trade receivables.

Reinsurance assets representing balances due from reinsurance companies declined by 22% from ₱5.0 billion to ₱3.9 billion due to settlement of claims reinsured to reinsurers.

Inventories increased by 51% from ₱20.8 billion to ₱31.4 billion with Fed Land and GBPC contributing ₱25.4 billion and ₱1.0 billion, respectively, comprising Fed Land‘s condominium units for sale and land for development and GBPC‘s coal and spare parts and supplies. TMP and TCI also contributed ₱4.8 billion and ₱0.2 billion consisting of completely-built-up units, completely-knocked down units and spare parts.

Due from related parties decreased by 80% from ₱850 million to ₱171 million due to collections received from the various subsidiaries of Fed Land.

Prepayments and other current assets decreased by 8% from ₱6.0 billion to ₱5.5 billion primarily the application of creditable withholding tax against income tax due and the application of input tax against output tax.

Available-for-sale investments increased by 33% from ₱3.1 billion to ₱4.1 billion comprising mark-tomarket gains recognized by GBPC, CPA, and TMP.

Investments in associates and joint ventures increased by 17% from ₱40.6 billion to ₱47.5 billion due to acquisition of a 40% direct equity in TFSPH amounting to ₱2.4 billion, acquisition of additional 19.25% of TMBC for a total purchase price of ₱237 million, and share in net income of ₱5.5 billion, net of cash dividends received from associates and joint ventures of ₱1.2 billion, and share in other comprehensive loss of ₱0.5 million.

Property and equipment grew by 9% from ₱41.2 billion to ₱44.8 billion mainly due to the completion of GBPC‘s Toledo Power plant expansion.

Deferred tax assets increased by 56% from ₱1.1 billion to ₱1.7 billion composed of TMP, (₱663 million), representing accrued retirement benefits, provision for claims and assessments and warranty payable; GT Capital, (₱627 million), comprising unrealized gain on sale of properties by MBT to Fed Land, and GBPC, (₱383 million), representing provision for retirement benefits and unrealized foreign exchange losses.

Other noncurrent assets decreased by 47% from ₱1.2 billion to ₱634 million mainly due to application of GBPC‘s advances to contractors against billings of contractors for Toledo Power‘s plant expansion.

Accounts and other payables decreased by 7% from ₱20.8 billion to ₱19.3 billion mainly the settlement of the Group‘s outstanding payables from previous year.

Insurance contract liabilities representing provisions for claims reported and loss adjustments incurred but not yet reported losses and unearned premiums decreased by 15% from ₱6.7 billion to ₱5.7 billion due to settlement of claims relating to 2013 catastrophes.

Short-term debt increased by ₱523 million from ₱1.7 billion to ₱2.3 billion due to the inclusion of TCI‘s short term loans (₱635M), additional loan availments from TMP dealer subsidiaries for working capital requirements (₱577M) and additional loan availments of Fed Land subsidiaries (₱180M) offset by loan payments made by GT Capital and GBPC amounting to ₱800 million and ₱69 million respectively.

Current portion of long-term debt decreased by 7% from ₱3.4 billion to ₱3.1 billion due to loan principal payments made by GBPC.

Customers‘ deposits increased by 38% from ₱1.8 billion to ₱2.5 billion due to increase in reservation sales from new Fed Land projects.

Due to related parties current declined by 6% from ₱188 million to ₱176 million due to payments made by Fed Land to MBT. Income tax payable declined by 46% from ₱876 million to ₱476 million due to income tax payments by GT Capital‘s subsidiaries.

Pension liability rose by 33% from ₱1.7 billion to ₱2.3 billion, of which TMP, GBPC, CPA, TCI, and Fed Land accounted for ₱1.2 billion, ₱771 million, ₱111 million, ₱98 million and ₱77 million, respectively.

Bonds payable more than doubled from ₱9.9 billion to ₱21.8 billion due to issuance by GT Capital of ₱12.0 billion in retail bonds, net of financing expenses.

