CERTIFICATE OF ACKNOWLEDGMENT

EMBASSY OF THE PHILIPPINES)
Consular Section) S.S.
Singapore)

BEFORE ME **RENEE GAYLE M. CHUA, Vice Consul** of the Republic of the Philippines in and for Singapore, duly commissioned and qualified, personally appeared

LOURDES JOSEPHINE GOTIANUN YAP	[redacted]

known to me and to me known as the same person(s) who executed the annexed instrument

PROSPECTUS: OFFER OF UP TO P8.00 BILLION FIXED-RATE BONDS WITH AN OVERSUBSCRIPTION OPTION OF UP TO p2.00 BILLION

and acknowledged before me that the same was done as a free act and voluntary deed.

This instrument, consisting of 374 pages, including this page on which this acknowledgment is written, has been signed on the left margin of each and every page thereof by the same person(s) and witnesses.

The Embassy assumes no responsibility over the contents of the annexed document.

WITNESS MY HAND AND SEAL at the Embassy of the Philippines in Singapore this day of 07 December 2021

RENEE GAYLE M. CHUA
Vice Consul

Doc. No. :16688
Book No. :1
Series of :2021
O.R. No. :2442996
Fee Paid :$42.50



KATUNGKULANG OPISYAL - *OFFICIAL DESIGNATION*

Katungkulang opisyal /*Official designation*
SPOUSE OF H.E. JOSEPH D. YAP,
AMBASSADOR EXTRAORDINARY
PLENIPOTENTIARY OF THE REPUBLIC
OF THE PHILIPPINES TO THE
REPUBLIC OF SINGAPORE

Maka-Diyos,
Maka-Tao,
Makakalikasan
at Makabansa.

REPUBLIKA NG PILIPINAS | REPUBLIC OF THE PHILIPPINES

PASAPORTE/
PASSPORT

Uri/ *Type*
PD

Kodigo ng bansa/ *Country code*
PHL

Pasaporte blg/*Passport no*
[redacted]

[redacted]

Apelyido/*Surname*
YAP

Pangalan/ *Given names*
LOURDES JOSEPHINE

Panggitnang apelyido/*Middle name*
GOTIANUN

Petsa ng kapanganakan/*Date of birth*
[redacted]

Nasyonalidad/*Nationality*
FILIPINO

Kasarian/*Sex*
F

Lugar ng kapanganakan/*Place of birth*
[redacted]

Petsa ng pagkakaloob/*Date of issue*
[redacted]

Petsa ng pagkawalang bisa/*Valid until*
[redacted]

Maykapangyarihang nagkaloob/*Issuing authority*
[redacted]

PDPHLYAP<<LOURDES<JOSEPHINE<<<<<<<<<<<<<<<<<<
[redacted]11<<<<<<<<<<<<<<<08

FILINVEST LAND, INCORPORATED

Filinvest Building, 79 EDSA Brgy. Highway Hills
1550 Mandaluyong City,
Philippines

Offer of ₱8.00 Billion Fixed-rate Bonds with an Oversubscription Option of up to ₱2.00 Billion

Second Tranche under its ₱30,000,000,000.00 Debt Securities Program

Consisting of:

4-year Bonds: 4.5030% p.a due 2025
6-year Bonds: 5.2579% p.a. due 2027

Purchase Price: 100% of Face Value

To be listed and traded through the Philippine Dealing & Exchange Corp.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE ON NOVEMBER 3, 2020, AND COVERED BY THE SEC SHELF REGISTERED FIXED RATE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF PHP30.0 BILLION. OF SUCH AMOUNT, PHP8.1 BILLION WAS ISSUED ON 18 NOVEMBER 2020. THESE SECURITIES ARE COVERED BY UPDATES TO SUCH REGISTRATION STATEMENT UNDER THE SHELF REGISTRATION RULES OF THE SEC. THE REGISTRIATION STATEMENT CAN BE ACCESSED THROUGH THE FOLLOWING LINK:
https://www.filinvestland.com/sites/default/files/pdf_files/Project%20Forthright%20Final%20Prospectus%20dated%2029%20October%202020.pdf

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

Joint Lead Underwriters and Bookrunners

BDO Capital and Investment Corporation | BPI Capital Corporation | BC CHINABANK CAPITAL | eastwest

FIRST METRO INVESTMENT CORPORATION Metrobank Group | RCBC Capital Corporation | SB CAPITAL A Subsidiary of Security Bank

Trustee: Rizal Commercial Banking Corporation – Trust and Investments Group

RCBC

The date of this Final Prospectus is December 6, 2021.

FILINVEST LAND, INC.
Filinvest Building, 79 EDSA Brgy. Highway Hills
1550 Mandaluyong City, Philippines
Telephone Number: (+632) 7918-8188
Website: www.filinvestland.com

The bonds covered by this Prospectus and described below is being offered by Filinvest Land, Inc. ("**FLI**", the "**Company**", the "**Issuer**", or, when referred to collectively with its consolidated subsidiaries, the "**Group**") as the second tranche of bonds of the fixed-rate bonds series of the SEC shelf registered fixed rate bonds in the aggregate principal amount of ₱30,000,000,000.00 to be issued in one or more tranches (the "**Bond Program**") with a remaining balance of ₱21,900,000,000.00, which was approved and registered by the Securities and Exchange Commission ("**SEC**") on November 3, 2020 (the "**Bonds**").

The second tranche of the Bond Program with an aggregate principal amount of ₱8,000,000,000.00 (the "**Base Offer**") and an oversubscription option of up to ₱2,000,000,000.00 (the "**Oversubscription Option**", collectively the "**Offer Bonds**" or the "**Offer**"), will be issued on December 21, 2021 (the "**Issue Date**"), or on such other date as may be agreed upon by the Issuer and the Underwriters. The succeeding tranche/s of the Bond Program are supposed to be issued under a shelf registration within three (3) years from November 3, 2020 (the "**Shelf Period**").

During the Shelf Period, the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of the Bonds covered by such Registration Statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur.

The Offer Bonds will be comprised of 4-year Bonds due 2025 (the "**4-year Bonds**") and 6-year Bonds due 2027 (the "**6-year Bonds**"). FLI reserves the right to allocate the Offer Bonds between the 4-year Bonds and 6-year Bonds based on the book building process and may opt to allocate the entire Offer in only one (1) series.

The 4-year Bonds shall have a term ending four (4) years from the Issue Date with fixed interest rate equivalent to 4.5030% per annum. The 6-year Bonds shall have a term ending six (6) years from the Issue Date with a fixed interest rate equivalent to 5.2579% per annum. Interest on the Offer Bonds shall be payable quarterly in arrears starting on March 21, 2022, for the first Interest Payment Date, and June 21, September 21, December 21, and March 21 of each year for each subsequent Interest Payment Date while the Offer Bonds are outstanding, or the subsequent Business Day without adjustment, if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on December 21, 2025 for the 4-year Bonds and December 21, 2027 for the 6-year Bonds (the "**Maturity Date**"). Interest on the Offer Bonds shall be calculated on a European 30/360-day count basis. The Offer Bonds, unless earlier redeemed or purchased prior to their respective Maturity Dates, shall be redeemed at par (or 100% of face value) on their respective Maturity Dates or as otherwise set out in the "*Description of the Offer Bonds*" section of this Prospectus.

In the event that the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the unexercised portion shall be placed under shelf registration to be issued within the Shelf Period and, consequently, the Bonds under shelf registration will be automatically increased by such principal amount of the Oversubscription Option that will not be taken up or exercised.

The Bonds shall constitute the direct, absolute, unconditional, unsubordinated, and unsecured obligations of the Company and shall rank pari passu and ratably without any preference or priority amongst themselves and shall rank at all times at least pari passu in priority of payment and in all respects with all its other unsubordinated and unsecured Indebtedness, other than the obligations preferred by law other than the preference or priority established by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same may be amended from time to time. Each tranche of the Bond Program will be rated by Philippine Rating Services Corporation ("**PhilRatings**"). Such ratings are not recommendations to buy, sell or hold the securities and may be subject to revision, suspension or withdrawal at any time by Philratings. The Offer Bonds have been rated PRS Aaa by PhilRatings. A rating of PRS Aaa is assigned to long-term debt securities of the highest quality with minimal credit risk. A rating of PRS Aaa is the highest credit rating on PhilRatings' long-term credit rating scale.

The Offer Bonds shall be offered to the public at face value through the Joint Lead Underwriters and Bookrunners

(collectively, the "**Underwriters**") named in this prospectus (the "**Prospectus**") with the Philippine Depository & Trust Corp. ("**PDTC**") as the Registrar of the Offer Bonds. It is intended that upon issuance,the Offer Bonds shall be issued in scripless form, with PDTC maintaining the Registry of Bondholders, and listed onthe Philippine Dealing & Exchange Corp. ("**PDEx**"). The Offer Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Offer Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 0.45% of the gross proceeds of the Offer. This shall be equivalent to ₱36.0 million for the ₱8.00 billion Base Offer and ₱45.0 million assuming the Oversubscription is fully exercised. The fees shall be inclusive of fees to be paid to the Joint Lead Underwriters and Bookrunners and any commissions to be paid to the selling agents, if any.

FLI expects to raise the remaining gross proceeds of up to ₱21,900,000,000.00 from one or more tranches of its Bond Program. For the second tranche, without exercising the Oversubscription Option, the net proceeds are estimated to be ₱7.89 billion, after deducting fees, commissions, and expenses relating to the issuance of the Offer Bonds. If the oversubscription option is fully exercised, the net proceeds are estimated to be approximately ₱9.87 billion, after deducting fees, commissions, and expenses relating to the issuance of the Offer Bonds. Proceeds of the Offer shall be used to refinance FLI's fixed-rate bonds maturing on December 4, 2021, fund the capital expenditures of the Company, and fund general corporate requirements. The Underwriters shall receive a fee of 0.45% on the final aggregate nominal principal amount of the Bonds issued.

However, there can be no assurance in respect of: (i) whether FLI would issue such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of any such issuance. Any decision by the Company to offer the Bonds will depend on a number of factors at the relevant time, many of which are not within FLI's control, including but not limited to: prevailing interest rates, the financing requirements of FLI's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine regional and global economies in general.

The Offer is being conducted exclusively in the Philippines and pursuant to requirements under Philippine laws, rules and regulations that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Company or any person on behalf of the Company to permit an offer of the Bonds in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, nor may any offering material related to the Bonds be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

Unless otherwise stated, the information contained in the Prospectus has been supplied by FLI. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus is correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus misleading in any material respect. The Underwriters have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

No person or group of persons has been authorized by FLI and the Underwriters to give any information or to make any representation concerning the Offer Bonds other than as 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 any of the Underwriters.

The price of securities, such as the Bonds, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines and risks relating to the Bonds, as set out in section "*Risk Factors*" of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds 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 such securities.

All information in the Prospectus is as of the date hereof, unless otherwise indicated. 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 changein the affairs of the Company and its subsidiaries since such date.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

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. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor any of the Underwriters makes any representation as to the accuracy or completeness of such information.

Certain agreements are referred to in this Prospectus in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

FLI is organized under the laws of the Philippines. Its principal office is at the Filinvest Building, 79 EDSA Brgy. Highway Hills 1550 Mandaluyong City, Philippines with telephone number (+632) 7918-8188 and corporate website, www.filinvestland.com.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE ON NOVEMBER 3, 2020, AND COVERED BY THE SEC SHELF REGISTERED FIXED RATE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF PHP30.0 BILLION. OF SUCH AMOUNT, PHP8.1 BILLION WAS ISSUED ON 18 NOVEMBER 2020. THESE SECURITIES ARE COVERED BY UPDATES TO SUCH REGISTRATION STATEMENT UNDER THE SHELF REGISTRATION RULES OF THE SEC.

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

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

FILINVEST LAND, INC.

By:



LOURDES JOSEPHINE G. YAP
President and Chief Executive Officer

FORWARD-LOOKING STATEMENTS

This Prospectus contains statements of future expectations, projections and forward-looking statements. Statements that are not historical facts, including statements about the Company's beliefs or expectations, are forward-looking statements and can generally be identified by the use of the words "anticipate," "believe," "estimate," "expect," "intend," "seek," "plan," "may," "will," "would," "could" and words of similar import. These forward looking statements include, without limitation, statements relating to:

- the Company's overall future business, financial condition and results of operations, including, without limitation, its financial position or cash flow;
- the Company's business and investment strategy, including acquisitions and divestments, investments and potential investments in new business segments and expansion plans for its existing assets and operations or other capital expenditure plans;
- the Company's goals for or estimates of its future operational performance or results;
- the Company's dividend policy;
- the future demand for the Company's real estate services; and
- changes in the Company's regulatory environment, including policies, decisions and determinations of governmental or regulatory authorities.

Forward-looking statements involve inherent risks and uncertainties and should not be unduly relied upon. The forward-looking statements contained in this Prospectus reflect the Company's current views with respect to future events and are in most cases beyond the Company's control. Actual results or outcomes may differ materially from those expressed in any forward-looking statements as a result of a number of factors, including, among others:

- the Company's ability to successfully implement its strategies;
- the Company's ability to anticipate and respond to consumer trends;
- the Company's ability to successfully manage growth;
- the Company's ability to successfully enter into, and compete in, new lines of business;
- the condition and changes in the Philippine economy;
- general political, social and economic conditions in the Philippines;
- changes to the laws, regulations and policies applicable to or affecting the Company, including changes to laws, regulations and policies relating to the real estate;
- changes in the Company's relationship with the Philippine Bureau of Internal Revenue ("**BIR**") or other Philippine regulatory authorities or licensors;
- legal or regulatory proceedings in which the Company is or may become involved;
- changes in interest rates, inflation rates and the value of the peso against the U.S. dollar and other currencies;
- competition in the real estate industy; and

- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under "*Risk Factors*." These forward-looking statements speak only as of the date of this Prospectus. The Company and the Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements. Investors should not place undue reliance on any forward-looking information.

Table of Contents

Page

Glossary of Terms 10
Executive Summary 17
Overview of the Bond Program 20
Summary of the Offer 22
Summary of Financial Information 26
Risk Factors 30
Use of Proceeds 57
Market Price, Dividends and Distributions, and Related Stockholder Matters 62
Capitalization 66
Plan of Distribution 68
Description of the Offer Bonds 75
Management's Discussion and Analysis of Financial Condition and Results of Operations 91
Business 118
Regulatory and Environmental Matters 159
Board of Directors and Senior Management 171
Security Ownership of Management and Certain Record and Beneficial Owners 186
Related Party Transactions 189
Philippine Taxation 193
Philippine Foreign Exchange and Foreign Ownership Controls 199
Interests of Named Experts 201
Financial Information 203

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

4-year Bonds	shall mean the Bonds having a term ending four (4) years from the Issue Date
6-year Bonds	shall mean the Bonds having a term ending six (6) years from the Issue Date.
Affiliate	means with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with, such person
ALGI	A.L. Gotianun, Inc. (formerly ALG Holdings Corporation)
Anti-Money Laundering Act	the Anti-Money Laundering Act 2001 of the Philippines, as amended
Applicable Law	shall mean any statute, law, regulation, ordinance, rule, judgment, order, decree, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any governmental authority.
Applicant	shall mean the person who shall duly accomplish the Application to Purchase as defined herein and who shall deliver the same to the Joint Lead Underwriters and Bookrunners in accordance with the Underwriting Agreement
Application to Purchase.....	the application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Bonds, together with all the other requirements set forth in such application form
BDO Capital.....	BDO Capital & Investment Corporation
BIR	Philippine Bureau of Internal Revenue
Board	the Board of Directors of FLI
BOI.....	Philippine Board of Investments
Bond Agreements	shall mean the Trust Agreement between the Company and the Trustee, the Registry and Paying Agency Agreement between the Company and the Registrar and Paying Agent, and the Underwriting Agreement between the Company and the Joint Lead Underwriters and Bookrunners
Bondholder	shall mean a person whose name appears, at any time, as a holder of the Bonds in the Registry of Bondholders
BP 220.....	Batas Pambansa Bilang 220
BPI Capital	BPI Capital Corporation
BPO	business process outsourcing
BSP.....	Bangko Sentral ng Pilipinas, the Philippine central bank
Building Code	RA 6541, as amended, or the National Building Code of the Philippines

Business Day	any day (other than a Saturday or Sunday, or a public holiday) on which commercial banks, the Philippine Clearing House Corporation, and foreign exchange markets in the Makati City and Mandaluyong City are required or authorized to be open for business; provided, that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each
China Bank Capital	China Bank Capital Corporation
CDC.....	Clark Development Corporation
Colliers	Colliers International Philippines, Inc.
Company.....	shall mean FLI and its subsidiaries
CPI	Cyberzone Properties Inc., renamed as Filinvest REIT Corp.
DHSUD	Department of Human Settlements and Urban Development
EBITDA	net income after adding interest and other finance charges (including interest expense on financial liability on lease contract), depreciation and amortization and provision for income tax
ECC	Environmental Compliance Certificate
Ecozones	special economic zones designated by the PEZA
EGF	Environmental Guarantee Fund
EIS.....	Environmental Impact Statement
EMB	Environmental Management Bureau of DENR
EMF.....	Environmental Monitoring Fund
EW	East West Banking Corporation
FDC	Filinvest Development Corporation
Filinvest Company	FDC and its consolidated subsidiaries and their and their joint ventures
Filinvest Consortium	shall mean FLI, Filinvest REIT Corp. and Filinvest Alabang Inc. and a third party, collectively
Filinvest REIT Corp.	Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.)
First Metro.....	First Metro Investment Corporation
Fitch.....	Fitch Ratings Inc.
FLI, the Company or the Issuer	Filinvest Land, Inc.
GDP.....	gross domestic product
GFA.....	Gross floor area
GLA.....	Gross leasable area

Gotianun Family.....	means any of the following: a. Mrs. Mercedes T. Gotianun, Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun, Mrs. Josephine Gotianun Yap and Mr. Michael T. Gotianun; b. the spouses and the direct descendants up to the first degree of consanguinity of any person described or named in clause (a) above; c. the estates or legal representatives of any person described or named in clause (a) or (b) above; d. trusts or other analogous arrangements established for the benefit of any person described or named in clause (a), (b) or (c) above or of which any such person is a trustee or holder of an analogous office; or e. ALGI
Government.....	the Government of the Republic of the Philippines
Gross receipts	shall mean gross selling price less acquisition cost of the Bonds sold
H&L	house and lot
Hectare	land measurement equivalent to 10,000 square meters
HGC	Home Guaranty Corporation
HLURB	Housing and Land Use Regulatory Board
HSAC	Human Settlement Adjudication Commission
IEE	Initial Environmental Examination
Interest Payment Date	shall mean March 21, 2022, for the first Interest Payment Date, and June 21, September 21, December 21, and March 21 of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day if an Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on their respective Maturity Dates
IPO	Philippine Intellectual Property Office
Issue Date	December 21, 2021
IT	information technology
Joint Lead Underwriters and Bookrunners	BDO Capital, BPI Capital, China Bank Capital, EW, First Metro, RCBC Capital, and SB Capital
LGU.....	local government unit
Maceda Law	RA 6552, a Philippine statute entitled "An Act to Provide Protection to Buyers of Real Estate on Installment Payments"
Majority Bondholders.....	shall mean, at any time, the Bondholders who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the Bonds

Management Areas.....	NWRB designated areas as water quality management areas
Master Certificate of Indebtedness.....	shall mean the certificates to be issued by FLI to the Trustee evidencing and covering such amount corresponding to the Bonds
Maturity Date	shall mean December 21, 2025 for the 4-year Bonds and December 21, 2027 for the 6-year Bonds after the Issue Date; provided that, in the event that a Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be automatically extended to the immediately succeeding Business Day.
Metro Manila.....	the metropolitan area comprising the cities of Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Quezon, Valenzuela and Taguig and San Juan, which together comprise the "National Capital Region" and are commonly referred to as "Metro Manila"
Monetary Board.....	Monetary Board of the BSP
Moody's	Moody's Investors Services, Inc.
MRB.....	medium-rise building
Offer or Offer Bonds	shall mean the issuance of the second tranche of the Bond Program by FLI, with an aggregate principal amount of ₱8,000,000,000.00 with an Oversubscription Option of up to ₱2,000,000,000.00, under the conditions as herein contained
Offer Period.....	shall refer to the period, commencing at 9:00 a.m. on December 9, 2021 and ending at 5:00 p.m. on December 15, 2021, or such earlier or later day as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Bookrunners
OFW.....	an overseas Filipino worker
PAS	Philippine Accounting Standards
Paying Agent	shall refer to the Philippine Depository & Trust Corp., the party which shall receive the funds from FLI for payment of principal, interest and other amounts due on the Bonds and remit the same to the Bondholders based on the records shown in the Registry of Bondholders
PCD	Philippine Central Depository
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDEx	the Philippine Dealing & Exchange Corp.
PDTC.....	Philippine Depository & Trust Corp.
Permit to Sell.....	shall mean the permit to sell securities issued by the SEC in connection with the Offer
Pesos, Php or ₱	the lawful currency of the Philippines
PEZA.....	Philippine Economic Zone Authority
PFRS	Philippine Financial Reporting Standards
Philippine Clean Air Act of 1999.....	RA 8749

Philippine Corporation Code.....	Revised Corporation Code of the Philippines, RA 11232
Philippine National.....	as defined under Republic Act No. 7042 or the Foreign Investments Act, as amended, means a citizen of the Philippines, a domestic partnership or association wholly owned by citizens of the Philippines or 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 a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or 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 Philippine National
Philippines.....	Republic of the Philippines
PhilRatings	Philippine Rating Services Corporation
PIC	PIC Asia Pacific SDN
PIC Q&A.....	Philippine Interpretations Committee Questions and Answers
POGOs	Philippine Offshore Gaming Operators, entities that provide and participate in offshore gaming services or service providers that deliver components of offshore gaming operations
Prospectus	This Prospectus and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds
PSA	Philippine Standards on Auditing
PSE.....	The Philippine Stock Exchange, Inc.
Purchase Price	In respect of each Bond, an amount equal to the face amount of such Bond, which is payable upon submission of the duly executed Application to Purchase
RA	Republic Act
RA 4726	RA 4726, The Condominium Act, which regulates the development and sale of real property as part of a condominium project or subdivision
RA 7279	RA 7279, the Urban Development and Housing Act of 1992, which 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 DHSUD
RCBC Capital.....	RCBC Capital Corporation
Registrar	shall refer to Philippine Depository & Trust Corp., being the registrar appointed by FLI to maintain the Registry of Bondholders pursuant to the Registry and Paying Agency Agreement
Registry of Bondholders.....	shall mean the electronic record of the issuances, sales and transfers of the Bonds to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement

Registry and Paying Agency Agreement	shall mean the agreement dated on or about December 6, 2021 by and between the Issuer and Philippine Depository & Trust Corp., as the Paying Agent and Registrar for the Offer
REIT	real estate investment trust
S&P	Standard & Poor's Rating Services
SB Capital	SB Capital Investment Corporation
SEC	the Securities and Exchange Commission
Security	shall mean any lien, pledge, mortgage, charge, hypothecation, encumbrance or other security or preferential arrangement on or with respect to any asset or revenue of the Company
SGV & Co	SyCip Gorres Velayo & Co., a member practice of Ernst & Young Global Limited
sq.m.	square meter(s)
SRC	Securities Regulation Code of the Philippines (RA 8799) and its implementing rules, as amended
SRP.....	South Road Properties
Taxes	shall mean any present or future taxes, levies, imposts, duties, filing, registration and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including but not limited to, gross receipts tax, value-added tax, final withholding tax and documentary stamp tax, should they be imposed on banks and other financial institutions, but exlcuding: (a) taxes on the overall income of any Bondholder, whether or not subject to withholding tax; (b) income taxes on any amount payable to any Bondholder; and (c) any withholding tax on any amount due on the Bonds and payable to any Person who is a non-resident alien or a non-resident foreign corporation as defined under Section 22 of the National Internal Revenue Code
Tax Code	National Internal Revenue Code of the Philippines, as amended
Tranche.....	shall mean a tranche of the Fixed-Rate Bonds issued under the Bond Program
Trust Agreement.....	shall mean the agreement dated on or about December 6, 2021 between the Issuer and the Trustee as trustee for the Bondholders
Trustee.....	Rizal Commercial Banking Corporation - Trust and Investments Group
Ultimate Parent.....	shall mean A.L. Gotianun, Inc

Underwriters.....	shall mean the Joint Lead Underwriters and Bookrunners
Underwriting Agreement.....	shall mean the agreement dated on or about December 6, 2021 by and between the Issuer and the Underwriters
VAT.....	value-added tax

Executive Summary

This summary highlights information contained elsewhere in this Prospectus. This summary is qualified in its entirety by more detailed information and financial statements, including notes thereto, appearing elsewhere in this Prospectus. For a discussion of certain risks that should be considered in evaluating an investment in the Bonds, please refer to the section entitled "Risk Factors". Investors are advised to read this entire Prospectus carefully, includingthe Company's consolidated financial statements and related notes contained herein.

OVERVIEW

Filinvest Land, Inc. ("**FLI**" or "**the Parent Company**") is one of the leading real estate developers in the country, providing a wide range of real estate products to residential and commercial customers. FLI (including its predecessor's operations) has over 50 years of real estate expertise and has developed over 2,500 hectares of land, having provided home/home sites for over 200,000 families.

FLI is one of the largest residential developers nationwide, having established its presence in 55 cities and towns in 22 provinces in the Philippines. It is one of the largest mid-rise building ("**MRB**") developers in the country today and is a market leader in the affordable and middle-income residential segments. As at July 31, 2021, it owns a residential land bank of 1,872.80 hectares for sustainable future growth.

The Parent Company and its subsidiaries (collectively referred to as "the Company") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Company also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasig City,Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, which comprise the Company's major locations for leasing.

As of July 2021, FLI operates thirty-one (31) office buildings totaling 524,188 sq.m and 256,830 sq.m. GLA in the retail portfolio.

With a more diversified portfolio, FLI expects to generate stable recurring revenue from its retail and office investment properties. These recurring revenues can, in turn, be used to provide internally generated funding for other projects. FLI is not and has never been a subject of any bankruptcy, receivership, or similar proceedings.

For each of the years ended December 31, 2018, 2019, 2020, and the six (6) months ended June 30, 2021, the Company recorded consolidated revenues and other income of ₱22,205.2 million, ₱25,673.3 million, ₱17,484.6 million, and ₱8,591.4 million, respectively; EBITDA of ₱9,781.4 million, ₱12,088.3 million, ₱9,162.0 million, and ₱3,512.8 million, respectively; and net income of ₱6,075.9 million, ₱6,519.8 million, ₱3,957.8 million, and ₱2,670.4 million, respectively. FLI's common shares were listed on the PSE on October 25, 1993 and, as of June 30, 2021, FLI had a market capitalization of ₱26,674.7 million.

RECENT DEVELOPMENTS

On August 12, 2021, Filinvest REIT Corp. or FILRT (formerly "**Cyberzone Properties Inc**." or "**CPI**") shares were listed at the PSE. FLI previously owned 100% of FILRT and sold 36.7% or 1,797.61 million shares in its initial public offering.

In preparation for the FILRT's transition to a REIT company, FLI and FILRT identified and selected the properties of FILRT that will comprise the initial REIT portfolio based on the requirements of the REIT Law as well the Company's investment criteria. As such, FLI and FILRT determined that certain of FILRT's assets (as enumerated below) will be transferred from FILRT to FLI in the form of property dividends or through assignment of rights. On December 4, 2020, the FILRT Board approved the declaration of property dividends consisting of one building (which has been operational for less than three years) in Northgate Cyberzone (Axis Tower 2), two (2) buildings under construction in Northgate Cyberzone (Axis Tower 3 and Axis Tower 4), and a parcel of land in South Road Properties, Cebu City to stockholders of record as of November 30, 2020. On February 11, 2021, the FILRT Board also approved the declaration of property dividends to stockholders of record as of February 15, 2021, consisting of four (4) existing buildings, (i) Concentrix Building in Northgate Cyberzone, (ii) IT School in Northgate Cyberzone, (iii) the Filinvest Building at EDSA, Wack, Mandaluyong City, all of which have been identified for redevelopment, and (iv) Cebu Tower 2 in Filinvest Cyberzone Cebu, which has been operating for less than three (3) years. On

February 11, 2021, the FILRT Board also approved the transfer of its rights under its "build-transfer-operate" ("**BTO**") arrangement with the Cebu Provincial Government relating to two buildings under construction (Cebu Tower 3 and Cebu Tower 4) in Filinvest Cyberzone Cebu, to FLI. These transactions do not affect the consolidated financial statements of FLI and its subsidiaries.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

- One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name
- Diversified and innovative real estate development portfolio
- Extensive and diversified land bank
- Strong development and investment revenue streams
- Strong credit record and financial position
- Benefits of Large Scale Operations
- Experienced Management Team

Please refer to to the section entitled "*Business - Competitive Strengths*" of this Prospectus for a more detailed discussion.

BUSINESS STRATEGY

FLI intends to further accelerate growth and improve its return on equity by aggressively developing its land bank while retaining its current focus on the high-growth affordable and middle market segments where the Company believes it has a competitive advantage based on its current strong position. The Company also has a pipeline of projects to further build up the leasing segment. FLI has the following strategies:

- Continue product, market and geographic diversification to strengthen leadership position in the affordable and middle market segments.
- Continue to build up recurring income streams and capitalize on REIT opportunities.
- Accelerate monetization of land bank.
- Targeted vertical operations integration and digitization to improve cost efficiency.

Please refer to the section entitled "*Business – Business Strategy*" for a more detailed discussion.

RISKS OF INVESTING

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Bonds. These risks include:

- Risks relating to the Company's Business;
- Risks relating to the Philippines;
- Risks relating to the Bonds

Please refer to the section entitled "*Risk Factors*" of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Bonds.

COMPANY INFORMATION

The Company is a Philippine corporation with its business address at Filinvest Building, 79 EDSA Brgy. Highway Hills 1550 Mandaluyong City, Philippines. The Company's telephone number is +(632) 7918-8188 and its fax number is +(632) 7270-0431 loc. 245. Its corporate website is www.filinvestland.com. The information on the Company's website is not incorporated by reference into, and does not constitute part of, this Prospectus.

Overview of the Bond Program

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular tranche of the Bond Program, the applicable terms and conditions.

Filinvest Land, Inc. is offering a Bond Program in the aggregate principal amount of Thirty Billion Pesos (₱30,000,000,000.00) to be issued in one or more tranches (each a "**Tranche**") within a period of three (3) years from the effective date of the Registration Statement, with a remaining balance of Twenty One Billion Nine Hundred Million Pesos (₱21,900,000,000.00). The following sections outline the description of the Bond Program.

Issuer	Filinvest Land, Inc.
Issue.....	Fixed-Rate Bonds constituting the direct, absolute, unconditional, unsubordinated, and unsecured obligations of FLI
Use of Proceeds.....	The intended use of proceeds for each Tranche shall be set in the relevant prospectus and/or offer supplement under the "*Use of Proceeds*" section
Facility Amount.....	₱30,000,000,000.00 with a remaining balance of Twenty One Billion Nine Hundred Million Pesos (₱21,900,000,000.00)
Availability.....	The Bond Program shall be continuously available until the expiration of the Shelf Period and the Permit to Sell Securities to be issued by the SEC
Form and Denomination.....	The Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
Purchase Price	The Bonds shall be issued at 100% of face value.
Status of the Bonds.....	The Bonds shall constitute the direct, absolute, unconditional, unsubordinated, and unsecured obligations of FLI and shall rank pari passu and ratably without any preference or priority amongst themselves and shall rank at all times at least pari passu in priority of payment and in all respects with all its other unsubordinated and unsecured Indebtedness, other than obligations preferred by law other than the preference or priority established by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same may be amended from time to time.
Negative Pledge.....	The Bonds will have the benefit of a negative pledge on all properties and assets of the Issuer, subject to certain permitted liens.
Covenants	Issuance of the Bonds shall be subject to standard covenants such as but not limited to cross-default provisions and adherence to certain financial ratios.
Listing	The Bonds will be listed on the Philippine Dealing & Exchange Corp. ("**PDEx**") on the Issue Date.
Purchase and Cancellation.....	The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at market price, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-

	issued. Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Transfer of the Bonds	Trading of the Bonds shall be coursed through a PDEx Trading Participant subject to the applicable PDEx rules and conventions. Transfer, and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the electronic register of Bondholders to be maintained by the Registrar.
Governing Law.....	Philippine Law

Summary of the Offer

This Prospectus relates to the second tranche of the Bond Program. The following summary of the Offer does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

Second Tranche of the Bond Program

Issuer	Filinvest Land, Inc.
Base Offer	₱8,000,000,000.00
Oversubscription Option	In the event of an oversubscription, the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, shall have the option to increase the Base Offer by up to ₱2,000,000,000.00 (together with the Base Offer, the "Offer Size"). In the event that the Oversubscription Option is not fully exercised, the unexercised portion shall be placed under shelf registration to be issued within the period prescribed by relevant regulations.
The Offer	The Offer Bonds will be issued in two (2) series, at the discretion of the Issuer: • 4-year Bonds due 2025 • 6-year Bonds due 2027 The Issuer has the discretion to adjust the Offer Size, allocate the Offer between the 4-year Bonds and 6-year Bonds based on the bookbuilding process, or may opt to allocate the entire Offer in just one (1) series.
Manner of Distribution	Public offering in the Philippines to eligible investors
Use of Proceeds.....	Proceeds of the Offer shall be used by the Company to: • To pay funds borrowed by FLI to repay FLI's maturing fixed-rate bonds, with coupon rate of 5.4% p.a. and maturity date of December 4, 2021 or any refinancing thereof; • Fund its capital expenditures; and • Fund its general corporate requirements For a detailed discussion on the Use of Proceeds please refer to the section on "*Use of Proceeds*".
Offer Period.....	The Offer shall commence at 9:00 a.m. on December 9, 2021 and end at 5:00 p.m. on December 15, 2021, or on such date as the Issuer and the Underwriters may agree upon.
Issue Date	December 21, 2021
Maturity Date	4-year Bonds: Four (4) years from the Issue Date 6-year Bonds: Six (6) years from the Issue Date
Interest Rate.....	4-year Bonds: 4.5030% per annum 6-year Bonds: 5.2579% per annum
Interest Payment Dates and Interest Payment Computation	Interest on the Offer Bonds shall be calculated on the basis of a 30/360-day basis, and shall be paid quarterly in arrears commencing on March 21, 2022, for the first Interest Payment Date, and June 21, September 21,

December 21, and March 21 of each year for each subsequent Interest Payment Date while the Offer Bonds are outstanding, or the next Business Day if any such dates fall on a non-Business Day without any adjustment in the amount of interest as originally computed. The last Interest Payment Date on the Offer Bonds shall fall on their respective Maturity Dates.

Final Redemption ..... The Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates, unless earlier redeemed or purchased and cancelled by the Issuer.

In the event the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest and Final Redemption Amount, on the succeeding Business Day.

Early Redemption Option ..... The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part) the outstanding 4-year Bonds and 6-year Bonds on dates set out below (each an "Early Redemption Option Date"):

4-year Bonds	
Early Redemption Option Dates	**Early Redemption Price**
On the 3rd anniversary of the Issue Date	100.5%

6-year Bonds	
Early Redemption Option Dates	**Early Redemption Price**
On the 4th anniversary of the Issue Date	101.00%
On the 5th anniversary of the Issue Date	100.50%

provided, that if the relevant Early Redemption Option Date falls on a day that is not a Business Day, then the payment of the Early Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and the Early Redemption Price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to this Early Redemption Option.

The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of the applicable Offer Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and (ii) the product of the principal amount of the applicable Offer Bonds being redeemed and the Early Redemption Price in accordance with the above table.

The Issuer shall give no less than thirty (30) nor more than sixty (60)days' prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Offer Bonds, which notice shallbe irrevocable and binding upon the Issuer to effect such early redemption of the Offer Bonds on the Early Redemption Option Date statedin such notice.

For a detailed discussion on the Early Redemption Option please refer to the section on "*Description of the Offer Bonds – Early Redemption Option*" of this Prospectus.

Redemption for Taxation Reasons	If payments under the Offer Bonds become subject to additional or increased taxes, other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer shall have the option, but not the obligation, to redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) days' nor less than thirty (30) days' prior written notice to the Trustee and the Registrar and Paying Agent) at 100% of the face value of the Offer Bonds plus accrued interest thereon computed up to the date when the Offer Bonds shall be redeemed earlier than its Maturity Date, subject to the requirements of Applicable Law. For a detailed discussion on Redemption for Taxation Reasons please refer to the section on "*Description of the Offer Bonds – Redemption for Taxation Reasons*".
Change in Law or Circumstance	If any provision of the Trust Agreement or any of the related documents is or shall become for any reason invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Offer Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Offer Bonds to the contrary. For a detailed discussion on Redemption due to Change in Law or Circumstances please refer to the section on "*Description of the Offer Bonds – Redemption due to Change in Law or Circumstances*".
Bond Rating	The Offer Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation on October 20, 2021. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Offer Bonds are outstanding.
Joint Lead Underwriters and Bookrunners	BDO Capital & Investment Corporation BPI Capital Corporation China Bank Capital Corporation East West Banking Corporation First Metro Investment Corporation RCBC Capital Corporation SB Capital Investment Corporation
Registry and Paying Agent.....	Philippine Depository & Trust Corp.
Trustee.....	Rizal Commercial Banking Corporation - Trust and Investments Group
Counsel to the Issuer	FLI's Legal Services Division

Counsel to the Joint Lead Underwriters and Bookrunners.....	Picazo Buyco Tan Fider & Santos
Incorporation by way of Reference	All disclosures, reports and filings of the Company made after the date of the Prospectus (the "Company Disclosures") and submitted to the SEC and/or the PSE pursuant to the Philippine Corporation Code, the Securities Regulation Code and the Revised Disclosure Rules of the PSE are incorporated or deemed incorporated by reference in the Prospectus. Copies of the Company Disclosures may be viewed at the website of the Company at: www.filinvestland.com/disclosures. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the Prospectus and the Company Disclosures incorporated or deemed incorporated herein by reference.
Risk Factors.....	Prospective Bondholders should carefully consider the risks connected with an investment in the Bonds, certain of which are discussed in the section titled "*Risk Factors*" of this Prospectus.