Liabilities on purchased properties, net of current portion, declined by 23% from ₱3.5 billion to ₱2.7 billion due to payment by Fed Land.

Deferred tax liability increased by 9% from ₱3.3 billion to ₱3.5 billion mainly recognition of deferred tax effect of excess of realized gross profit on real estate sales.

Other noncurrent liabilities increased by 61% from ₱1.6 billion to ₱2.7 billion primarily due to the increase in Fed Land's retention payable to contractors for ongoing projects and the recognition of provisions relating to TMP's claims and assessments, product warranties and corporate social responsibility activities.

Treasury shares declined from ₱6 million to ₱2 million representing CPA's investment in shares of stock of GT Capital.

Retained earnings increased by 40% from ₱21.8 billion to ₱30.4 billion due to the ₱9.2 billion net income earned for the period, net of ₱0.5 billion cash dividends declared.

Other comprehensive income improved by 76% from a deficit of ₱437 million to a deficit ₱103 million due to mark-to-market gains recognized on AFS investments of subsidiaries and associates.

Other equity adjustments decreased by 20% from ₱729 million to ₱583 million arising from the following transactions: (1) GT Capital's acquisition of an additional 33.33% direct equity stake in CPA, (negative ₱375.67 million); (2) GT Capital's sale of a 40% direct equity stake of TCI to Mitsui, (₱194.0 million); (3) GT Capital's acquisition of an additional 0.26% of TCI by GT Capital, (negative ₱0.42 million); (4) GT Capital change in direct ownership in GBPC after FMIC waiver and partial waiver of its pre-emptive rights on its subscription to Panay Energy's equity call, (₱60.52 million); and (5) increase in GT Capital's direct equity stake in TCI after subscription to new primary common shares, (negative ₱24.80 million).

Non-controlling interests increased from ₱22 billion to ₱26.6 billion representing the net effect of: (1) ₱6.0 billion net income attributable to non-controlling interest for the year; (2) ₱2.2 billion increase in non-controlling interest in GBPC arising from the equity call contribution to the Panay Energy Plant Expansion Project; (3) ₱532 million increase in non-controlling interest in Panay Power Holdings arising from the equity call contribution to the Panay Energy Plant Expansion Project; (4) ₱427 million other comprehensive income attributable to non-controlling interest; (5) ₱105 million additional non-controlling interest relating to the sale of a 40% direct equity stake of TCI to Mitsui; (6) ₱4.3 billion representing reversal of noncontrolling interest relating to the cash dividends declared by TMP; and (7) ₱336 million representing reversal of non-controlling interest arising from GT Capital's acquisition of the remaining 33.33% direct equity stake in CPA.

LIQUIDITY AND CAPITAL RESOURCES

In 2013, 2014 and 2015, GT Capital's principal source of liquidity was cash dividends received from the investee companies and loans. As of December 31, 2015, GT Capital's cash and cash equivalents reached ₱36.7 billion.

The following table sets forth selected information from GT Capital's statement of cash flows for the periods indicated.

(In million Pesos, except for percentage)	**2013**	**2014**	**2015**
Net cash provided by (used in) operating activities	6,014.6	(4,586.9)	(468.8)
Net cash provided by (used in) investing activities	(2,204.4)	(9,486.1)	(25,509.9)
Net cash provided by (used in) financing activities	11,845.7	16,609.6	35,121.0
Effects of exchange rate changes on cash and cash equivalents	(42.3)	(1.1)	(89.2)
Net increase (decrease) in cash and cash equivalents	15,613.6	2,535.5	9,053.1

Cash and cash equivalents at the beginning of the period	11,553.3	27,166.9	29,702.4
Cash and cash equivalents of disposal group at end of the period	-	-	(894.5)
Cash and cash equivalents of continuing operations at end of the period	27,166.9	29,702.4	37,861.0