Summary of Financial Information

The following tables present summary consolidated financial information for the Company and should be read in conjunction with the auditor's reports and the Group's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information presented below as of and for the years ended December 31, 2018, 2019 and 2020 was derived from the consolidated financial statements of FLI prepared in accordance with PFRS and audited by SGV & Co. in accordance with the PSA. The summary financial information presented below as of June 30, 2021 and for the six (6) months ended June 30, 2020 and 2021 was derived from the unaudited interim condensed consolidated financial statements of FLI prepared in accordance with PAS 34, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The information below is not necessarily indicative of the results of future operations.

The Group adopted PFRS 16, Leases, using the modified retrospective approach with the initial date of application of January 1, 2019. Amounts presented in the consolidated statement of financial position and consolidated statement of income as of and for the year ended December 31,2018 are based on PAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases-Incentives, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The comparative financial information for accounts affected by the adoption of PFRS 16 may not be comparable to the information presented as of and for the years ended December 31, 2019 and 2020.

The Group adopted PIC Q&A 2018-12-H, Accounting for Common Usage Service Area (CUSA) charges, retrospectively with the initial date of application of January 1, 2021. The CUSA charges in the statement of income for the six months ended June 30, 2021 and 2020 are presented at gross, while CUSA charges for the years ended December 31, 2018, 2019 and 2020 are presented at net of cost and expenses. Please refer to Note 2 of the Group's unaudited interim condesned financial statements, which are included elsewhere in the Prospectus, for the effect of the adoption of PIC Q&A 2018-12-H.

CONSOLIDATED STATEMENTS OF INCOME

	For the years ended December 31,			For the six months ended June 30,	
	2018 (audited)	2019 (audited)	2020 (audited)	2020 (unaudited)	2021 (unaudited)
	(millions, except per share figures)				
REVENUES					
Real estate sales	₱14,404.20	₱17,013.12	₱9,837.12	₱4,556.23	₱5,311.70
Rental and related services	5,608.26	7,008.74	6,386.22	3,916.67	2,865.25
EQUITY IN NET EARNINGS OF ASSOCIATES	537.02	401.53	516.45	533.42	37.08
OTHER INCOME					
Interest income	977.29	571.70	404.14	191.01	203.90
Others – net	678.42	678.22	340.72	111.24	173.48
Total Revenues and Other Income	22,205.19	25,673.31	17,484.65	9,308.57	8,591.41
COSTS					
Real estate sales	8,339.21	9,853.87	5,586.83	2,684.18	3,133.04
Rental and related services	1,130.51	1,128.41	1,008.33	1,178.90	1,288.29
OPERATING EXPENSES					
General and administrative expenses	2,322.06	2,474.72	2,243.61	864.61	871.81
Selling and marketing expenses	1,442.59	1,448.57	1,078.28	485.08	482.73
INTEREST AND OTHER FINANCE CHARGES	1,192.44	2,492.97	3,189.46	1,415.81	1,187.11
	14,426.81	17,398.54	13,106.51	6,628.58	6,962.98
INCOME BEFORE INCOME TAX	7,778.38	8,274.77	4,378.14	2,679.99	1,628.43
PROVISION FOR INCOME TAX					
Current	1,029.49	1,273.75	596.53	388.64	58.33
Deferred	673.02	481.22	(176.14)	(125.65)	(1,100.30)
	1,702.51	1,754.97	420.39	262.99	(1,041.97)
NET INCOME	₱6,075.87	₱6,519.80	₱3,957.75	₱2,417.00	₱2,670.40

	For the years ended December 31,			For the six months ended June 30,	
	2018 (audited)	2019 (audited)	2020 (audited)	2020 (unaudited)	2021 (unaudited)
	(millions, except per share figures)				
Net income attributable to:					
Equity holders of the Parent Company	₱5,894.40	₱6,283.63	₱3,733.44	₱2,301.11	₱2,617.73
Noncontrolling interest	181.46	236.17	224.31	115.89	52.67
	₱6,075.87	₱6,519.80	₱3,957.75	₱2,417.00	₱2,670.40
Basic Earnings Per Share [(1)]	₱0.24	₱0.26	₱0.15	₱0.09	₱0.11

Notes:

(1) Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,			As of June 30,
	2018 (audited)	2019 (audited)	2020 (audited)	2021 (unaudited)
	(millions)			
ASSETS				
Cash and cash equivalents	₱6,419.56	₱4,773.62	₱6,693.56	₱4,673.29
Contracts receivables	800.85	1,446.19	4,156.94	5,273.08
Contract assets	3,798.83	5,998.42	5,400.33	4,096.06
Other receivables	2,348.36	3,175.05	3,362.18	2,524.89
Real estate inventories	67,853.03	63,018.44	65,544.57	68,158.50
Other current assets	3,874.33	4,388.48	4,637.14	4,671.14
Contract assets – net of current portion	6,243.27	7,117.32	3,533.73	2,834.63
Investments in associates	4,056.02	4,170.68	4,787.79	4,824.87
Investment properties	50,018.37	66,461.06	69,264.96	70,002.95
Property and equipment	3,833.12	3,288.72	3,348.15	4,560.36
Deferred income tax assets	85.98	52.44	82.40	26.88
Goodwill	4,567.24	4,567.24	4,567.24	4,567.24
Other noncurrent assets	4,961.52	5,238.77	5,626.16	5,459.83
Total Assets	₱158,860.48	₱173,696.43	₱181,005.15	₱181,673.72
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and accrued expenses	₱12,446.82	₱13,164.86	₱13,117.02	₱11,831.40
Contract liabilities	2,156.96	972.76	1,249.05	1,259.74
Lease liabilities – current portion	-	318.12	328.80	248.59
Due to related parties	181.27	100.78	112.02	1,124.19
Income tax payable	109.00	142.74	29.02	20.94
Current portion of loans payable	1,969.94	6,887.48	8,866.37	11,298.04
Current portion of bonds payable	6,993.57	4,294.64	5,294.52	5,296.98
Loans payable – net of current portion	22,978.54	28,640.75	29,238.65	26,638.38
Bonds payable – net of current portion	27,840.69	23,590.04	26,369.01	26,394.69
Contract liabilities – net of current portion	1,053.22	779.65	767.22	557.28
Lease liabilities – net of current portion	-	5,551.96	5,824.16	5,923.49
Net retirement liabilities	598.40	512.44	580.12	584.61
Deferred income tax liabilities - net	6,011.67	6,512.61	6,513.04	5,324.11
Accounts payable and accrued expenses – net of current portion	9,248.78	10,063.31	8,337.20	8,866.74
Total Liabilities	₱91,588.86	₱101,532.14	₱106,626.20	₱105,369.18
EQUITY				
Common stock	₱24,470.71	₱24,470.71	₱24,470.71	₱24,470.71
Preferred stock	80.00	80.00	80.00	80.00
Additional paid-in capital	5,612.32	5,612.32	5,612.32	5,612.32
Treasury stock	(221.04)	(221.04)	(221.04)	(221.04)
Retained earnings	36,882.34	41,661.65	43,776.19	45,639.70
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	(2.62)	(2.62)	(2.62)
Remeasurement losses on retirement plan – net of tax	(148.58)	(24.29)	(15.14)	(5.72)
Share in other components of equity of associates	361.79	361.79	372.45	372.45
Total	67,034.92	71,938.52	74,072.87	75,945.80
Noncontrolling interest	236.70	225.77	306.08	358.74

	As of December 31,			As of June 30,
	2018 (audited)	2019 (audited)	2020 (audited)	2021 (unaudited)
		(millions)		
Total Equity	67,271.62	72,164.29	74,378.95	76,304.54
TOTAL LIABILITIES AND EQUITY	₱158,860.48	₱173,696.43	₱181,005.15	₱181,673.72

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the years ended December 31,			For the six months ended June 30,	
	2018 (audited)	2019 (audited)	2020 (audited)	2020 (unaudited)	2021 (unaudited)
			(millions)		
Net cash provided by operating activities	₱7,029.79	₱9,174.21	₱7,292.35	₱1,761.28	₱1,818.48
Net cash used in investing activities	(4,995.74)	(9,042.09)	(5,621.16)	(2,440.56)	(2,231.41)
Net cash provided by (used in) financing activities	(3,190.58)	(1,778.07)	248.75	(240.04)	(1,607.34)

Note: The Group reclassified cash flows relating to the increase in BTO rights and payment of lease liabilities in 2019 to conform to the 2020 presentation.

FINANCIAL RATIOS FOR THE COMPANY

	2018	2019	2020	June 30 2021
Current Ratio [(a)]	3.57	3.20	3.10	2.88
Interest-bearing debt-to-Equity Ratio [(b)]	0.89	0.88	0.94	0.91
Debt Ratio[(c)]	0.58	0.58	0.59	0.58
EBITDA to Total Interest Paid [(d)]	3.12	3.71	2.34	1.99
Price Earnings Ratio[(e)]	5.80	5.77	7.47	5.10
Quick Asset Ratio[(f)]	0.72	0.76	0.84	0.68
Solvency Ratio [(g)]	0.08	0.08	0.05	0.03
Interest Coverage Ratio [(h)]	7.52	4.32	2.37	2.37
Net Profit Margin [(i)]	0.27	0.25	0.23	0.31
Return on Equity[(j)]	0.09	0.09	0.05	0.07

Notes:

(a) Current Ratio is computed as total current assets divided by total current liabilities.

(b) Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.

(c) Debt Ratio is computed as total liabilities divided by total assets

(d) EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization) divided by total interest paid

(e) Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2020, 2019 and 2018, and annualized earnings per share for the quarter ended June 30, 2021.

(f) Quick Asset Ratio is computed as current assets less Real Estate Inventories divided by current liabilities.

(g) Solvency Ratio is computed as net income before depreciation and amortization (net income plus depreciation and amortization) divided by total liabilities

(h) Interest Coverage Ratio is computed as earnings before interest and other finance charges and income tax (EBIT) divided by interest and other finance charges

(i) Net Profit Margin is computed as net income divided by total revenue and other income

(j) Return on Equity is computed as annualized net income (for June 30, 2021 - computed as net income for the six months ended June 30, 2021 multiplied by 2) divided by total equity

EBITDA represents net income after adding back provision for income tax plus interest and other finance charges (including interest expense on financial liability on lease contract) equals **EBIT** plus depreciation and amortization.

The following table shows the reconciliation of EBITDA to the Group's net income for the periods stated:

	For the years ended December 31,			For the six months ended June 30	
	(millions)				
	2018	**2019**	**2020**	**2020**	**2021**
Net Income	₱6,075.87	₱6,519.80	₱3,957.75	₱2,417.00	₱2,670.40
Plus:					
Provision for income tax	1,702.51	1,754.97	420.39	262.99	(1,041.97)
Interest and Other Finance Charges	1,192.44	2,492.97	3,189.46	1,415.81	1,187.11
EBIT	**₱8,970.82**	**₱10,767.74**	**₱7,567.60**	**₱4,095.80**	**₱2,815.54**
Depreciation and amortization	810.63	1,320.60	1,594.37	642.64	697.28
EBITDA	**₱9,781.45**	**₱12,088.34**	**₱9,161.97**	**₱4,738.44**	**₱3,512.82**

Risk Factors

An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance 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, before deciding to invest in the Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost.

The means by which the Company plans to address the risks discussed herein are principally presented in the sections of this Prospectus entitled "Business — Competitive Strengths" "Business — Business Strategy"and "Management's Discussion and Analysis of Financial Condition and Results of Operations"of this Prospectus. This section entitled "Risk Factors" does not purport to disclose all of the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should take note that the risks disclosed in this section are not necessarily arranged based on the order of importance or significance. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high risk securities. Investors may request publicly available information on the Offer and FLI from the SEC and PDEx.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company's business, financial condition, and results of operations face risks from public health epidemics or outbreaks of disease that could have an adverse effect on economic activity in the Philippines

As of July 31, 2021, the Philippine Department of Health reported 1,588,965 total cases of the novel coronavirus ("COVID-19") nationwide with 27,889 deaths attributed to COVID-19. The Philippines continues to add thousands of cases reported per day with 8,147 new cases on July 31, 2021.

On March 10, 2020, the World Health Organization characterized COVID-19 as a pandemic. The Philippines remains vulnerable to exposure and spread of the disease for the following reasons:
(a) the considerable number of OFWs globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recent outbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact to the Company's suppliers' ability to deliver, which could delay the construction of FLI's projects.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an Enhanced Community Quarantine (ECQ) throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. The enhanced community quarantine was further extended to May 15, 2020, in order to stem the spread of COVID-19 and to prevent a second wave of infections. On March 24, 2020, Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which confers emergency powers on the President of the Philippines. On June 1, 2020 the country shifted to General Community Quarantine (GCQ) / Modified General Community Quarantine (MGCQ). Since then until the present, the Philippine government has routinely been downgrading, upgrading, or extending quarantine measures of varying severity in response to the number of daily COVID-19 cases for each province and major city of the country. On August 24, 2020, Congress passed Republic Act No. 11494, the Bayanihan to Recover as One Act (the "Bayanihan 2") into law, which includes provisions that provide government funds to stimulate the economy while strengthening the health sector and the government's pandemic responses. As of July 30, 2021, due to rising cases brought about by the COVID-19 Delta variant, the Office of the President announced that Metro Manila would be reverting back to ECQ from GCQ beginning on August 6 to August 20. On August 20, 2021, the government downgraded Metro Manila to MECQ from August 21, 2021 to September 15, 2021. Thereafter, the government placed Metro Manila under GCQ from September 16, 2021 to October 31, 2021.

The Company's operations have been negatively affected by the COVID-19. For its residential trading business, the government imposed temporary stoppage of construction and social distancing protocols which delayed the completion of the Company's projects. IATF protocols also included social distancing policies and restrictions on face-to-face interaction. Only the businesses classified as "essentials" were allowed mobility and continued operations. To mitigate the impact of the restrictions, the company shifted from the traditional face-to-face sales and marketing activities to digital processes, virtual interaction and use of online platforms. For the retail and mall operations, the lower rental income was mitigated by repurposing the spaces such as focusing on exhibits that are short terms and easily scalable depending on the prevailing quarantine rules,. The uncertainty of the length of prevalence of the virus and economic disruption brought about by protocols implemented by the government to contain the virus, could continue to adversely affect the demand for the Company's businesses and rental space, and the ability of the Company to effectively operate.

The Company operates in a competitive industry, which could limit the Company's ability to maintain or increase its market share and maintain profitability.

The Company's business operations are subject to competition. Some competitors may have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets. The entry of new competitors into the Company's business could reduce the Company's sales and profit margins. To address this, the Company continues to build housing products that appeal to its core market at the most competitive prices. It also focuses on after sales service to maintain its reputation in the industry.

FLI is subject to significant competition in connection with the acquisition of land for residential real estate projects, investment properties and the leasing business. The Company's future growth and development are dependent, in part, on their ability to acquire or enter into agreements to develop additional tracts of land suitable for the types of residential real estate projects they have developed over the years. As the Company and its competitors attempt to locate sites for development, FLI may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to them, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. The Company may also have difficulty in attracting landowners to enter into joint venture agreements with them that will provide the Company with reasonable returns. In the event the Company is unable to acquire suitable land at acceptable prices, or at all, or to enter into agreements with joint venture partners to develop suitable land with reasonable returns, or at all, the Company's growth prospects could be limited and its business, financial condition and results of operations could be adversely affected. The Company continuously searches for suitable land for its projects especially in areas that it perceives will have significant demand.

The Company competes with a number of commercial developers, some of which have greater financial and other resources and may be perceived to have more attractive projects. Moreover, FLI's emphasis on medium-rise buildings ("**MRBs**") potentially exposes the Company to greater competition for real estate projects due to there being fewer barriers to entry in this segment as compared to larger developments. Competition from other developers, and in the cases of Festival Supermall, Fora Mall or Main Square Mall, from neighboring shopping malls, may adversely affect the Company's ability to successfully operate their investment properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office and retail space. The Company also faces competition with respect to its commercial office space properties, principally from Megaworld Corporation, Eton Properties Philippines, Robinsons Land Corporation, SM Prime Holdings, Inc. and Ayala Land, Inc., each of which has a large portfolio of commercial office space available for lease in Metro Manila's principal business districts. These competitors may have greater experience in commercial leasing operations and there can be no assurance that the Company will be able to successfully compete with larger and more experienced competitors. Consequently, the competition that FLI faces could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's increased leverage could create operating risks for its business

The increase in debt of FLI may bring about certain undesirable results such as:

- constraints in the Company's ability to service its debt obligations
- limits in the Company's ability to attain new financing for working capital, capital expenditures, debt refinancing, and other purposes
- obligations from the Company to divert a portion of its cash flow to debt service
- a lessening of the Company's financial flexibility to take advantage of opportunities in the Philippine

economy or property industry

As of June 30, 2021, FLI's consolidated interest-bearing debt (defined as the sum of consolidated loans payable and consolidated bonds payable) amounted to ₱69.63 billion of which current and non-current portions amounted to ₱16.60 billion and ₱53.03 billion, respectively. If the Company is unable to refinance or repay its debt, FLI would have to consider financing options such as the sale of its assets that may cause it to modify, delay, or abandon its future development plans. To mitigate this risk, the Company adopts stringent monitoring mechanism designed to manage its debt levels and ensure that they are within sustainable limits. The Company's interest-bearing debt-to-equity ratio remains healthy at 0.91x as of June 30, 2021. The Company continues to manage its leverage by increasing its revenues and cost efficiencies to generate more cash from operations, thereby limiting the need to take on debt.

The Company's business is highly regulated and Government policies and regulations could adversely affect the Company's operations and profitability.

The Company's business operations are subject to a broad range of government laws and regulations, fiscal policies and zoning ordinances. The Company has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations, fiscal policies and zoning ordinances. Further changes to the applicable governmental laws and regulations, fiscal policies and zoning ordinances will result in additional costs of compliance for the Company.

The Company 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. Use of lands may be limited by zoning, comprehensive land use plans ("**CLUP**") and reclassification ordinances enacted and implemented by local government units ("**LGU**"), such as provinces, cities or municipalities. In addition, projects that are to be located on agricultural land must get a conversion or exemption clearance from the Philippine Department of Agrarian Reform ("**DAR**") so that the land can be converted to non-agricultural use or certified as exempt from the coverage of the Comprehensive Agrarian Reform Program pursuant to Republic Act No. 6657 or the "Comprehensive Agrarian Reform Law of 1988," as amended ("**RA 6657**"). In certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("**PD 957**") and RA 4726, also known as The Condominium Act ("**RA 4726**"), and Republic Act No. 6552, also known as the "Realty Installment Buyer Protection Act," more commonly known as the "Maceda Law" ("**RA 6552**") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and RA 4726 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Department of Human Settlements and Urban Development ("**DHSUD**") is the administrative agency of the Government of the Philippines which, together with LGUs, enforces these statutes and has jurisdiction to regulate the real estate trade and business. RA 6552, on the other hand, confers certain rights to buyers and covers all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominiums, except industrial lots, commercial buildings and sales to tenants under Republic Act No. 3844, as amended, or the "Agricultural Land Reform Code" ("**RA 3844**").

Other regulations applicable to the Company include land registration laws and regulations, real property taxation, as well as standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage systems, garbage disposal systems, electricity supply, lot sizes, easements, the length of the housing blocks, and house construction. All subdivision development plans are required to be filed with and approved by the DHSUD and LGU with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company and its subsidiaries or associates or partners, will be able to obtain governmental approvals for their projects, or that these approvals can be secured without delay, or that when given, such approvals will not be revoked. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing units. Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD based on its own findings or upon complaint from an interested party and there can be no assurance that the Company and its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Moreover, under Republic Act No. 7279 or the "Urban Development and Housing Act of 1992" ("**RA**

7279"), the Company may, in certain instances, be required to devote at least twenty percent (20%) of the total project area or cost for socialized housing. The price per unit that the Company is permitted to charge for socialized housing is subject to a pre-specified maximum, fixed by proper Government agencies and which could be reduced or increased at any time. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget, at a profit or any at all, and could have a material adverse effect on the Company's financial condition and results of operations. The Company monitors government regulations to ensure compliance at all times and to anticipate its effects on operations.

The Company's business is subject to environmental regulations that could have a material adverse effect on its business, financial condition and results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("**DENR**"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate ("**ECC")** to signify the full responsibility of the proponent in implementing specified measures which are necessary to comply with existing environmental regulations or to operate within best environmental practices that are not currently covered by existing laws. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC condition occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine and incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's real estate development could have a material adverse effect on the Company's business, financial condition and results of operations. The Company strives to ensure compliance to environmental regulations by strictly monitoring all its properties.

The Company relies heavily on automated systems to operate its business and the failure to maintain, upgrade and secure these systems could harm the Company's business.

The Company depends on a variety of automated systems to operate its business. Although the Company has implemented various IT-related improvements programs and installed new systems over the years, due to the continuously evolving nature of information technology systems, certain of the Company's automated systems are or may be relatively outdated and less integrated than those of some companies of similar scale in the Philippines and abroad. As a result, there can be no assurance that the Company's information systems will achieve their intended benefits within the anticipated time frame efficiently, or at all. Moreover, there can be no assurance that any new systems of the Company will not be rendered outdated in the near future due to rapid technological advancements.

Furthermore, the Company relies on systems developed and maintained by third parties. If these third parties experience difficulty meeting the Company's requirements or standards, it could damage the Company's reputation or make it difficult for the Company to operate some aspects of its businesses. In certain cases, the Company has developed, and intends to develop, automated systems to replace third-party systems that the Company has used, and uses, in its operations. There can be no assurance that the Company's in-house teams will be able to design, implement and maintain functional systems that adequately replace such third-party systems. In such cases, the Company generally does not have recourse to any third-party provider if the systems do not operate as intended. Any of the foregoing could have an adverse effect on the Company's business, financial condition and results of operations.

Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the applicable security systems and personal data stored in these systems. Anyone who circumvents the security measures on these systems could misappropriate the Company's confidential information or cause interruptions in its services or operations. The internet is a public network and data is sent over this network from many sources. In the past, computer viruses or software programs that disable or impair computers have been distributed and have rapidly spread over the internet. Computer viruses could be introduced into the Company's systems, or those of the third-party systems, which could disrupt the Company's operations or make its systems inaccessible to the third parties. The Company may be required to expend significant capital and other

resources to protect against the threat of security breaches or to alleviate problems caused by breaches. The Company's security measures may be inadequate to prevent security breaches, and its business operations would be negatively impacted if security breaches are not prevented. The company implements information technology and security protocols to ensure that its systems are protected and functioning at all times.

The Company may not be able to successfully manage its growth.

The Company has acquired various new and diversified commercial assets in recent years, and the Company intends to continue to pursue an aggressive growth strategy for its business. There can be no assurance that, in the course of implementing its growth and diversification strategy, FLI will not experience capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate expanded businesses. Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that may not be recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

In the real estate business, the Company holds 53.9 hectares in the SRP, which is a reclaimed land project located in Cebu City. FLI has developed City di Mare, the Il Corso Mall on a 10.6-hectare portion it owns in SRP. In addition, FLI constructed MRBs known as San Remo and Amalfi under a 40-hectare joint venture and profit-sharing arrangement with theCebu City Government. In 2019, the Filinvest group has fully paid an additional acquisition of 9.6 hectares of land in SRP where FLI owns 3.3 hectares as of June 2021. In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the Bases ConversionDevelopment Authority ("**BCDA**") tasked with the development, marketing, management and leasing of the first phase of Clark Green City that covers 288 hectares of land adjoining Clark Freeport Zone and the CIA in Northern Luzon. Further, in 2016, together with FLI and the Clark Development Corporation, FLI formed Filinvest Mimosa, Inc. ("**FMI**") which entered into a 50-year lease (renewable for another 25 years) with the Clark Development Corporation for the development of 200-hectare Mimosa Leisure Estate. These are just some of the land acquisitions of the company within the last few years. All these projects require significant manpower resources, including the contracting of suitable and reputable third-party contractors. If FLI cannot manage its growth, find suitable contractors or otherwise incur any delay or default on any of its development or construction obligations, business, results of operations and financial condition may be materially and adversely affected. The Company continuously reviews its expansion plans and implements measures to ensure execution of these plans.

The Company may be unable to continue to exploit opportunities to acquire or invest in new businesses and diversify its operations.

As part of the Company's business strategy, it intends to selectively explore acquisitions of, and investment opportunities that may enhance its revenue growth, operations and profitability. From time to time, the Company may publicly announce potential investments and acquisitions under consideration. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may need to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

The Company's ability to grow successfully and profitably through acquisitions will depend on numerous factors, including the availability of suitable acquisition or investment targets, competition for those acquisitions, particularly from those companies with larger and more geographically diverse operations and greater financial resources than the Company, the ability of the companies the Company acquires to perform operationally or financially in the manner expected, the Company's ability to successfully integrate and operate its acquisitions, the availability of expertise and financial resources to successfully manage such acquisitions on a regional scale, the availability of financing from internal or external sources for the Company to complete those acquisitions and the legal, regulatory, social, political and economic factors which prevail in the markets where those opportunities may exist.

To the extent the Company acquires or invests in areas that are outside of the Company's existing business, the Company will face challenges, including with respect to the Company's ability to develop the expertise required to successfully engage in the businesses it acquires or invests in and to make such businesses successful, the Company's ability to develop a reputation in industries into which it might expand, the Company's ability to attract and retain customers, suppliers and managers for new businesses; and competition from companies engaged in similar businesses in the markets that the Company has targeted for entry which is dependent, in part, upon the number, size, operating

history, expertise, reputation and financial resources of those competitors. Furthermore, to the extent such investments are undertaken as joint ventures, there can be no assurance that the Company's public and private partners will meet their joint venture obligations in a timely manner or at all.

In addition, the Company may spend considerable management time and cost in evaluating potential acquisition targets or investments which may divert management attention from the Company's current business. As a result of any of these factors, the Company may be unable to grow its existing business in the manner it expects, which could have a material adverse effect on the Company's existing business, financial condition and results of operations. The Company's future acquisitions and investments, if any, may require it to use significant amounts of cash and incur substantial amounts of indebtedness, each of which could adversely affect the Company's business, financial condition and results of operations. To minimize this risk, the company regularly assesses market conditions and formulates plans as well as alternatives if market conditions change. This allows the company to be flexible and agile.

The businesses in which the Company currently operates and may in the future operate are capital-intensive. Failure to obtain financing or the inability to obtain financing on reasonable terms could affect the execution of the Company's operations and growth plans.

The business in which the Company currently operates and may in the future operate are capital-intensive. The real estate business requires significant capital expenditures to develop and implement new projects and complete existing projects. In the year ended December 31, 2020, the Company spent ₱11.3 billion on capital expenditures. For the six months ended June 30, 2021, based on the Company's records, the Company spent ₱5.78 billion on capital expenditure out of a total budget for capital expenditure for 2021 of ₱16.00 billion for land acquisition, land development, housing and condominium construction and investment properties.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from its real estate operations, it has periodically utilized external sources of financing. However, there can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to continue funding its capital expenditure requirements internally, or that it will be able to externally obtain sufficient funds for its capital expenditure budgets, at acceptable rates or at all. The Company's ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. The Company's continued access to debt financing as a source of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors, many of which are outside of the Company's control. For example, political instability, an economic downturn, social unrest, changes in the Philippine regulatory environment or the bankruptcy of an unrelated company within a similar industry or industries in which the Company operates could increase the Company's cost of borrowing or restrict the Company's ability to obtain debt financing or comply with its debt financing covenants. In addition, disruptions in the capital and credit markets, which occurred in the past, may recur and such disruptions could adversely affect the Company's access to financing. The Company cannot guarantee that it will be able to arrange financing on acceptable terms, or at all. The inability of the Company to obtain financing from banks and other financial institutions or on acceptable terms would adversely affect its ability to operate or execute its growth strategies. To manage this risk, the Company has established a wide range of possible financing options. The company is also flexible enough to adjust its plans depending on the financial resources.

The interests of the Company's joint venture partners may differ from those of the Company and such partners may take actions that adversely affect the Company or its subsidiaries.

A joint venture involves special risks where the venture partner may have economic or business interests or goals that are inconsistent with or different from those of the Company. The joint venture partner may also take actions contrary to the Company's instructions or requests, or in direct opposition to the Company's policies or objectives with respect to the underlying business or dispute the distribution of its joint venture share. The joint venture partner may also fail to perform its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partners could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in that project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's business, financial condition and results of operations.

FLI also has current joint venture arrangements or partnerships with several government units. Although these projects

developments are covered by contracts and agreements that have been authorized by government legal protocols and proceedings, there might be circumstances in the future that such agreements may be subjected to review and audit which may affect the Company's ability to deliver on its obligations to its clients, and might hamper the operations of the company as a whole, to generate the revenues from the projects. Such joint venture arrangements are the ff: (i) 40-hectare joint venture project with Cebu City Government in SRP (ii) 4.1-hectare BTO (Build-Transfer-Operate) arrangement with Cebu Provincial Government for 7 office tower buildings and commercial centers in Lahug and Apas, Cebu. (iii) land lease agreement with Clark Development Corporation involving the 200-hectare Mimosa Plus estate in Clark Pampanga, together with FDC; and (iv) joint development partnership with BCDA on 288-hectare New Clark City in Tarlac. The Company maintains good relationships with its joint venture partners to ensure common objectives.

FLI is controlled by the Gotianun Family and their interests may differ significantly from the interests of other shareholders.

FLI is controlled by members of the Gotianun Family, who either individually or collectively have controlled FLI and its subsidiaries since the inception of FLI. As of July 31, 2021, members of the Gotianun Family were the beneficial and record owner of approximately 60.20% of the Company's issued and outstanding Shares. Members of the Gotianun Family also serve as directors and executive officers in FLI. There is also no non-compete agreement or other formal arrangement in place to prevent other companies that are also controlled by the Gotianun Family from engaging in activities that compete directly with the Company's businesses or activities, which could have a negative impact on the Company. Neither can there be any assurance that the Gotianun Family will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of the Gotianun Family, as the Company's controlling shareholder, may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and the Gotianun Family may vote their Shares in a manner that is contrary to the interests of the Company or the Company's other shareholders. There can be no assurance that the Gotianun Family will exercise influence over the Company in a manner that is in the best interests of the Company or its other shareholders. The Company has three (3) independent directors who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company. All major decisions are brought to the Board of Directors for approval.

The Company is highly dependent on certain directors and members of senior management.

The Company's directors and members of its senior management have been an integral part of the Company's success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart or take on reduced responsibilities could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Members of the Gotianun Family also fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members should they depart or take on reduced responsibilities. Such executives include: Jonathan T. Gotianun, Chairman; Lourdes Josephine Gotianun Yap, President, Chief Executive Officer and Director; Mercedes T. Gotianun, Chairman Emerita; Michael Edward T. Gotianun, Vice President and Director and Francis Nathaniel C. Gotianun, Director. While the Company has an active program for succession planning, which includes continued participation of retiring executives on key committees, if any such person departs or takes on reduced responsibilities or is otherwise unavailable to the Company and the Company is unable to fill anyvacant key executive or management positions or responsibilities with qualified candidates, its business, financial condition and results of operations may be adversely affected. The Company does not carry insurance in respect of the loss of the services of any of the members of its management. The Company has put in place succession planning that will ensure stable management. The Company also has a roster of professional senior management with extensive experience in real estate.

The Company may be unable to attract and retain skilled professionals.

The Company believes there is significant demand for its skilled professionals not only from its competitors in the Philippines but also from companies outside of the Philippines, particularly companies operating in Asia and the Middle East. The Company's ability to retain and attract highly skilled personnel, particularly architects, engineers, hotel managers, hospitality professionals, and project and operation managers, will affect its ability to plan, design and execute current and future projects. In particular, any inability on the part of the Company to hire and, just as importantly, to retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require FLI to incur additional costs by having to engage third parties to perform these

activities. The Company has put in place succession planning in the event of difficulty in hiring professionals. The Company has also established a number of methods for recruiting professionals.

Ownership over certain land owned by the Company may only be evidenced by tax declarations or may be contested by third parties.

The Philippines has adopted the Torrens system of land registration, which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding on all persons (including the Government). However, in certain instances and for various reasons such as inadequate record keeping or delays in the processing of certificates of title, it is not uncommon for landowners to have their ownership evidenced only by tax declarations, and not the more common certificates of title. Although the Company may have conducted the requisite due diligence on its properties and is confident of its ownership over such properties, there can be no assurance that other parties will not assert their own claims of ownership and present similar or stronger documents of title over such properties.

Moreover, it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have been cases where third parties have produced false or forged title certificates over land and there are difficulties in obtaining title guarantees with respect to properties in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non-execution or non-registration of conveyance deeds, which may be subject to encumbrances of which the Company, its subsidiaries and their respective joint venture partners may not be aware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, the title and development rights of the Company, its subsidiaries and their respective joint ventures may be subject to various defects of which they are not aware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss by the Company or its subsidiaries or their respective joint ventures of the title over land.

From time to time the Company has had to and may continue to defend itself against third parties who claim to be the rightful owners of land which has been the subject of tax declarations in the name of the Company, titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. Although historically these claims have not had a material adverse effect on the Company, in the event a greater number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the residential and land development projects of the Company or its subsidiaries, the management of the Company or relevant subsidiary may be required to devote significant time and incur significant costs in defending itself against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of its land development or other business projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operation, as well as on its business reputation. The Company follows strict processes and documentation standard to make sure that land purchase transactions are without issues.

Any future changes in PFRS and PAS may affect the financial reporting of the Company's business.

In December 2020, the SEC issued Memorandum Circular ("SEC MC") No. 34-2020, allowing the further deferral of the adoption of certain provisions of Philippine Interpretations Committee ("PIC") Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry*, and IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* for another 3 years or until December 31, 2023.

1. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A No. 2018-12-D-
2. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).
3. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

The Company availed of (1) and (3) the reporting reliefs above as issued and approved by the SEC under SEC MC Circular No. 34-2020 in response to the COVID-19 pandemic. After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as

provided under SEC MC 8-2021. Had these deferred provisions been adopted, it would have the following impact to the financial statements:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income will be recognized for contract assets and interest expense for contract liabilities using effective interest rate method.
b. Borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings.

Refer to the 2021 unaudited interim condensed consolidated financial statements of the Company for the detailed discussion of the deferral.

Any further changes in PFRS and PAS in the future may affect the financial reporting of the Company's business.

Developments in Accounting standards are being monitored to anticipate the effects on the Company's financial position.

FLI has a number of related party transactions with affiliated companies.

The companies controlled by the Gotianun Family have a number of commercial transactions with the Company. As of June 30, 2021, the Company had an outstanding net amount due to related parties (after deducting amounts due from related parties) of ₱651.04 million. These related party transactions, apart from outstanding compensation to directors, officers, stockholders and related interests, also include non-interest-bearing cash advances and various charges to and from non-consolidating affiliates for management fees, rent, share of expenses and commission charges. The Company also applies this principle to contracts between different companies within the Company. See "*Related Party Transactions*" and the notes to the Company's consolidated financial statements appearing elsewhere in this Prospectus.

The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Gotianun Family. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Gotianun Family and the Company in a number of other areas relating to its business, including:

- major business combinations involving the Company;
- plans to develop the respective business of the Company; and
- business opportunities that may be attractive to the Gotianun Family and the Company.

The Company can provide no assurance that the Company's related party transactions will not have a material adverse effect on its business, financial condition and results of operations. All major related party transactions are subject to approval of the Board of Directors. The Company has three (3) independent directors who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company.

The Company is involved in litigation, which could result in financial losses or harm its business.

The Company is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subject the Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the market or that the Company will be able to recover any losses incurred from third parties, regardless of whether any companyis at fault. There can be no assurance that losses relating to litigation would not have a material adverse effect on the

Company's business, financial condition and results of operation, or that provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure. See "*Business—Legal Proceedings*." The Company continues to monitor all project implementations and contract commitments to ensure compliance with agreements as to minimize the probability of litigations against the Company.

Natural or other catastrophes, including severe weather conditions and earthquakes, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. Natural catastrophes may disrupt the Company's business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors, which are not within the Company's control, could potentially have significant effects on its business operations and development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls that are susceptible to damage. Damages resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions, may adversely affect the Company's business, financial condition and results of operations. Further, although Company carries insurance for certain catastrophic events, of different types, in varying amounts and with deductibles and exclusions that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations. The Company has planned for these events and have put in place a business continuity plan to ensure continuous operations.

The Company's real estate portfolio of residential property development projects exposes the Company to sector-specific risks.

Because the Company's real estate business is concentrated in the Philippine residential property market, reduced levels of economic growth, adverse changes in the country's political or security situation, or weaker performance of the country's property development market generally could materially adversely affect the Company's profitability. The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company's results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of their residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's projects are largely dependent on the acceptance of their projects when compared to similar types of projects in their geographic areas, as well as on the ability of the Company to correctly gauge the market for their projects. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, as well as the quality of the residences and related facilities offered by the Company, pricing and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company follows a planning process taking into account all factors that affect the completion of projects. The Company is able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

The Company is exposed to risks associated with the operation of their investment properties and the

development of their office space and retail leasing business and the integration of such investment properties with its core housing and land development business.

The operations of the Company's commercial real estate assets, which includes interests in leasable office space in PBCom Tower and the Northgate Cyberzone and other commercial properties in Filinvest City and elsewhere in the Philippines, as well as ownership of Festival Supermall and other malls, are subject to risks relating to their respective operations. The Company's ability to lease out their commercial and office properties in a timely manner and collect rent at profitable rates, or at all, is affected by each of the following factors, among others:

- the national and international economic climate;
- changes in demand caused by policies affecting call centers, POGOs and other BPO operations in the Philippines and worldwide, including the relative cost of operating BPOs and POGOs in the Philippines as compared to other markets (such as India), which depends in part on the continued favorable regulations and fiscal incentive regimes with respect to such industries and the Government's general policy with respect to investments and industries from China;
- trends in the Philippine retail industry, insofar as Filinvest Lifemalls are concerned;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, environment, taxes and government charges;
- the inability to collect rent due to bankruptcy of tenants or otherwise;
- competition for tenants;
- changes in market rental rates;
- the need to periodically renovate, repair and re-let space and the costs thereof;
- the quality and strategy of management; and
- the Company's ability to provide adequate maintenance and insurance coverage.