Cash flows from operating activities
Cash flow from (used in) operating activities amounted to ₱6.0 billion in 2013, (₱4.6 billion) in 2014 and (₱0.5 billion) in 2015. In 2013, operating cash amounting to to ₱13.9 billion was used to increase receivables by ₱3.6 billion, inventories by ₱1.2 billion, short-term investments by ₱1.5 billion and reinsurance assets by ₱1.3 billion and partially settle other current liabilities by ₱558.3 million. In 2014, operating cash amounting to ₱19.7 billion was used to increase receivables by ₱1.8 billion and real estate inventory by ₱12.5 billion and partially settle accounts and other payables by ₱0.9 billion, insurance contract liabilities by ₱1.0 billion and other current liabilities by ₱1.7 billion. In 2015, operating cash amounting to ₱26.0 billion was used to increase receivables by ₱3.0 billion, inventories by ₱9.7 billion, land held for future development by ₱2.9 billion and prepayments and other current assets by ₱1.0 billion and partially settle insurance contract liabilities by ₱0.6 billion and other current liabilities by ₱0.2 billion.

Cash flows used in investing activities
Cash flows from (used in) investing activities amounted to (₱2.2 billion) in 2013, (₱9.5 billion) in 2014 and (₱25.7 billion) in 2015. In 2013, cash flows used in investing activities went to increase property and equipment by ₱7.0 billion, available-for-sale (AFS) investments by ₱690 million and investment in associates and jointly controlled entities by ₱502.2 million. In 2014, cash flows used in investing activities went to increase property and equipment by ₱6.7 billion and investment in associates and jointly controlled entities by ₱3.0 billion. In 2015, cash flows used in investing activities went to increase investment in associates and jointly controlled entities by ₱8.8 billion, property and equipment by ₱10.0 billion and acquisition of subsidiary-net of cash acquired by ₱6.9 billion.

Cash flows from financing activities
Cash flows from financing activities amounted to ₱11.8 billion in 2013, ₱16.6 billion in 2014 and ₱35.3 billion in 2015. In 2013, cash flows from financing activities came from a top up equity private placement of ₱10.1 billion, ₱9.9 billion in retail bonds and ₱7.3 billion in new loans which was used to partially settle ₱18.0 billion in outstanding loans. In 2014, cash flows from financing activities came from issuance of bonds payable of ₱11.9 billion and loan availments of ₱7.7 billion, share of holders of non-controlling interest in the equity calls of ₱2.7 billion, offset by loan payments of ₱5.8 billion. In 2015, cash flows from financing activities came from loan availments of ₱57.8 billion and issuance of voting preferred shares of ₱17.4 million which was used to partially settle ₱21.9 billion in outstanding loans, ₱0.7 billion in liabilities in purchased properties and ₱0.2 billion in other non-current liabilities.

FINANCIAL RISK DISCLOSURE

[The Company is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company’s liquidity.] [Please confirm]

[The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.] [Please confirm]

The Company has budgeted up to [●] for capital expenditures for full year 2016 covering [●]. These will be funded through [●].

[The Company is not aware of any 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.] [Please confirm]

[The Company does not have any significant elements of income or loss that did not arise from its continuing operations.] [Please confirm]

[The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.] [Please confirm]

CHANGES IN AND DISAGREEMENT WITH INDEPENDENT AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There are no disagreements with SGV & Co. on accounting and financial disclosure.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended Philippine Financial Reporting Standards (PFRS) and the Philippine Interpretations of International Financial Reporting Interpretation Committee (IFRIC) which became effective beginning January 1, 2016. The Group will also adopt several amended and revised standards and interpretations subsequent to 2016. Please refer to Note 2 of the attached Company‘s unaudited financial statements as at and for the six months ended June 30, 2016 on the Summary of Significant Accounting Policies for the accounting of the new PFRS and IFRIC which became effective in 2016 and new PFRS and IFRIC that will be effective subsequent to 2016.