The Company could also be adversely affected by the failure of tenants to comply with the terms of their leases or commitments to lease, declining sales turnover of tenants at Filinvest Lifemalls or oversupply of or reduced demand for BPO services, office space and/or retail space. In particular, with respect to retail property leases, including those at Festival Supermall and other retail properties, it is generally the case that all or a portion of the rent to which the Company is entitled comprises a percentage of the tenant's sales, which percentage generally ranges from 1.5% to 15% depending on the tenant's merchandise. Accordingly, the Company is exposed to deterioration in the businesses of their tenants. If the Company is unable to lease their properties in a timely manner or collect rent at profitable rates or at all, this could have a material adverse effect on the Company's operations and financial condition. Further, the success of the Company's investment properties will depend, in part, on their ability to realize the potential revenue and growth opportunities from these assets.

The Company is subject to risks incidental to the ownership and operation of commercial, office and related retail properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. In particular, FLI's BPO properties rely on the growth of the BPO business as a source of revenue. If the BPO business does not grow as the Company expects or if the Company is not able to continue to attract BPO-based tenants to development projects that are targeted for BPO companies, FLI may not be able to lease its BPO office space in a timely manner or at satisfactory rents or at all, which could have a material adverse effect on the Company's operations and financial condition.

The Company targets a wide range of clients from the BPO sector as well as traditional offices. It also engages in marketing activities on a continuing basis to build up its client base.

The Company is also subject to risks arising from accidents at its commercial, office and related retail properties. Although the buildings and their facilities are subject to regular testing and maintenance, there is no assurance that facilities of the Company's properties will not malfunction and cause injuries.

The Company follows a planning process taking into account all factors that affect the profitability of projects. The Company is able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

The exit of POGOs from the Philippines may materially and adversely affect the Company's business and operations.

The Company's office tenants include POGOs. As of June 30, 2021, the Company's POGO tenants accounted for 7% of total GLA of its office properties.

The Philippine Department of Finance has indicated that they will continue to investigate and strictly require all POGOs to pay all applicable taxes, including franchise taxes, and that only POGOs that have paid their taxes and been cleared by PAGCOR may continue operations. Additionally, Philippine government officials have called for closure or increased taxation or regulation of POGO operations. Measures to increase government revenue from this sector have been included in the provisions of the Bayanihan 2 Act that was approved on September 11, 2020. Such provisions have reportedly caused some POGOs to close or consider reducing their operations in the Philippines. Any such governmental action may adversely affect the tenants of the Company's office properties.

Among the Bayanihan 2 Act's revenue raising measures include the imposition of a 5% franchise tax based on the higher of gross bets or turnovers or the agreed pre-determined minimum monthly revenues from POGO licensees, including gaming operators, gaming agents, service providers and gaming support providers. The Bayanihan 2 Act also sought to fund the government's subsidy and stimulus measures to address the COVID-19 pandemic from income tax, value added tax and other applicable taxes from non-gaming operations earned by offshore gaming licensees, operators, agents, service providers and support providers. Prior to the Bayanihan 2 Act, the 5% franchise tax was dependent on winnings, as the tax was imposed on the higher of gross gaming receipts or earnings, or the agreed or pre-determined minimum monthly revenues or income. Accordingly, basing the calculation of the 5% franchise tax on the higher of gross bets or turnovers is expected to effectively increase tax liabilities of covered businesses, as the value of the bet itself considered as part of the tax base. The Bayanihan 2 Act further provides that all taxes currently imposed on POGOs must be computed based on the prevailing official exchange rate at the time of payment. The use of any other rate is considered fraudulent constituting underdeclaration, which is penalized by interest, fines and penalties under the National Internal Revenue Code. The Bayanihan 2 Act also directs the BIR to implement closure orders against POGOs who fail to pay such taxes. By its terms, the Bayanihan 2 Act revenue raising measures are effective (unless extended by Congress) until the earlier of the lapse of two years or upon a determination that COVID-19 has been successfully contained or abated.

In a proceeding before the Philippine Supreme Court recorded as Marco Polo Enterprises Limited, et al vs. Secretary of Finance and Commissioner of Internal Revenue (GR No. 254102), the petitioners questioned the constitutionality of the Bayanihan 2 Act and applied for and obtained a temporary restraining order that enjoins the Secretary of Finance and the Commissioner of Internal Revenue from implementing the provisions of the Bayanihan 2 Act referred to above. On January 5, 2021, the Philippine Supreme Court issued a temporary restraining order (with one Justice dissenting) that prevents the government from implementing the revenue measures in the Bayanihan 2 Act described above. The order was effective on the date of its issuance and continues in effect until further orders from the Supreme Court. The Supreme Court has yet to make a final ruling on the legality of the relevant provisions of the Bayanihan 2 Act.

The reduction, closure of or prohibition of the business of POGOs in or from the Philippines, may materially and negatively affect the demand for office property in Metro Manila. For example, in December 2020, news reports cited Colliers' fourth quarter property report which indicated that the net take-up of office space in 2020 decreased by 120%, and vacancy in Metro Manila reached 9.1%, primarily attributable to POGOs vacating 154,000 sq.m. of office space in aggregate during the same period, and the downsizing or pre-termination of co-working space providers over and above the expected new office supply of more than 886,000 sq.m. There is no certainty that any

of such tenants may not be subject to increased or new governmental regulation, taxation or enforcement action in the future that may materially disrupt the Company's operations and materially and adversely affect its financial condition and results of operations.

To manage such risks, the Company's lease contracts with POGO tenants generally provide that such leases may be pre-terminated following a change in the laws or rules governing POGOs, which results in: (i) cancellation or suspension of the tenant's license; (ii) immediate stoppage of the operations or services the tenant is providing; (iii) contravening laws or interpretation and enforcement of law resulting in the inability of the tenant to operate its business and service in the Philippines. The Company also requires its POGO tenants to pay security deposits to cover three to six months of rent and to pay up to six-months' in advance rent (applied at the end of the lease term) payable upfront upon the handover of the leased premises and none of the Company's POGO tenants have been forced to close because of non-payment of taxes or accreditation fees. The Company believes that its office properties are well-suited to attract diverse tenants, including multinational BPOs and headquarters.

Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company and their customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company, residential property development, and demand for their real estate projects. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects, obtain financing for new projects, or service existing debt with floating interest rates.

- Insofar as the Company's residential housing and land development business is concerned, because the Company believes that a substantial portion of their customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- In connection with the Company's in-house financing activities, from time to time the Company sells receivables from customers who obtain in-house financing to financial institutions on a "with recourse" basis, which requires the Company to pay interest to the financial institution purchasing the receivable and obligates the Company to repurchase the principal balance of the receivable plus accrued interest in certain circumstances. The difference between the interest rate the Company charges their customers and the interest rate they pay to these financial institutions contribute to the Company's interest income. Higher interest rates charged by these financial institutions would reduce the Company's net interest income.

- The Company's access to capital and its cost of financing are also affected by restrictions, such as the single borrower limit ("**SBL**") imposed by the BSP on bank lending. If the Company were to reach the SBL with respect to any bank, the Company may have difficulty obtaining financing with reasonable rates of interest from other banks.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass onto its customers as increased prices.

- A further expansion in the budget deficit of the Government could also result in an increase in interest rates and inflation, which could in turn have a material effect on the ability of the Company to obtain financing at attractive terms, and on the ability of its customers to similarly obtain financing.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has a wide range of funding sources, where it can avail of new borrowings to fund new projects or to refinance existing debt. It also has the ability to revise plans to conserve cash such as decreasing any intended capex levels.

A significant portion of the demand for the Company's residential real estate projects is from overseas Filipino workers ("OFWs") and expatriate Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are based.

The Company relies on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects, particularly for their affordable and middle-income projects. Approximately 20% of the Company's real estate sales for the year ended December 31, 2020 is attributed to sales to OFWs. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reduction in the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers. Any of these events could adversely affect demand for the Company's residential real estate projects from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company continues to offer affordable products and reasonable payment terms.

The Company faces certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of subdivision lot or residential sales are cancelled.

The Company is subject to RA 6552 (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units (but excluding industrial and commercial lots). Under the Maceda Law, buyers who have paid at least two (2) years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50.0% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90.0% of the total payments). Buyers who have paid less than two (2) years of installments and who default on installment payments are given a sixty (60)-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

While the Company has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Company experiences a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or the Company may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to resell the same property at an acceptable price or at all. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, investors are cautioned that the Company's historical revenue from its real estate operations could be overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical statements of income as indicators of its future revenues or profits.

For sales of residential units in the Company's middle-income and high-end projects, from time to time the Company generally commences construction of a unit even before the full amount of the required down payment is made, and thus, before the sale is recorded as revenue. Therefore, the Company risks having spent cash to begin construction of

a unit before being assured that the sale will eventually be booked as revenue, particularly, if the buyer is unable to complete the required down payment and the Company is unable to find another purchaser for such property.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on the Company's financial condition and results of operations. The Company continues to offer reasonable and affordable payment terms to buyers so as to minimize cancellations.

The Company faces risks relating to the management of their land bank, including area concentration within the land bank, which could adversely affect their margins.

The Company must continuously acquire land to replace and expand land inventory within their current markets. The risks inherent in purchasing and developing land increase as consumer demand for the Company's core property businesses, including residential, commercial and retail, decreases, and can be further affected by the concentration of land in a particular area within the land bank. The market value of land, subdivision lots, housing and condominium inventories, retail and leasing spaces, can all fluctuate significantly as a result of changing market conditions. An adverse change in the market value of land in those areas in which the concentration of the Company's land bank is highest would amplify the negative impact on the Company's business and financial condition. The Company cannot assure investors that the measures they employ to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots, residential units, lease retail spaces or rent rooms in their hospitality projects at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of its various real estate projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its statement of financial position, as well as reduce the amount of property available for sale or development. Any of the foregoing events could have a material adverse effect on the Company's business, financial condition and results of operations. To minimize the risks, the Company conducts comprehensive market studies on land and sets plans on the timely rollout of projects.

The Company faces risks relating to its real estate projects, including risks relating to project cost, completion time frame and development rights.

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget.

In addition, the time and the costs involved in completing the development and construction of real estate projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular project not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in trigerring contractual liabilities to purchasers or other counterparties, and lower returns. The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect the Company's business, results of operations or financial condition. The Company follows a planning process taking into account all factors that affect the profitability of projects. The Company is able to anticipate changes and able to adjust its plans and implementation.

The Company's reputation may be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

Over the years, the Company believes it has established in the Philippines an excellent reputation and brand name in the property development business, and in more recent years in the hospitality business. If any of the Company's real

estate projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing property development projects. Any negative effect on the Company's reputation or its brand could also affect its ability to pre-sell their residential and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect the Company's business, results of operations or financial condition. To minimize risks, the Company makes sure that projects are constructed following the highest standards of quality and strives to adhere to project schedules.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet quality standards and/or may not complete projects on time and within budget.

While the Company recently set up its own construction company subsidiary, Dreambuilders Pro, Inc. (DPI), to construct certain projects such as MRBs, the Company still relies on independent contractors to provide various services for its other real estate projects, including land clearing, various construction projects and building and property fitting-out works. The Company selects independent contractors principally by conducting tenders and taking into consideration factors such as the contractors' experience, their financial and construction resources, any previous relationship with the Company, their reputation for quality and their track record. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget, which could result in costs increases and/or project delays. In particular, the Company may face difficulty engaging or finding available suitable independent contractors in areas outside Metro Manila or other metropolitan areas. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of the independent contractors will always be satisfactory or match the Company's requirements for quality. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations. The Company maintains a large pool of contractors to ensure availability and subjects each one through a stringent selection process to meet the professional standards required by its projects.

The implementation of tax reforms may have negative impact on the results of operations of the company and the loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

As of the date of this Prospectus, certain projects of the Company benefit from certain tax incentives and tax exemptions. In particular:

- Income from sales of subdivision lots and housing units in socialized housing projects (i.e., sales of a lot with a gross selling price of ₱180,000 or below or house and lot ("**H&L**") unit with a gross selling price of ₱580,000 or below) are currently exempt from taxation;

- Several of FLI's assets, such as the Filinvest Technology Park-Calamba, New Clark City and the Northgate Cyberzone, are registered with the Philippine Economic Zone Authority ("**PEZA**") as special economic zones ("**Eco zones**") andFLI's modified gross income generated from these assets is subject to a preferential income tax rate of 5%;

- Mimosa Plus estate in Clark Mimosa is in Clark Special Economic Zone and the modified gross income generated from the projects within this zone enjoys a preferential income tax rate of 5% as registered and granted by Clark Development Corp (**CDC**).

Several developments of FLI are registered with BOI and granted an income tax holiday for certain number of years. On December 19, 2017, the President of the Philippines signed into law the Tax Reform for Acceleration and Inclusion or Republic Act No. 10963 ("**TRAIN Law**") which took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("**CTRP**") of the Duterte administration. -

Under the TRAIN Law, sales of residential lots with a gross selling price of ₱1,919,500 or less and sales of residential houses and lots or condominium units with a gross selling price of ₱3,199,200 or less are currently not subject to the value-added tax ("**VAT**") of 12.0%, and beginning January 1, 2021, the VAT exemption shall only apply to socialized housing and to house and lots and residential dwellings with selling price of not more than ₱2.0 million. This may result in some of the Company's sales becoming subject to VAT, leading to an increase in the selling price. This could adversely affect the Company's sales. Taxes, such as VAT, are expected to have an indirect effect on the results of operations of the Company due to their effect on the levels of spending of consumers or buyers.

Package 2 under the CTRP is Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprise Act (previously the CITIRA bill or the TRABAHO bill) ("**CREATE Act**"). The CREATE Act intends to incentivize businesses by reducing corporate income taxand rationalizing incentives, among others. The CREATE Act was signed by the President on March 26, 2021 and became effective on April 11, 2021.

The CREATE Act rationalized the grant of certain tax incentives. Registered business enterprises with tax incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules:

1. Those that have been granted only the income tax holiday ("ITH") may continue availing of the ITH for the remaining period of the ITH as specified in the terms and conditions of their registration;
2. Those that have been the granted ITH but have not yet availed of the incentive may use the ITH for the period specified in the terms and conditions of their registration;
3. Those that have been granted ITH and are entitled to the 5% tax on gross income earned may avail of the 5% tax on gross income for 10 years; and
4. Those currently availing of the 5% tax on gross income earned may continue to avail of the said incentive for 10 years.

Therefore, BPO companies, which are PEZA-registered information technology enterprises, may lose the benefit of the 5% special tax on gross income earned (which is imposed in lieu of all national and local taxes, except real property taxes on machineries) after 10 years and may instead be subjected to the regular corporate income tax rate of regular corporations. As a result, BPO companies may find it less feasible to conduct their business in the Philippines, and this may adversely affect the demand for Grade A buildings.

Under package 4 of the CTRP, the Department of Finance reportedly proposes to lower the rate of transaction taxes on land, including documentary stamp tax ("**DST**"), transfer tax and registration fees, centralize and rationalize valuation of properties, increase valuation of properties closer to market prices, review property valuations every three (3) years and adjust accordingly. While package 4 aims to lower the rate of transaction taxes on land, the increase in valuation could lead to an increase in the taxes to be paid by the Company.

Moreover, the BIR recently issued Revenue Regulations No. 9-2021 ("**RR 9-2021**"), which imposed 12% VAT on transactions which were previously taxed at 0% VAT. This covers, among others, those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1997, and other special laws under Section 106(A)(2)(a)(5) of the Tax Code, as well as the sale of services and the use or lease of properties under subparagraphs (1) and (5) of Section 108(B) of the Tax Code, as follows:

1. Processing, manufacturing or repacking foods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP; and
2. Services performed by subcontractors and/or contractors in processing, converting, or manufacturing goods for an enterprise whose export sales exceed seventy percent (70%) of the total annual production.

RR 9-2021 implements the imposition of 12% VAT on certain transactions that were previously taxed at 0% VAT after satisfaction of the conditions set forth in the TRAIN Law. Following the issuance of RR 9-2021, suppliers started imposing 12% VAT on their sale of goods and/or services to export-oriented enterprises such as BPO companies, including lease rentals and utilities. The PEZA issued a letter dated July 6, 2021 stating its position that RR 9-2021 is contrary to the provisions of the CREATE Act, as well as the separate customs territory principle provided under Republic Act No. 7916 or the PEZA Law and Philippine jurisprudence. The PEZA requested the Department of Finance and the BIR to defer the implementation of RR 9-2021. On July 21, 2021, the Department of Finance issued Revenue Regulations No. 15-2021, deferring the implementation of RR 9-2021 until the issuance of

amendatory revenue regulations

These tax reforms may affect the overall competitiveness of doing business in the Philippines, thereby affecting the number of prospective tenants or companies that wish to continue their operations in the country. Implementation of tax reforms may affect overall demand for leasing spaces in the Philippines, including that for the Company's properties. It may also prompt existing BPO tenants to cease their operations in the Philippines, and terminate or not renew their leases with the Company. Any of these events may have a material and adverse effect on the Company's business, results of operations and financial condition.

Under the REIT Law, REIT companies are allowed to claim the dividend distributions as deductible expense for income tax purposes, which can result to zero corporate income tax payable. FLI owns 63.3% of FILRT.

The Company continues to monitor all tax developments to anticipate their potential effects on operations and in order to be able to plan accordingly.

A domestic asset price bubble could adversely affect the Company's business.

One of the risks inherent in any real estate property market is the possibility of an asset price bubble. This occurs when there is a gross imbalance between the supply and demand in the property market, causing an unusual increase in asset prices, followed by a drastic drop in prices when the bubble bursts. In the Philippines, the growth of the real estate sector is mainly driven by low interest rates, robust remittances from Overseas Filipino Workers, and the continued growth of the Business Process Outsourcing sector and Knowledge Process Outsourcing sector.

The Company believes that the Philippine property sector is adequately protected against a domestic asset price bubble burst. The country has a very young demographic profile benefitting from rising disposable income. It likewise remains to be one of the fastest growing emerging economies in the Asia Pacific region, registering Gross Domestic Product growth rates of 6.7% in 2017, 6.2% in 2018 and 5.9% in 2019 and the growth in the property sector is largely supported by infrastructure investments from both the public and private sectors and strong macroeconomic fundamentals. Due to business disruptions brought about by the COVID-19 pandemic, the Philippine GDP contracted by 9.5% in 2020. However, it should be noted that the gradual reopening of the country's economy has led most multilateral institutions to forecast a recovery of 4% to 5% growth in 2021 and 6.5% to 7% in 2022.

There can be no assurance however, that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition and results of operations. The Company has a planning process that provides for alternatives when conditions change that enables it to adjust its plans.

The Company is largely dependent on third-party brokers to sell their residential housing and land development projects and to lease their commercial and office properties.

While the Company has continuously grown its in-house sales team, FLI also relies on third-party brokers to market and sell their residential housing and land development projects and to lease their commercial and office properties to potential customers inside and outside of the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operates, and there can be no assurance that they will not favor the interests of their other clients over the interests of the Company in lease or sale opportunities, or otherwise act in the best interests of the Company. The Real Estate Service Act of the Philippines ("**RA 9646**") was signed into law on June 29, 2009. RA 9646 strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs. Thus, there is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as the Company or attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. This could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects. To minimize this risk, the Company has a wide network of sellers including exclusive and non-exclusive brokers.

Infringement of the Company's intellectual property rights in relation to its real property business could have a material adverse effect on the Company's operations.

As of the date of this Prospectus, the Company has registered with the IPO a variety of marks including "FILINVEST

LAND, INC," and the Filinvest logo. Generally, the registrations of these marks and/or trademarks are effective for a period of ten years from the date of the original registrations and may be renewed for periods of ten years at their expiration upon the filing of appropriate requests with the IPO. There can be no assurance that any renewal applications or applications to register other marks will be approved or that the actions the Company has taken will be adequate to prevent third parties from using the "Filinvest" name or Filinvest Company corporate brands and logos or from naming their products using the same brands the Filinvest Company uses. In addition, there can be no assurance that third parties will not assert rights in, or ownership of, the Filinvest Company name, trademarks and other intellectual property rights. Because the Company believes that the reputation and track record it has established under the "Filinvest" and "FLI" names are key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the unauthorized use of these names and of any associated trademarks by third parties or if the Company were restricted from using such marks.

Certain residential real estate customers of the Company rely on financing from Government-mandated funds, which may not always be available.

The residential housing industry in the Philippines has been and continues to be characterized by a significant shortage of mortgage financing, particularly in the low-cost housing sector. For example, a significant portion of the financing for purchases of socialized housing projects is provided by Government-sponsored housing funds such as the Pag-IBIG Fund, which is financed primarily through mandatory contributions from the gross wages of workers and the amount of funding available and the level of mortgage financing from these sources is limited and may vary from year to year. The Company depends on the availability of mortgage financing provided by these Government-mandated funds for substantially all of its socialized housing sales, which represented 1% of the Company's total real estate sales for 2020 and 4% of the Company's total real estate sales for the six months ended June 30, 2021. In the event potential buyers of socialized housing products are unable to obtain financing from these Government-mandated funds, this could result in reduced sales for these products and, in turn, could have a material adverse effect on the Company's business, financial condition and results of operations. The Company continues to tap banks to finance the purchases of buyers to ensure financing is always available.

RISKS RELATING TO THE PHILIPPINES

Substantially all of the Company's business activities are conducted in the Philippines and all of its assets are located in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. Although the Philippine economy has experienced strong GDP growth in recent years prior to 2020, the stronger U.S. dollar, rising global interest rates and higher commodity prices may cause domestic inflation to increase and have an adverse impact on the future growth of the Philippine economy, which has previously experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls.

Demand for, and the prevailing prices of, developed land and house, lot and condominium units are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs. Demand for FLI's housing and land developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The Philippine residential housing industry is cyclical and is sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing.

There is no assurance that the Philippines and other countries in Asia will not experience future economic downturns. The Philippine and Asian economies may be adversely affected by various factors, including:

- decreases in business, industrial, manufacturing or financial activity in the Philippines, in Asia or globally;

- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the Asian or global markets;

- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the taxation policies and laws; and
- other regulatory, political or economic developments in or affecting the Philippines and other Asian countries.

Any deterioration in economic and political conditions in the Philippines or elsewhere in Asia could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's businesses.

The Philippine economy has experienced volatility in the value of the Peso as well as limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.$1.00 in July 1997 to ₱56.18 to U.S.$1.00 by December 2004.

The valuation of the Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines to "safe havens."

Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. As of September 9, 2021, according to BSP data, the Peso has depreciated by 3.28% to ₱50.136 per U.S. $1.00 from ₱48.544 per U.S. $1.00 for the period ended June 30, 2021 and depreciated by 4.37% from ₱48.036 per U.S. $1.00 at the end of 2020. The Company's business may be disrupted by terrorist acts, crime, natural disasters and outbreaks of infectious diseases in the Philippines or fears of such occurrences.

The Company's hospitality business will depend substantially on revenues from local travelers and foreign visitors and may be disrupted by events that reduce local or foreign visitors' willingness to travel to or in the Philippines andraise substantial concerns about visitors' personal safety.

The Philippines has been subject to a number of terrorist attacks in recent years. The Philippine army has been in conflict with the Abu Sayyaf organization, which has ties to the al-Qaeda terrorist network, and has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines. There have also been isolated bombings in the Philippines, mainly in regions in the southern part of the Philippines, such as the province of Maguindanao. In May 2017, members of the "Maute Company", a local terrorist Company with alleged allegiances to the Islamic State of Iraq and Syria, attacked Marawi City in Lanao del Sur, leading to clashes with Government troops. The attacks on Marawi City prompted President Duterte to declare martial law and suspend the writ of habeas corpus over the whole island of Mindanao. Based on news reports, up to 600,000 residents of Marawi City and nearby towns have been displaced as a result of the ongoing clashes between the Maute Company and Government troops. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines, and adversely affect the country's economy and the Company's business.

Crimes also remain a serious risk in many parts of the Philippines with illegal drug trade, human trafficking, murder, theft, robberies and violent assaults occur sporadically. Kidnapping is likewise a real threat in the country, with kidnap for ransom Companys targeting both locals and foreigners especially in the country's restive areas.

The Philippines has also experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes, including a 6.3 magnitude earthquake in April 2019, as well as outbreaks of infectious diseases, such as Severe Acute Respiratory Syndrome (SARS) in 2003 and the Coronavirus in 2019. In December 2019, an outbreak of the novel coronavirus ("COVID-19") occurred in China and spread to other countries, including the Philippines.

The business and operations of the Company have been and will continue to be adversely affected by the global outbreak of COVID-19.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China, later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with over (1) million confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As at the date of this Prospectus, the COVID-19 disease has continued to spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially.

Governments and health authorities around the world have imposed sweeping measures designed to contain the pandemic, including, among others, travel restrictions, border closures, curfews, quarantines, prohibition of gatherings and events and closures of universities, schools, restaurants, stores and other business. The economic repercussions of the pandemic and the efforts around the world to contain it have been severe, and include reduced global trade, lower industrial production, broad reductions in general consumption and economic activity and major disruptions to international travel and global air traffic.

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months from March 17, 2020 (at midnight), unless earlier lifted or extended as circumstances may warrant, and imposed an enhanced community quarantine ("**ECQ**") throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended as circumstances may warrant. On March 25, 2020, Republic Act No. 11469, otherwise known as the "Bayanihan to Heal As One Act" (the "**Bayanihan Act**"), was signed into law, declaring a state of national emergency over the entire country, and authorizing the President of the Philippines to exercise certain powers necessary to address the COVID-19 pandemic. On April 7, 2020, the Office of the President of the Philippines released a memorandum extending the ECQ over the entire Luzon island until April 30, 2020. On May 1, 2020, the Government further extended the ECQ over, among others, certain portions of Luzon, including Metro Manila, until May 15, 2020, while easing restrictions in other parts of the country. On May 11, 2020, the Inter-Agency Task Force of Emerging Infectious Disease ("**IATF**") placed high-risk local government units under modified ECQ ("**MECQ**") from May 16, 2020 until May 31, 2020, where certain industries were allowed to operate under strict compliance with minimum safety standards and protocols. On May 27, 2020, the IATF reclassified various provinces, highly urbanized cities and independent component cities depending on the risk-level. Meanwhile, on May 29, 2020, the Government placed Metro Manila under general community quarantine, allowing for the partial reopening of certain businesses and public transportation while continuing to limit general movements. Because of the spike in COVID-19 cases, on August 4, 2020, the Government again placed Metro Manila under MECQ until August 18, 2020. Starting August 19, 2020, MECQ was lifted and Metro Manila and nearby areas were again placed under general community quarantine. These measures have caused disruption to businesses and economic activities, and their impacts on businesses continue to evolve. On September 11, 2020, the Bayanihan to Recover as One Act (the "**Bayanihan 2 Act**") was signed into law by President Duterte. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte which will be in effect until December 19, 2020. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. The moratorium on the collection of residential and commercial rents of lessees not permitted to operate or which have temporarily ceased operations under the Bayanihan 2 Act during and after the effectivity of quarantine measures may affect the Company and businesses that transact with it. Until the measures are finalized, its potential effects or duration remain uncertain.

In March 2021, the Philippines, and in particular, Metro Manila experienced another surge of COVID-19 infections, prompting the Philippine Government to reimplement ECQ in Metro Manila and nearby areas from March 29, 2021 to April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to the MECQ classification. Thereafter, beginning May 15, 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ classification. On July 30, 2021, due to rising cases brought about by the COVID-19 Delta variant, the Office of the President announced that Metro Manila would be reverting back to ECQ from GCQ beginning on August 6 to August 24. As of July 31, 2021, the Philippine Department of Health reported 1,588,965 total cases of the novel coronavirus nationwide with 27,889 deaths

attributed to COVID-19. The Philippines continues to add thousands of cases reported per day with 8,147 new cases on July 31, 2021.

On May 7, 2020, the National Economic Development Authority reported that the Philippine economy had slowed down for the first time in 22 years, contracting 0.2% in the first quarter of 2020, from a 5.6% growth rate in the first quarter of 2019. In early August 2020, the Philippine Statistics Authority revised the first quarter estimates, stating that the economy contracted by 0.7% compared to same period in the prior year, and that GDP for the second quarter of 2020 contracted by 16.5%, bringing the country to a technical recession. In November 2020, the National Economic Development Authority and Philippine Statistics Authority reported that the Philippine economy contracted by 11.5% year-on-year in the third quarter of 2020, resulting in a nine month contraction of 10% compared to the previous year. While the Philippine's GDP growth contracted by 9.5% in 2020, it is expected to recover and grow by 4% to 5% growth in 2021 and 6.5% to 7%, in 2022. The extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

The outbreak of COVID-19 and other adverse public health developments, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus and Ebola virus could materially and adversely affect the Company's business, financial condition and results of operations. These may include, temporary closures of the Company's Properties, or cause the hospitalization or quarantine of the Company's or its property managers' employees, delay or suspension of supplies from the Company's suppliers, disruptions or suspension of the Company's operational activities. The disruption to business may also cause tenants to miss lease payments or downsize or not renew their leases. Although the Company has taken certain measures to try and minimize the negative effect of COVID-19 on the Company's operations, there is no certainty that such measures will be sufficient or that the Company will not be required to incur additional expense to address the effect of COVID-19 on its operations.

Further, under the Bayanihan Act, lessors, such as the Company, were required to extend rent deferrals to small and medium enterprises that requested for such concessions during the imposition of ECQ and MECQ in Metro Manila. Although the Company did not provide any rental abatements or waivers to its commercial office tenants during the imposition of ECQ in Metro Manila or Cebu, the Company offered deferred rental payments without interest or penalties to its micro, small and medium enterprise ("**MSME**") tenants for the duration of the implementation of ECQ and MECQ, and may do so in the future if required by law or regulation. The Company has also granted requests of certain commercial office tenants to defer or stagger rental payments. As of June 30, 2021, the Company has collected a majority of the receivables arising out of such rent deferrals and is coordinating closely with tenants for the payment of outstanding receivables.

In addition, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets. It is possible that the continued spread of COVID-19 could cause a global economic slowdown or recession. The deterioration of the regional economy and financial markets in general will have a material adverse effect on the Company's business, financial condition and results of operations.

The duration of border controls, travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on the business of the Company, whether any further restrictions will be imposed by the Government in response to COVID-19, and the recovery trajectory for the Company remains uncertain. Even when restrictions are lifted, there may be a period of significantly reduced economic activity, increased unemployment and reduced consumer spending. Should this be the case, this will continue to affect the Company's business operations, financial condition, results of operations and prospects. However, the increase in the number of people being vaccinated may accelerate the lifting of restrictions imposed due to the pandemic.

To manage these risks, the Company intends to maintain and focus its office leasing strategy on top multinational global firms including BPO, IT, and traditional companies and headquarters of companies and to continue offering fixed rates and lease terms ranging from three (3) to five (5) years. For its retail and mall spaces, the Company allowed repurposement of spaces such as focusing on exhibits, which are shorter term and easily scalable as to size and type of tenant, to comply with the IATF protocols. For its trading business, the Company shifted from the traditional face-to-face sales and marketing activities to digital processes, virtual interaction and use of online platforms. The Company has also implemented various measures for the safety of its customers, tenants, suppliers, service providers and employees in compliance with the World Health Organization's and the Department of

Health's guidelines on COVID-19.

These measures have caused disruptions to businesses and economic activities, and their impact on businesses continue to evolve. If the outbreak of COVID-19 and the measures to combat such outbreak increase in severity, they could havean adverse effect on economic activity in the Philippines and could materially and adversely affect FLI's business, financial condition and results of operations.

On a global scale, remittances from Filipinos working and living abroad, particularly in Hong Kong, Macau and mainland China, would experience a substantial or significant decrease in activities. This could affect the Company's residential sales which, as of the period ended June 30, 2021, OFW sales accounted for 20% of total real estate option sales. Out of total OFW sales, 69% came from the Middle East, more than half of which are from United Arab Emirates and Qatar

Businesses that cater principally to Chinese employees such as POGOs would be adversely affected because of the travel ban and more stringent health precautionary measures. For the Company, the business segment vulnerable to this adverse development would be the office leasing business. From the beginning, FLI has been following a stringent process of selecting BPO locators and employees. The recent outbreak made it more imperative for FLI to be extra cautious in sanitary and hygiene observance of POGO employees. As of June 2021, the share of POGO tenants is only 8% of total office GLA

The Company has implemented various health and sanitary protocols in all its properties and developments under its management to ensure the safety of tenants, employees, mall customers and homeowners. It has also implemented digitalization initiatives that minimizes person to person contact. Employees are also under a flexible work schedule to ensure physical and social distancing in the workplace.

These and other related factors, which are not within the Company's control, could affect travel patterns, reduce the number of business and commercial travelers and tourists or potentially deter foreign visitors from traveling to or in the Philippines. Any occurrences of such events may disrupt the Company's operations and could materially and adversely affect the Company's business, financial condition and results of operations. For more information on the impact of COVID-19 on the Company's financial operations, please refer to *"Business – COVID-19 Impact on the Company's Financial Operations"* section of this Prospectus.

Political or social instability in the Philippines could destabilize the country and may have a negative effect on the Company.

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

On March 27, 2014, the Government and the Moro Islamic Liberation Front ("**MILF**") signed a peace agreement, the Comprehensive Agreement on Bangsamoro. On September 10, 2014, the draft of the Bangsamoro Basic Law ("**BBL**") was submitted by former President Aquino to Congress. The BBL is a draft law intended to establish the Bangsamoro political entity in the Philippines and provide for its basic structure of government, which will replace the existing Autonomous Region in Muslim Mindanao. Following the Mamasapano incident where high-profile terrorists clashed with armed members of the Bangsamoro Islamic Freedom Fighters and MILF leading to the deaths of members of the Special Action Force ("**SAF**") of the Philippine National Police, MILF, the Bangsamoro Islamic Freedom Fighters, and several civilians, the Congress stalled deliberations on the BBL. Following the release of the full report on the Mamapasano incident by the Philippine National Police Board of Inquiry in March 2015, former President Aquino, on March 27, 2015, formed Peace Council consisting of five original members to study the draft BBL. Seventeen co-conveners were later named as part of the Peace Council. The Council examined the draft law and its constitutionality and social impact. The Council Members testified before the House of Representatives and the Senate, and submitted their report, which endorses the draft BBL but with some proposed amendments. On May 13 and 14, 2015, the Senate conducted public hearings on the BBL in Zamboanga and Jolo, Sulu, with the Zamboanga City government and sultanate of Sulu opposing their inclusion in the proposed Bangsamoro entity. On May 30 and 31, 2018, the House of Representatives and the Senate approved their own versions of the bill on the

BBL and onJuly 18, the bicameral committee approved the final version. On July 26, 2018, President Duterte signed into law Republic Act No. 11054 or the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Organic Law**"). The Bangsamoro Organic Law established an autonomous political entity known as the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Autonomous Region**"), replacing the Autonomous Region in Muslim Mindanao ("**ARMM**") created under Republic Act No. 6734. A plebiscite was held on January 21, 2019 and February 06, 2019, with majority of the residents in ARMM and Cotabato City voting in favor of the Bangsamoro Organic Law. As such, the law was deemed ratified and the Bangsamoro Autonomous Region was formally created. It is composed of Cotabato City which voted for its inclusion in the new region and the five provinces under ARMM: Basilan (except Isabela City), Lanao del Sur, Maguindanao, Tawi-Tawi and Sulu. The Bangsamoro Autonomous Region, unlike the unitary form of government under the ARMM, has a parliamentary-democratic government. The Bangsamoro parliament has the power to enact laws in the Bangsamoro Autonomous Region. Moreover, the Bangsamoro Autonomous Region enjoys fiscal autonomy (unlike ARMM).

President Duterte has also advocated for a shift to a federal-parliamentary form of government. In December 2016, President Duterte signed Executive Order No. 10 creating a 25-member consultative committee to study and review the provisions of the 1987 Constitution. On January 25, 2018, President Duterte appointed 19 of the 25 members of the consultative committee. On January 16, 2018, the House of Representatives adopted a resolution to convene as a constituent assembly to amend the 1987 Constitution. The proposals, among others, include a shift to a federal-parliamentary form of government and the division of executive powers between a President (as the head of state) and a Prime Minister (as the head of government). As of the date of this Prospectus, the Senate has yet to pass a similar resolution to form a constituent assembly. Disagreement between the two (2) houses of Congress still remains as to the voting procedure in the constituent assembly, particularly on whether the House and the Senate must vote jointly or separately. This issue has not been resolved and is expected to be brought to the Supreme Court.

In addition, the Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact the Company's business.

In March 2019 and February 2019, journalist Maria Ressa was ordered arrested on charges of violations of anti-dummy law and cyber libel, respectively. Her arrest elicited concern from the international community and has been criticized by various Companys as an attempt by the government to silence critical press coverage against President Rodrigo Duterte and his administration. In December 2018, Senator Antonio Trillanes III was ordered arrested in connection with a libel case filed by presidential son Paolo Duterte. In February 2017, Senator Leila de Lima was arrested after charges were filed in court accusing her of orchestrating a drug-trafficking ring during her term as Secretary of the Department of Justice from 2010 to 2015. Senator Trillanes and Senator de Lima are outspoken critics of the Duterte administration. In May 2018, the Supreme Court of the Philippines ousted Chief Justice Maria Lourdes Sereno by ruling in a *quo warranto* proceeding that her appointment was invalid. The removal of Chief Justice Sereno became controversial because it was not coursed through the constitutionally mandated process of impeachment. On June 2018, former President Benigno Aquino III was indicted for usurpation of legislative powers concerning the Disbursement Acceleration Program during his term. Moreover, several individuals who were high-ranking officers under the administration of President Aquino have also been indicted for graft and corruption charges and drug trafficking among other offenses. In addition, since the commencement of the current administration, more than 1,000 alleged drug dealers and users have been killed in police operations, and more than 1,300 drug dealers and drug users have been killed by supposed vigilantes.

In addition, the Philippine legislature recently passed the Anti-Terrorism Act of 2020, which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which may be used to target government critics. The said bill will pass into law upon approval by, or within 30 days of receipt upon inaction of, President Rodrigo Duterte.

There can be no assurance that the Duterte or any future administration will continue to implement the economic policies favored by the previous administration. Major deviations from the policies of the previous administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's business, prospects, financial condition and results of operations.