INTEREST OF LEGAL COUNSEL AND INDEPENDENT AUDITORS

Legal Matters

Certain legal matters relating to the Offer will be passed upon by Puno & Puno Law Offices ("Puno Law"), legal counsel to the Company, and Romulo Mabanta Buenaventura Sayoc & De los Angeles ("Romulo Law"), legal counsel to the Lead Underwriter. Puno Law and Romulo Law have no direct interest in the Company. Gerodias Suchianco Estrella Law Firm has issued an opinion as to the legality of the Preferred Shares being registered. A copy of said opnion is attached as an exhibit to the Registration Statement relating to the Offer filed with the SEC.

Puno Law and Romulo Law may from time to time be engaged to advise in the transactions of the Company and perform legal services on the basis that Puno Law and Romulo Law provide such services to its other clients.

Independent Auditors

The consolidated financial statements of the Company as at and for the years ended December 31, 2013, 2014, and 2015 have been audited by SGV & Co. (a member firm of Ernst & Young Global Limited), independent auditors, as stated in their reports appearing herein, in accordance with Philippine Standards on Auditing as set forth in their report thereon appearing elsewhere in this Prospectus. The condensed consolidated interim financial statements as of June 30, 2016 have been reviewed by SGV & Co., in accordance with Philippine Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Auditor of the Entity. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing. Consequently, it does not enable them to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on the unaudited condensed consolidated interim financial statements.

In relation to the audit of the Company's annual financial statements, its Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the independent external auditors in relation to the adequacy, efficiency and effectiveness of the Company's policies, controls, processes and activities; (ii) ensure that other non-audit work provided by the independent external auditors is not in conflict with their functions as independent external auditors; (iii) ensure the Company's compliance with acceptable auditing and accounting standards and regulations; and (iv) approve all related fees paid to the independent auditors.

The following table sets out the aggregate fees billed for each of the years ended December 31, 2013, 2014 and 2015 for professional services rendered by SGV & Co. to the Company, excluding fees directly related to the Offer.

	(in ₱ millions)		
For the year ended December 31	**2013**	**2014**	**2015**
Audit and Audit-Related Services	14.2	9.5	1.8
Non-Audit Services	-	-	-
Total	14.2	9.5	1.8

Mr. Roderico V. Puno, a Senior Partner of Puno Law, is a director of the Company. Other than the foregoing, there is no arrangement that experts and independent counsels will receive a direct or indirect interest in the Issuer or was a promoter, underwriter, voting trustee, director, officer, or employee of the Issuer.

TAXATION

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership and disposition of the Preferred Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Preferred Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Preferred Shares 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 Preferred Shares 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 applicable to a holder of the Preferred Shares 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 holder of the Preferred Shares.

PROSPECTIVE PURCHASERS OF THE PREFERRED SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF THE PREFERRED SHARES, 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 of the Philippines; 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 "nonresident alien doing business in the Philippines." A 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. The term "dividends" under this section refers to cash or property dividends. "Tax Code" means the Philippine National Internal Revenue of 1997, as amended.

Taxes on Dividends on the Preferred Shares

Individual Philippine citizens and resident aliens are subject to a final tax on dividends derived from the Preferred Shares at the rate of 10%, which tax shall be withheld by the Company.

Non-resident alien individuals engaged in trade or business in the Philippines are subject to a final withholding tax on dividends derived from the Preferred Shares at the rate of 20% on the gross amount thereof, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual. A non-resident alien individual not engaged in trade or business in the Philippines is subject to a final withholding tax on dividends derived from the Preferred Shares at the rate of 25% of the gross amount, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile or residence of such non-resident alien individual.

The term "non-resident holder" means a holder of the Preferred Shares:

- who is an individual who is neither a citizen nor a resident of the Philippines or an entity which is a foreign corporation not engaged in trade or business in the Philippines; and
- should a tax treaty be applicable, whose ownership of the Preferred Shares is not effectively connected with a fixed base or a permanent establishment in the Philippines.
- Dividends derived by domestic corporations (i.e., corporations created or organized in the Philippines or under its laws) and resident foreign corporations from the Preferred Shares shall not be subject to tax.

Dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to final withholding tax at the rate of 30.0%, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation. The 30.0% rate for dividends paid to non-resident foreign corporations with countries of domicile having no tax treaty with the Philippines may be reduced to a special 15.0% rate if:

- the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends; or
- the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident foreign corporation for taxes deemed to have been paid in the Philippines equivalent to 15.0%.

The BIR has prescribed, through an administrative issuance, procedures for the availment of tax treaty relief. The application for tax treaty relief has to be filed with the BIR by the non-resident holder of the Preferred Shares (or its duly authorized representative) at least 15 calendar days (Revenue Memorandum Order 1-2000) prior to the first taxable event, or prior to the first and only time the income tax payor is required to withhold the tax thereon or should have withheld taxes thereon had the transaction been subject to tax.

The requirements for a tax treaty relief application in respect of dividends are set out in the applicable tax treaty and BIR Form No. 0901-D. These include proof of tax residence in the country that is a party to the tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the non-resident holder of Preferred Shares which states that the non-resident holder is a tax resident of such country under the applicable tax treaty. If the non-resident holder of Preferred Shares is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

If tax at the regular rate is withheld by the Company instead of the reduced rates applicable under a treaty, the non-resident holder of the Preferred Shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue obtaining such a refund. Moreover, in view of the requirement of the BIR that an application for tax treaty relief be filed prior to the first taxable event as previously stated, the non-resident holder of the Preferred Shares may not be able to successfully pursue a claim for refund if such an application is not filed before such deadline.

Stock dividends distributed pro rata to any holder of shares are not subject to Philippine income tax. However, the sale, exchange or disposition of shares received as share dividends by the holder is subject to either capital gains tax and documentary stamp tax or stock transaction tax.

Tax Treaties

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

Country	**Dividends (%)**	**Capital Gains Tax Due on Disposition of Shares Outside the PSE (%)**
Canada…………………………………………………	25[(a)]	Exempt[(h)]
France.………………………………………….………	15[(b)]	Exempt[(h)]
Germany…………………………………………….….	15[(c)]	5/10[(i)]
Japan…………………………………………………	15[(d)]	Exempt[(h)]
Singapore………………………….………..……..	25[(e)]	Exempt[(h)]
United Kingdom………………………………………..	25[(f)]	Exempt[(j)]
United States……………………………..………….	25[(g)]	Exempt[(h)]

Notes:

(a) *15.0% if the recipient company controls at least 10.0% of the voting power of the company paying the dividends.*
(b) *10.0% if the recipient company (excluding a partnership) holds directly at least 10.0% of the voting shares of the company paying the dividends.*
(c) *10.0% if the recipient company (excluding a partnership) owns directly at least 25.0% of the capital of the company paying the dividends.*
(d) *10.0% if the recipient company holds directly at least 10.0% of either the voting shares of the company paying the dividends or of the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends.*
(e) *15.0% if during the part of the paying company's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year (if any) at least 15.0% of the outstanding shares of the voting shares of the paying company were owned by the recipient company.*
(f) *15.0% if the recipient company is a company which controls directly or indirectly at least 10.0% of the voting power of the company paying the dividends.*
(g) *20.0% if during the part of the paying corporation's taxable year which precedes the date of payment of dividends and during the whole of its prior taxable year (if any), at least 10.0% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation. Notwithstanding the rates provided under the Republic of the Philippines-United States Treaty, residents of the United States may avail of the 15.0% withholding tax rate under the tax-sparing clause*[1] *of the Tax Code provided certain conditions are met.*
(h) *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes.*
(i) *Under the tax treaty between the Philippines and Germany, capital gains from the alienation of shares of a Philippine corporation may be taxed in the Philippines irrespective of the nature of the assets of the Philippine corporation. Tax rates are 5.0% on the net capital gains realized during the taxable year not in excess of ₱100,000 and 10.0% on the net capital gains realized during the taxable year in excess of ₱100,000.*
(j) *Under the tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

In order for an exemption under a tax treaty to be recognized, an application for tax treaty relief on capital gains tax on the sale of shares must be filed by the income recipient before the deadline for the filing of the documentary stamp tax return, which is the fifth day from the end of the month when the document transferring ownership was executed.