The Company's land and real property may be subject to compulsory acquisition or expropriation proceedings

undertaken by the Government.

The Government, by virtue of the sovereign power of eminent domain, has the authority to acquire any private property in the Philippines for public benefit or use or any other public interest upon due process of law and payment of just compensation. Thus, the Company may be subject to a reduction or loss of property in its land holdings in the event that the Government undertakes expropriation proceedings. The payment of just compensation may also be less than the market value of the relevant property, and may thus adversely affect the Company's business.

Corporate governance and accounting and financial disclosure standards for public companies listed in the Philippines may differ from those in other countries.

There may be less publicly available information about Philippine public companies, including FLI, than is regularly made available by public companies in other countries. In addition, although the Company complies with the requirements of the SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. The SEC considers as best practice for public companies such as FLI, to have at least three (3) independent directors, or such number as to constitute one-third of the board whichever is higher. While FLI has adopted the recommended best practices of the SEC and is in compliance with Philippine laws, rules and regulations, a greater number of independent directors may be required in other jurisdictions.

Changes in foreign exchange control regulations in the Philippines may limit the Company's access to foreign currency.

Under BSP regulations, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign currencies may be freely sold and purchased outside the Philippine banking system. There are restrictions on the sale and purchase of foreign currencies within the Philippine banking system. In particular, a foreign investment must be registered with the BSP if foreign exchange is needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon, and if such foreign currency is sourced from the Philippine banking system.See "*Philippine Foreign Exchange and Foreign Ownership Controls.*"

The Government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency-denominated obligations. The Monetary Board, with the approval of the President of the Philippines, has statutory authority during a foreign exchange crisis or in times of national emergency to suspend temporarily or restrict sales of foreign exchange, to require licensing of foreign exchange transactions or to require delivery of foreign exchange to BSP or its designee. The Company is not aware of any pending proposals by the Government relating to such restrictions. The Government has from time to time made public pronouncements of a policy not to impose restrictions on foreign exchange. Any restrictions imposed in the future pursuant to such statutory authority could adversely affect the ability of the Company to source foreign currency to comply with its foreign currency-denominated obligations.

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

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. In May 2020, S&P and Moody's affirmed its rating of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. On July 12, 2021, Fitch once again affirmed its credit rating for the Philippines but revised its outlook from stable to negative.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international

credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Philippine Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("**UNCLOS**"). The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes.

Despite efforts to reach a compromise, a dispute arose between the Philippines and China over a company of small islands and reefs known as the Scarborough Shoal. In April and May 2012, the Philippines and China accused each other of deploying vessels to the shoal in an attempt to take control of the area, and both sides unilaterally imposed fishing bans at the shoal later that year. These actions threatened to disrupt trade and other ties between the two (2) countries, including a temporary ban by China on Philippine banana imports, as well as a temporary suspension of tours to the Philippines by Chinese travel agencies. Since July 2012, Chinese vessels have reportedly turned away Philippine fishing boats attempting to enter the shoal, and the Philippines has continued to protest China's presence there. In January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and returned the notice sent by the Philippines to initiate arbitral proceedings.

On May 9, 2013, a Philippine Coast Guard ship opened fire on a Taiwanese fisherman's vessel in a disputed exclusive economic zone between Taiwan and the Philippines, killing a 65-year old Taiwanese fisherman. Although the Philippine government maintained that the loss of life was unintended, Taiwan imposed economic sanctions on the Philippines in the aftermath of the incident. Taiwan eventually lifted the sanctions in August 2013 after a formal apology was issued by the Government of the Philippines.

In September 2013, the Permanent Court of Arbitration in The Hague, Netherlands issued rules of procedure and initial timetable for the arbitration in which it will act as a registry of the proceedings. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the operations of the Company could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. On July 12, 2016, the five-member Arbitral Tribunal at the Permanent Court of Arbitration in The Hague, Netherlands (the "**Tribunal**"), unanimously ruled in favor of the Philippines on the maritime dispute over the West Philippine Sea. The Tribunal's landmark decision contained several rulings, foremost of which invalidated China's "nine-dash line", or China's alleged historical boundary covering about 85% of the South China Sea, including 80% of the Philippines Exclusive Economic Zone in the West Philippine Sea. China rejected the ruling, saying that it did not participate in the proceedings for the reason that the court had no jurisdiction over the case. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial conditionand results of operations.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result.

RISKS RELATING TO THE BONDS

Liquidity Risk

The Philippine debt securities markets, particularly the market for corporate debt securities are substantially smaller, less liquid and more concentrated than other securities markets. The Company cannot guarantee whether an active

trading market for the Bonds will develop or if the liquidity of the Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEx, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, adverse business developments in the Company and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

Pricing Risk

The market price of the Bonds will be subject to market and interest rate fluctuations, which may result in the investment being appreciated or reduced in value. The Bonds when sold in the secondary market will be worth more if interest rates decrease since the Bonds will have a higher interest rate, relative to similar debt instruments being offered in the market, further increasing demand for Bonds. However, if interest rates increase, the Bond might be worth less when sold in the secondary market. Thus, a Bondholder could face possible losses if he decides to sell in the secondary market.

Reinvestment Risk

Prior to the relevant Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the relevant Early Redemption Option Dates (see "*Description of the Bonds – Redemption and Purchase (a) Early Redemption Option*"). In the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled.

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued (see "*Description of the Bonds – Redemption and Purchase (e) Purchase and Cancellation*").

Following such forms of redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to reinvest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Retention of Ratings Risk

There is no assurance that the rating of the Bonds will be retained throughout the life of the Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Bonds have no Preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by FLI is notarized, such that no other loan or debt facility to which FLI is a party shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities have waived the right to the benefit of any such preference or priority. However, should any bank or bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then FLI shall at FLI's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.

Use of Proceeds

FLI estimates that the net proceeds from the ₱8.00 billion Base Offer shall amount to approximately ₱7.89 billion after deducting fees, commissions and expenses. Assuming the Oversubscription Option is fully exercised, the net proceeds from the Offer shall amount to approximately ₱9.87 billion after deducting fees, commissions and expenses.

Net proceeds from the Offer are estimated to be at least as follows:

For a ₱8.00 billion Base Offer:

Particulars	Total (*₱*)
Estimated gross proceeds ……	8,000,000,000.00
Less: Estimated fees, commissions and expenses	
Underwriting and Other Professional Fees …….	42,100,000.00
Underwriting Fees	36,000,000.00
Professional Fee (Auditors)	4,000,000.00
Profesional Fee (Legal)	2,100,000.00
Documentary Stamp Taxes ……	60,000,000.00
SEC Registration fee and Legal Research Fee ……	2,525,030.00
Publication Fee……	100,000.00
PDEx Listing Application Fee ……	112,000.00
Credit Rating Fee……	2,150,400.00
Trustee Fees……	10,000.00
Registry and Paying Agency Fees……	200,000.00
Other expenses……	50,000.00
Total estimated fees, commissions and expenses ….	107,247,430.00
Estimated net proceeds……	7,892,752,570.00

Assuming the Oversubscription Option is fully exercised:

Particulars	
Estimated gross proceeds ……	10,000,000,000.00
Less: Estimated fees, commissions and expenses	
Underwriting and Other Professional Fees …….	51,100,000.00
Underwriting Fees	45,000,000.00
Professional Fee Auditors	4,000,000.00
Profesional Fee Lawyers	2,100,000.00

Documentary Stamp Taxes ……..	75,000,000.00
SEC Registration fee and Legal Research Fee ……	2,525,030.00
Publication Fee……	100,000.00
PDEx Listing Application Fee ……..	112,000.00
Credit Rating Fee……	2,688,000.00
Trustee Fees……	10,000.00
Registry and Paying Agency Fees……	200,000.00
Other expenses……	50,000.00
Total estimated fees, commissions and expenses ….	131,785,030.00
Estimated net proceeds……	9,868,214,970.00

Aside from the foregoing one-time costs, FLI expects the following annual expenses related to the Offer Bonds:

1. The Issuer will be charged by the PDEx for the first annual maintenance fee in advance upon approval of the listing and thereafter, the Issuer will pay PDEx an annual maintenance listing fee amounting to ₱150,000.00 (VAT exclusive) per annum;

2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱160,000.00 (net of tax) per annum;

3. After the Issue Date, a Paying Agency fee amounting to approximately ₱100,000.00 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Bonds and number of Bondholders; and

4. The Issuer will pay an annual monitoring fee of ₱560,000.00 (VAT-inclusive) to PhilRating.

The net proceeds from the Offer shall be used by FLI for the following in order of priority:

Purpose	Net Proceeds from the Base Offer (In ₱ Millions)	Net Proceeds from the Offer assuming the Oversubscription Option is Fully Exercised (In ₱ Millions)	Estimated Timing of Disbursement	Status of Project Development
To pay funds borrowed by FLI to repay FLI's maturing fixed-rate bonds, with coupon rate of 5.4% p.a, and maturity date of December 4, 2021 or any refinancing thereof	5,300	5,300	December 4, 2021	
Fund capital expenditures				
Project Development:				
Residential/ Mixed	400	400		
Commerical/Retail	300	300	4Q 2021 to 1H 2022	On-going developments of various projects
Office Buildings	1,600	1,600		
Land Acquistion: New purchase anywhere in the	200	2,000	4Q 2021 to 1H2022	No definitive agreements yet

Philippines				
Fund general corporate requirements	93	268	4Q 2021 to 1H 2022	
Total	**7,893**	**9,868**		

Breakdown of Project Developments are as follows (In ₱ Millions):

Project	Location	Net Proceeds from the Base Offer	Net Proceeds from the Offer assuming the Oversubscription Option is Fully Exercised	Percentage-of-Completion (before usage of proceeds)	Estimated Cost-to-Complete (before usage of proceeds)	Estimated Completion Date
Residential Mixed						
Activa	Quezon City	250	250	73%	1,382	Q4 2027
Studio 7	Quezon City	150	150	93%	219	Q1 2022
Subtotal		**400**	**400**		**1,601**	
Retail Leasing						
Activa	Quezon City	300	300	86%	400	Q1 2022
Subtotal		**300**	**300**		**400**	
Office Leasing						
One Filinvest	Pasig City	500	500	81%	1,100	Q3 2022
Activa	Quezon City	600	600	16%	700	Q3 2024
Studio 7	Quezon City	500	500	94%	600	Q1 2022
Subtotal		**1,600**	**1,600**		**2,400**	
Grand Total		**2,300**	**2,300**		**4,401**	

Net proceeds from the Offer for project developments will be directly undertaken by the Issuer. No subsidiary companies will be used as vehicles in the use of proceeds.

In case the actual proceeds are less than the projected proceeds, Office Leasing projects and Residential projects will be prioritized.

In addition to the net proceeds of this Offer, the Company intends to utilize internally generated funds considering that the projected total funding requirement is greater than the net proceeds of the Offer.

The net proceeds of maturing bonds amounting to ₱5,300.00 million which will be refinanced as part of the Use ofProceeds were used in the years 2014 to 2015 on several project developments as listed below (In ₱ Millions).

Debt Refinancing	Maturity	Total
Fixed-Rate Retail Bonds	11/20/2014	4,500.00
International Finance Corp. Peso Loans	06/15/2015	225.00

International Finance Corp. Peso Loans	06/15/2015	225.00
Sub-Total		4,950.00

Capital Expenditure	Location	Total
I. HRB Projects		185.96
Studio Zen	Pasay City	31.60
100 West	Makati City	59.77
One Spatial Bldg. 3	Pasig City	10.66
One Spatial Bldg. 4	Pasig City	18.61
One Spatial Bldg. 6	Pasig City	10.30
Studio City, Tower 2	Filinvest City,	11.12
The Levels, Bldg. Anaheim	Filinvest City	43.90
II. MRB Projects		164.04
The Signature, Bldg. 1	QC	21.25
Maui Oasis Bldg. 4	Manila	79.53
One Oasis Cebu, Bldg. 3	Cebu City	9.37
One Oasis Cebu, Bldg. 5	Cebu City	17.50
Amalfi Oasis, Bldg. 3	Cebu	20.22
One Oasis Cagayan de Oro, Bldg. 1	CDO	16.17
Sub-Total		350.00
Total Use of Proceeds		5,300.00

The projects listed above are already completed. Information on the P5.3 billion bonds being refinance can be found in this weblink: 2014 Final Prospectus submitted to SEC 1230H 20141126.pdf (filinvestland.com)

Pending the deployment of the proceeds from the Offer, the Company intends to invest such net proceeds in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placement which are expected to earn at prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

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 that the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, in case the Company is not able to raise the full amount of the Offer, the Company shall use internally generated funds and/or available bank lines to the extent the proceeds of the Offer are insufficient to fund its requirements.

Except for the underwriting fees and expenses related to the Offer Bonds, no amount of the proceeds will be utilized to pay any outstanding financial obligations to the Underwriters. Please see section on *"Plan of Distribution"*.

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the stockholders, and PDEx in writing at least 30 days before such deviation, adjustment or reallocation is implemented.

Market Price, Dividends and Distributions, and Related Stockholder Matters

Market Information

The Company's common shares were listed on the PSE under the symbol "FLI" on October 25, 1993. On July 31, 2021, the closing price of the Company's common shares was ₱1.11 with a market capitalization of ₱26,674.7 million.

The high and low prices of the common shares for each quarter of the last four (4) fiscal years are indicated in the table below.

	High	Low
2017		
January 1 to March 31, 2017	₱1.80	₱1.55
April 1 to June 30, 2017	1.78	1.60
July 1 to September 30, 2017	2.16	1.68
October 1 to December 31, 2017	2.08	1.75
2018		
January 1 to March 31, 2018	1.90	1.62
April 1 to June 30, 2018	1.77	1.40
July 1 to September 30, 2018	1.53	1.40
October 1 to December 31, 2018	1.51	1.40
2019		
January 1 to March 31, 2019	1.62	1.42
April 1 to June 30, 2019	1.89	1.50
July 1 to September 30 2019	2.01	1.53
October 1 to December 31, 2019	1.64	1.46
2020		
January 1 to March 31, 2020	1.55	0.77
April 1 to June 30, 2020	1.08	0.90
July 1 to September 30, 2020	1.02	0.83
October 1 to December 31, 2020	1.19	0.92
2021		
January 1 to March 31, 2021	1.22	1.10
April 1 to June 30, 2021	1.14	1.06
July 1 to September 30, 2021	1.16	1.11

Source: Bloomberg

Market Information – Initial Tranche Bonds

The initial tranche under the Bond program was issued and listed on the PDEx on November 18, 2020. The total aggregate amount of the bonds listed for both series were as follows: 3-year Bonds due 2023 and 5.5-year Bonds due 2026 is ₱8.1 billion.

The high and low prices of the initial tranche for each quarter since the time of listing are indicated in the tables below.

3YR Bonds Due 2023	High	Low
2020		
November 18 to December 31, 2020	101.48	100.00

2021		
January 1 to March 31, 2021	102.00	100.86
April 1 to June 30, 2021	100.82	98.63
July 1 to September 30, 2021	101.88	99.86

Source: PDEx

5.5YR Bonds Due 2026	**High**	**Low**
2020		
November 18 to December 31, 2020.....	101.13	100.00
2021		
January 1 to March 31, 2021	101.11	100.87
April 1 to June 30, 2021	101.06	100.83
July 1 to September 30, 2021	98.51	98.51

Source: PDEx

Top 20 Shareholders

The following table sets forth the Company's top 20 shareholders and their corresponding number of shares held as of July 31, 2021

As of June 30, 2021, common shares outstanding were 24,249,759,506 shares held by 5,649 shareholders.

	SHAREHOLDER	SHARES	PERCENTAGE
1	FILINVEST DEVELOPMENT CORPORATION	15,681,457,022	64.67%
2	PCD NOMINEE CORPORATION (FILIPINO)	4,519,104,924	18.64%
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	3,612,905,635	14.90%
4	PHILIPPINES INTERNATIONAL LIFE INSURANCE CO. INC.	60,000,000	0.25%
5	PGI RETIREMENT FUND INC.	34,542,000	0.14%
6	F.YAP SECURITIES INC.	32,000,000	0.13%
7	DON MANUEL INVESTMENTS CORPORATION	23,449,000	0.10%
8	JOSEFINA MULTI-VENTURES CORPORATION	18,032,000	0.07%
9	PRYCE CORPORATION	13,172,000	0.05%
10	GOTIANUN, MICHAEL	11,235,913	0.05%
11	LUCIO W YAN &/OR CLARA Y YAN	10,687,500	0.04%
12	JOSEFINA MULTI-VENTURES CORPORATION	10,000,000	0.04%
13	JOSEPH M YAP &/OR JOSEPHINE G YAP	7,694,843	0.03%
14	YAP, JOSEPH M.	6,444,115	0.03%
15	DON MANUEL INVESTMENTS CORPORATION	5,562,000	0.02%
16	HINUNDAYAN HOLDINGS CORPORATION	5,100,000	0.02%
17	EXECUTIVE OPTICAL INC.	5,040,647	0.02%
18	CO, JONATHAN DEE	5,000,000	0.02%
19	BOSCH, R MAGDALENA	4,877,928	0.02%
20	FERNANDEZ, LUIS L	4,064,940	0.02%
20	FERNANDEZ, VERONICA	4,064,940	0.02%
20	FERNANDEZ, LUIS RODRIGO	4,064,940	0.02%
20	FERNANDEZ, ENRIQUE P	4,064,940	0.02%
	TOTAL TOP 20 SHARES	24,082,565,287	

TOTAL OUTSTANDING SHARES	24,249,759,506

Shares owned by Foreigners

The following table sets forth the Company's Foreign Ownership level as of October 31, 2021:

Security	Shares owned by Filipinos	Shares owned by Non-Filipinos	Total Outstanding Shares
Common	20,792,240,118	3,457,519,388	24,249,759,506
Preferred	8,000,000,000	-	8,000,000,000
Percentage Level of Total Outstanding Shares	89.28%	10.72%	

Dividends and Dividend Policy

The Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP. See section entitled "*Philippine Foreign Exchange and Foreign Ownership Controls*" of this Prospectus.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements. See section entitled "*Market Price, Dividends and Distributions, and Related Stockholder Matters – Dividends and Dividend Policy*" of this Prospectus.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not be less than 10 nor more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock,the corresponding record date is to be fixed by the Philippine SEC.

Dividend Policy

Currently, the policy of the Company is an annual cash dividend payment ratio for the Company's issued common shares of twenty percent (20%) of its consolidated net income from the preceding fiscal year. On the other hand, preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares. Dividend declarations are subject to the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. Circumstances which could restrict the payment of cash dividends, include, but are not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board may, at any time, modify such dividend pay-out ratio depending upon the results of operations and future projects and plans of the Company.

Dividend History

In 2021, FLI declared cash dividends as follows:

Tranche 1
To all common stockholders of record as of 21 May 2021 in the amount of ₱0.0155 per share a Regular Cash

Dividend. Payment date was set on 15 June 2021.

To all preferred stockholders of record as of 21 May 2021 in the amount of ₱0.000155 per share Regular Cash Dividend. Payment date was set on 15 June 2021.

Tranche 2
To all common stockholders of record as of 15 November 2021 in the amount of ₱0.0155 per share a Regular Cash Dividend. Payment date was set on 09 December 2021.