The requirements for a tax treaty relief application in respect of capital gains tax on the sale of shares are set out in the applicable tax treaty and BIR Form No. 0901-C. These include proof of residence in the country that is a party to the tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

[1] *The tax-sparing clause of the Tax Code may also apply to countries other than the United States, i.e. Switzerland.*

Sale, Exchange or Disposition of Shares after the Offer Period

Capital gains tax

Net capital gains realized by a resident or non-resident other than a dealer in securities during each taxable year from the sale, exchange or disposition of shares outside the facilities of the PSE, unless an applicable treaty exempts such gains from tax or provides for preferential rates, are subject to tax as follows: 5.0% on gains not exceeding ₱100,000 and 10.0% on gains over ₱100,000. An application for tax treaty relief must be filed (and approved) by the Philippine tax authorities to obtain an exemption under a tax treaty. Such application must be filed before the deadline for the filing of the documentary stamp tax return − otherwise, the tax treaty exemption cannot be availed of. The transfer of shares shall not be recorded in the books of the Company unless the BIR certifies that the capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

Taxes on transfer of shares listed and traded at the PSE

A sale or other disposition of shares through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.5% of the gross selling price or gross value in money of the shares sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Under certain tax treaties, the exemptions from capital gains tax discussed herein may not be applicable to stock transaction tax.

In addition, VAT of 12.0% is imposed on the commission earned by the PSE-registered broker, and is generally passed on to the client.

Prospective purchasers of the Preferred Shares should obtain their own tax advice in respect of their investment in relation to these developments.

Documentary Stamp Taxes on Shares

The original issue of shares is subject to documentary stamp tax of ₱1.00 on each ₱200.00 par value, or fraction thereof, of the shares issued. On the other hand, the transfer of shares is subject to a documentary stamp tax at a rate of ₱0.75 on each ₱200.00, or fractional part thereof, of the par value of the Shares. The documentary stamp tax is imposed on the person making, signing, issuing, accepting or transferring the document and is thus payable either by the vendor or the purchaser of the shares.

However, the sale, barter or exchange of Preferred Shares should they be listed and traded through the PSE are exempt from documentary stamp tax.

In addition, the borrowing and lending of securities executed under the securities borrowing and lending program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are likewise exempt from documentary stamp tax. However, the securities borrowing and lending agreement should be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and should be duly registered and approved by the BIR.

Estate and Gift Taxes

The transfer of the Preferred Shares upon the death of a registered holder to his heirs by way of succession, whether such an individual was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine estate tax at progressive rates ranging from 5.0% to 20.0% if the net estate is over ₱200,000.00.

Individual registered holders, whether or not citizens or residents of the Philippines, who transfer the Preferred Shares by way of gift or donation, will be liable for Philippine donor's tax on such transfers at progressive rates ranging from 2.0% to 15.0% if the total net gifts made during the calendar year exceed ₱100,000.00. The rate of tax with respect to net gifts made to a stranger (one who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) is a flat rate of 30%. Corporate registered holders are also liable for Philippine donor's tax on such transfers, but the rate of tax with respect to net gifts made by corporate registered holders is always at a flat rate of 30.0%.

Estate and gift taxes will not be collected in respect of intangible personal property, such as shares, (1) if the deceased at the time of death, or the donor at the time of 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 (2) if the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allow 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 that foreign country.

Corporate Income Tax

In general, a tax of 30% is imposed upon the taxable net income of a domestic corporation from all sources (within and outside the Philippines) pursuant to R.A. 9337, except, among other things, (a) gross interest income from Philippine currency bank deposits and yield from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 7.5% of such income.

Minimum Corporate Income Tax ("MCIT") of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when MCIT is greater than the ordinary income tax for the taxable year.

Nevertheless, any excess of the MCIT over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Furthermore, subject to certain conditions, the MCIT may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, force majeure, or legitimate business reverses.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Issue Manager, Bookrunner and Lead Underwriter, and the [Co-Lead Underwriter], or any of their respective subsidiaries, affiliates or advisors in connection with the offer and sale of the Offer Shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Philippine government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system, which integrates all bids, and ask quotations from the bourses.

In June 1998, the SEC granted the Self-Regulatory Organization ("SRO") status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC.

The PSE has an authorized capital stock of [●] million shares, of which [●] shares were issued and [●] million shares are outstanding as of [●] 2016. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member-broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President.

On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry. As of [●] 2016, [●] million PSE shares are listed.
Classified into financial, industrial, holding firms, property, services, and mining and oil sectors, companies are listed either on the PSE's Main Board or the Small, Medium and Emerging Board. Recently, the PSE issued Rules on Exchange Traded Funds ("ETF") which provides for the listing of ETFs on an ETF Board separate from the PSE's existing boards. Previously, the PSE allowed listing on the First Board, Second Board or the Small, Medium and Enterprises Board. With the issuance by the PSE of Memorandum No. CN-No. 2013-0023 dated 6 June 2013, revisions to the PSE Listing Rules were made, among which changes are the removal of the Second Board listing and the requirement that lock-up rules be embodied in the articles of the incorporation of the issuer. Each index represents the numerical average of the prices of component shares. The PSE has an index, referred to as the PHISIX, which as at the date thereof reflects the price movements of selected shares listed on the PSE, based on traded prices of shares from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006, simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. The PSEi is composed of shares of 30 selected companies listed on the PSE.

In December 2013, the PSE replaced its online disclosure system ("OdiSy") with a new disclosure system, the PSE Electronic Disclosure Generation Technology ("EDGE"). EDGE was acquired from the Korea Exchange and is a fully automated system equipped with a variety of features to further standardize the disclosure reporting process of listed companies on the PSE, improve investors' disclosure searching and viewing experience, and enhance overall issuer transparency in the market. The PSE also launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of ten guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices.

The table below sets out movements in the composite index as of the last business day of each calendar year from 1995 to June 2016 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,160.1
2015	6,952.1	216	13,465.1	2,172.5
June 2016	[●]	[●]	[●]	[●]

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Trading on the PSE commences at 9:30 a.m. with a trading recess beginning at 12:00 p.m. In the afternoon, trading resumes at 1:30 p.m. and ends at 3:30 p.m., including a 10-minute extension during which transactions may be conducted, provided that they are executed at the last traded price and are only for the purpose of completing unfinished orders. Trading days are Monday to Friday, except legal holidays and days when the BSP clearing house is closed.

Minimum trading lots range from 5 to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50% or down by 50% in one day (based on the previous closing price or last posted bid price, whichever is higher), the price of that security is automatically frozen by the PSE, unless there is an official statement from the company or a government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the company is disseminated, subject again to the trading ban.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines (“SCCP”) is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on January 17, 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE,
- guaranteeing the settlement of trades in the event of a Trading Participant’s default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund, and
- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three trading days after transaction date (“T+3”). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book-entry system of the PDTC. Each trading participant maintains a Cash Settlement Account with one of the seven existing Settlement Banks of SCCP, which are Banco de Oro Unibank, Inc., Rizal Commercial Banking Corporation, MBT, Deutsche Bank, HSBC Philippines, Union Bank of the Philippines, and Maybank Philippines Incorporated. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement system on May 29, 2006. CCCS employs multilateral netting, whereby the system automatically offsets “buy” and “sell” transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks, Banco de Oro Unibank, Inc., Rizal Commercial Banking Corporation, MBT, Deutsche Bank, HSBC Philippines, Union Bank of the Philippines, and Maybank Philippines Incorporated.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("PCD Nominee"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through his participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in the amended rule on Lodgment of Securities of the PSE.
Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of July 1, 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering,
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the PSE in the case of a listing by way of introduction,
- New securities to be offered and applied for listing by an existing listed company, and
- Additional listing of securities of an existing listed company.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw his shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.