To all preferred stockholders of record as of 15 November 2021 in the amount of ₱0.000155 per share Regular Cash Dividend. Payment date was set on 09 December 2021.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.06544 per share or total of ₱ 1.57 billion for all common shareholders of record as of July 10, 2020.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.0006 per share or a total of ₱5.10 million for all preferred shareholders of record as of July 10, 2020. The Group also paid dividends amounting to ₱42.4 million for dividends in arears for preferred shareholders.

On April 22, 2019, the BOD approved the declaration and payment of cash dividend of ₱0.0619 per share or total of ₱ 1.50 billion for all shareholders of record as of May 22, 2019.

On April 20, 2018, the BOD approved the declaration and payment of cash dividend of ₱0.0618 per share or total of ₱ 1.50 billion for all shareholders of record as of May 20, 2018.

Sale of Unregistered or Exempt Securities

FLI has not sold unregistered or exempt securities, nor has it issued securities constituting an exempt transaction within the past three (3) years.

Capitalization

The following table sets forth the consolidated capitalization and indebtedness of the Company as of June 30, 2021. The table should be read in conjunction with FLI's unaudited interim consolidated financial statements, including the notes thereto, included in this Prospectus. Other than the REIT listing last August 12, 2021 and as described below, there has been no material change in FLI's capitalization since June 30, 2021.

In ₱ millions	As of June 30, 2021 (Unaudited)	As Adjusted for Base Offer Size of ₱8.00 billion (Upon issuance of the Offer Bonds)	As Adjusted for maximum Offer of ₱10.0 billion (Upon issuance of the Offer Bonds)
Liabilities			
Total current liabilities	31,079.9	31,079.9	31,079.9
Total noncurrent liabilities	74,289.3	82,182.1	84,157.5
Total Liabilities	**105,369.2**	**113,262.0**	**115,237.4**
Equity			
Common stock	24,470.7	24,470.7	24,470.7
Preferred stock	80.0	80.0	80.0
Additional paid-in capital	5,612.3	5,612.3	5,612.3
Treasury stock	(221.0)	(221.0)	(221.0)
Retained earnings	45,639.7	45,639.7	45,639.7
Revaluation reserve on financial assets at fair value	(2.6)	(2.6)	(2.6)
Remeasurement losses on retirement plan – net of tax	(5.7)	(5.7)	(5.7)
Share in other components of equity of associates	372.4	372.4	372.4
Equity attributable to equity holders of the parent	75,945.8	75,945.8	75,945.8
Non-controlling interests	358.7	358.7	358.7
Total equity	**76,304.5**	**76304.5**	**76304.5**
Total capitalization[1]	**181,673.7**	**189,566.5**	**191,541.9**

[1] *Total Capitalization as the sum of total liabilities and total equity*

Determination of Offering Price

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

The Interest Rate of the 4-Year Bonds was based on the 3-Business Day simple average of the 4-year PHP BVAL Reference Rate, as published on the relevant page of the Philippine Dealing System Group at approximately 5:00 PM (Philippine Standard Time), as of December 6, 2021 of 3.8030%, plus the final spread of 70 basis points per annum, resulting in an interest rate of 4.5030%.

The Interest Rate of the 6-Year Bonds was computed using the 3-Business Day simple average of the interpolated 6-year PHP BVAL Reference Rate, based on the 5-Year and 7-Year PHP BVAL Reference Rates, as published on the relevant pages of the Philippine Dealing System Group at approximately 5:00 PM (Philippine Standard Time), as of December 6, 2021 of 4.3579%, plus the final spread of 90 basis points per annum, resulting in an interest rate of 5.2579%.

Plan of Distribution

The Company shall issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Underwriters. The OfferBonds does not include an international offering. The Offer Bonds will be issued on December 21, 2021 and will be comprised of 4-year Bonds due 2025 and 6-year Bonds due 2027. The Company has the discretion to allocate the principal amount among the different series of the Offer Bonds based on the bookbuilding process and may opt to allocate the entire Offer to just one (1) series.

Underwriters of the Offer

BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, East West Banking Corporation, First Metro Investment Corporation, RCBC Capital Corporation, and SB Capital Investment Corporation as the Joint Lead Underwriters and Bookrunners for the Offer, have agreed to distribute and sell the Offer Bonds at the Purchase Price, pursuant to the Underwriting Agreement. Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Underwriters have committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriters and Bookrunners	Underwriting Commitment
BDO Capital & Investment Corporation	₱1,143,000,000.00
BPI Capital Corporation	₱1,143,000,000.00
China Bank Capital Corporation	₱1,143,000,000.00
East West Banking Corporation	₱1,143,000,000.00
First Metro Investment Corporation	₱1,143,000,000.00
RCBC Capital Corporation	₱1,143,000,000.00
SB Capital Investment Corporation	₱1,142,000,000.00
Total	**₱**8,000,000,000.00

The mandate of the Joint Lead Underwriters and Bookrunners is for the second tranche only. FLI has not appointed any underwriters for the subsequent issuances under the Debt Securities Program.

FLI further grants the Joint Lead Underwriters and Bookrunners the option, exercisable within the Offer Period, to subscribe, on a firm basis, up to an additional ₱2,000,000,000.00 Offer Bonds, on the same terms and conditions set forth in this Prospectus, solely to cover oversubscriptions, if any. In case the Oversubscription Option is exercised, the Offer Bonds pursuant to the said Oversubscription Option will be allocated on a daily basis to the Joint Lead Underwriters and Bookrunners based on actual demand. In the event the Oversubscription Option is not exercised, it is deemed cancelled and the filing fee for that over-subscription is forfeited.

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to FLI of the net proceeds of the Offer Bonds.

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to 0.45% of the gross proceeds of the Offer. This shall be equivalent to ₱36.0 million for the the ₱8.00 billion Base Offer and ₱45.0 million assuming the Oversubscription is fully exercised. This shall be inclusive of fees to be paid to the Joint Lead Underwriters andBookrunners and any commissions to be paid to the selling agents, if any.

Except for East West Banking Corporation, the Joint Lead Underwriters and Bookrunners have no direct or indirect relations with FLI in terms of ownership by either of their respective major shareholder/s and have no right to designate or nominate any member of the Board of Directors of FLI.

East West Banking Corporation is a subsidiary of FDC. As of June 30, 2021, FDC owns 40.01% of the outstanding

capital stock of East West Banking Corporation. In turn, as of June 30, 2021, FDC beneficially owned approximately 64.92% of FLI's outstanding common shares and 100% of FLI's issued and outstanding preferred shares, such that FDC has an effective 73.62% voting ownership in FLI.

The Underwriters have no contract or other arrangement with FLI by which it may return to FLI any unsold Offer Bonds.

For the purpose of complying with their respective commitments under the Underwriting Agreement, each Joint Lead Underwriter and Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Underwriters appoint selling agents for the sale and distribution to the public of the Offer Bonds; provided, that the Underwriters shall remain solely responsible to the Company in respect of their obligations under the Underwriting Agreement entered into by them with the Company, and except as otherwise provided in the Underwriting Agreement, the Company shall not be bound by any of the terms and conditions of any agreements entered into by the Joint Lead Underwriters and Bookrunners with the selling agents.

The Underwriters are duly-licensed by the SEC to engage in the underwriting or distribution of the Offer Bonds. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for FLI or any of its subsidiaries.

BDO Capital is the wholly owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 1998, BDO Capital commenced operations in March 1999. It obtained its license to operate as an investment house in 1998 and is licensed by the Philippine SEC to engage in underwriting and distribution of securities to the public. As of June 30, 2021, on an unaudited basis, it had total assets of ₱3.5 billion, total liabilities of ₱3.0 billion and total equity of ₱0.5 billion. It has an authorized capital stock of ₱1.10 billion, of which approximately ₱1.00 billion represents its paid-up capital.

BPI Capital is a Philippine corporation organized in the Philippines as a wholly owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the Philippine SEC to engage in underwriting and distribution of securities to the public. As of June 30, 2021, its total assets amounted to ₱4.1 billion. It has an authorized capital stock of ₱1 billion of which approximately ₱506.4 million represents its paid-up capital.

China Bank Capital is the wholly-owned investment banking subsidiary of the China Banking Corporation. It was registered and licensed as an investment house on November 27, 2015 as a result of the spin-off of China Bank's Investment Banking Company. China Bank Capital offers a wide array of advisory and capital-raising services to corporate clients. For capital raising, China Bank Capital is involved in arranging, managing or underwriting debt or equity transactions. Its expertise in debt transactions range from loan syndications, bilateral loans and project financing to retail Bonds, corporate notes, commercial paper issuances and asset securitizations. For equity transactions, these include, among others, initial public offerings, follow-on offerings, private placements, and issuances of convertible or other equity-linked instruments. It also provides financial advisory services to its clients, which cover various assignments such as deal structuring, valuation exercises, and the execution of mergers, acquisitions, divestitures, joint ventures, recapitalizations, and other corporate transactions.

East West Banking Corporation is a subsidiary of Filinvest Development Corporation. East West Bank is a universal bank providing a wide range of banking services to retail, commercial, and corporate clients. It was established as a commercial bank in July 1994 and received its universal banking license from the BSP in July 2012. East West Bank is licensed by the SEC to engage in the underwriting or distribution of securities to the public.

First Metro is a leading investment bank in the Philippines with fifty-eight (58) years of service in the development of the country's capital markets. It is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. First Metro and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro has establisheditself as a leading bond house with key strengths in origination, structuring, and execution.

RCBC Capital is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 46 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of YGC, one of the country's largest fully integrated financial services conglomerates.

SB Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally.

Sale and Distribution

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

The Offer Bonds shall be offered to the public at large.

The obligations of each of the Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure by an Underwriter to carry out its obligations thereunder shall neither relieve the other Underwriters of their obligations under the same Underwriting Agreement, nor shall any Underwriter be responsible for the obligation of another Underwriter

Offer Period

The Offer Period shall commence at 9:00 a.m., Manila time, on December 9, 2021 and end at 5:00 p.m., Manila time, on December 15, 2021, or such other date as may be mutually agreed by the Company and the Underwriters.

Application to Purchase

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Offer Bonds during the Offer Period by submitting to the Underwriters properly completed Applications to Purchase, whether originally signed or electronically submitted (through the e-Securities Issue Portal ("e-SIP"), together with two (2) signature cards, identification document, and the full payment of the Purchase Price of the Offer Bonds in themanner provided in the said Application to Purchase.

Corporate and institutional Applicants must also submit, in addition to the foregoing:

(a) an original notarized certificate of the corporate secretary (or the managing director in case of a partnership) or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;

(b) copies of its Articles of Incorporation and By-Laws (or the Articles of Partnership in case of a partnership) and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);

(c) two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar);

(d) BIR Certificate of Registration showing the Applicant's Tax Identification Number

(e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and

(f) such other documents as may be reasonably required by any of the Joint Lead Underwriters, Selling Agents (if any) or the Registrar in the implementation of its internal policies regarding "know your customer" and anti-money laundering.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

(a) identification document ("**ID**") of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Maritime Industry Authority (MARINA) ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, *e.g.*, Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are not yet of voting age);

(b) two (2) duly accomplished signature cards containing the specimen signature of the Applicant;

(c) validly issued tax identification number issued by the BIR; and

(d) such other documents as may be reasonably required by the Underwriters, Selling Agents (if any) or the Registrar and Paying Agent in the implementation of their respective internal policies regarding "know your customer" and anti-money laundering.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Underwriter or Selling Agent (if any) (together with their respective Applications to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

(i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;

(ii) with respect to tax treaty relief, a copy of the duly filed request for confirmation or tax treaty relief application, as may be applicable, with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 14-2021; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certification, ruling or opinion addressed to the relevant applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty;

(iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.),

declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

(iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

The Purchase Price for each Offer Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Joint Lead Underwriter and Bookrunner, or selling agent (if any). All payments must be made or delivered to the Joint Lead Underwriter and Bookrunner, or the selling agent (if any) to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Joint Lead Underwriter and Bookrunner, or the selling agent (if any) prior to the end of the Offer Period, or such earlier dateas may be specified by the Joint Lead Underwriters and Bookrunners. Acceptance by the Joint Lead Underwriter and Bookrunner, or the selling agent (if any) of the completed Application to Purchase shall be subject to the availability of the Offer Bonds and the acceptance by FLI. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

Minimum Purchase

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

Allotment of the Offer Bonds

If the Offer Bonds are insufficient to satisfy all Applications to Purchase, the available Offer Bonds shall be allotted in accordance with the chronological order of submission of properly completed and appropriately accomplished Applications to Purchase on a first-come, first-served basis, without prejudice and subject to the Underwriters' exercise of the right of rejection on behalf of the Issuer.

Acceptance of Applications

The Company, the the Underwriters reserve the right to accept orreject applications to purchase the Offer Bonds and allocate the Offer Bonds available to the Applicants in a manner they deem appropriate.

Rejection of Applications

The Underwriters shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection may include the following:

(a) Applications may be rejected if: (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentment; (iii) the Application to Purchase is not received by the Underwriters or the selling agent (if any) on or before the end of the Offer Period; (iv) the number of the Offer Bonds subscribed is less than the minimum amount of subscription; (v) the Applications to Purchase do not comply with the terms of the Offer; or (vi) the Applications to Purchase do not have sufficient information or are not supported by the required documents.

(b) Applications may be reduced if the Offer is oversubscribed, in which case the number of the Offer Bonds covered by such Applications to Purchase shall be reduced *pro rata*.

In the event an Application to Purchase is rejected or the amount of the Offer Bonds applied for is scaled down for a particular Applicant, the relevant Underwriter or the selling agent (if any) shall notify the Applicant concerned that his/her application has been rejected or that the amount of the OfferBonds applied for has been scaled down.

Refunds

If any application is rejected or accepted in part only, payments made by the Applicant or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Underwriter or the selling agent (if any) with whom such Application to Purchase coursed through.

The manner of refunds shall be made, at the option of each Underwriter and or the selling agent (if any), either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

Payments

The Paying Agent shall open and maintain a bank account for each series of the Offer Bonds, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement (each, a "**Payment Account**"), provided that beneficial ownership of the Payment Accounts shall always remain with the Bondholders. The Payment Accounts shall be used exclusively for the payment of the principal, interest and other payments due onthe Offer Bonds on the relevant Payment Date.

The Paying Agent shall maintain the relevant Payment Account while the relevant series of the Offer Bonds are outstanding, and until six (6) months past the relevant Maturity Date or date of early redemption, as applicable. Upon closure of the Payment Accounts, any balance remaining in such Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments and such other payments that due on the relevant series of the Offer Bonds.

Unclaimed Payments

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

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make *pro rata* purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

Secondary Market

The Company intends to list the Offer Bonds in the PDEx.

For a more detailed discussion, please refer to the section "*Description of Offer Bonds – Secondary Trading of the Bonds*".

Registry of Bondholders

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the 4-year Bonds and 6-year Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and all transfers of the Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book-entry transfers in the Registry of Bondholders.

For a more detailed discussion, please refer to the section "*Description of Offer Bonds – Transfer of the Bonds*".

Description of the Offer Bonds

The following does not purport to be a complete listing of all the rights, obligations or privileges of the Offer Bonds. Some rights, obligations or privileges may be further limited or restricted by other documents. Prospective Bondholders are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of FLI, the information contained in this Prospectus, the Trust Agreement, Registry and Paying Agency Agreement, Applicable Law, rules and regulations of PDTC and PDEx relevant to the Offer, and to perform their own independent investigation and analysis of the Company and the Offer Bonds. They 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. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Offer Bonds.

A registration statement covering the Bond Program was filed by the Issuer with the SEC and was rendered effective by the SEC by its order dated November 3, 2020.The second Tranche of the Bond Program was authorized by a resolution of the Board on September 22, 2021 and will be issued with an aggregate principal amount of ₱8,000,000,000.00 with an Oversubscription Option of up to ₱2,000,000,000.00 (the "**Offer Bonds**"). The Offer Bonds will be issued on the Issue Date, which is on December 21, 2021 and will comprise of 4-year Bonds due 2025 and 6-year Bonds due 2027.

The Offer Bonds shall be constituted by a Trust Agreement (the "**Trust Agreement**") to be executed on or about December 6, 2021 between FLI and Rizal Commercial Banking Corporation - Trust and Investments Group as Trustee. TheTrustee has no interest in or relation to FLI which may conflict with the performance of its functions as trustee for theOffer Bonds. The description of and the terms and conditions of the Offer Bonds as set out below is subject to the detailed provisions of the Trust Agreement.

A Registry and Paying Agency Agreement shall be executed on or about December 6, 2021 (the "**Registry and Paying Agency Agreement**") in relation to the Offer Bonds between FLI and the Philippine Depository & Trust Corp. as Registrar and Paying Agent. PDTC has no interest in or relation to the Company which may conflict with the performance of its functions.

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

1. Form, Denomination and Title

(a) *Form and Denomination*

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the 4-year Bonds, and 6-year Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

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

(b) *Title*

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

relevant Bondholder.

(c) *Offer Bonds Rating*

The Offer Bonds have been rated PRS Aaa with a Stable Outlook by Philippine Rating Services Corporation on October 20, 2021] having considered FLI's business plans, growth prospects and cashflow. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. FLI's capacity to meet its financial commitment on the obligation is extremely strong. The assigned credit rating takes into account the following key considerations: (1) FLI's established brand name and track record, with geographically diverse real estate products and substantial land bank for future expansion; (2) its sound growth strategies, focused on building a balanced mix of real estate sales and recurring income; (3) its muted earnings in view of, amid the current pandemic crisis, counterbalanced by positive cash flows; and (4) the subdued industry performance given the lingering economic and market uncertainty caused by the COVID-19 pandemic. PhilRatings' ratings are based on available information and projections at the time that the rating process was ongoing, Philratings shall continuously monitor developments relating to FLI and may change the rating at any time, should circumstances warrant a change. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After Issue Date, the Trustee shall likewise monitor compliance by the Issuer with certain covenants in relation to the Offer Bonds through regular annual reviews.

2. Transfer of Bonds

(a) *Registry of Bondholders*

FLI shall cause the Registry of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and all transfers of the Offer Bonds shall be entered in the Registry of Bondholders. As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Offer Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any and/ or all requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Offer Bonds may be made during the period of two (2) Business Days preceding the Interest Payment Date or the Maturity Date.

(b) *Transfers; Tax Status*

Subject to the compliance with all procedures and provisions set forth in the Registry and Paying Agency Agreement and as the same may be amended by the Registrar with notice to the Issuer, as well as payment by the relevant Bondholder of the proper fees, if any, to PDEx and/or the Registrar, Bondholders may transfer their Offer Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee except for: (i) transfers across Tax Categories except on Interest Payment Dates that fall on a Business Day, provided however that transfers from a Tax-Exempt Category to a Taxable Tax Category on a non-Interest Payment Date shall be allowed using the applicable tax on PDEx, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade, provided further that should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred; (ii) transfers by Bondholders with deficient documents; and (iii) transfers during a Closed Period. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, and 25% tax-withheld entities-; *"Closed Period"* means the periods during which the Registrar shall not register any transfer or assignment of the Offer Bonds, specifically: (a) during the period of two (2) Business Days preceding (and including) the Interest Payment Date or the Maturity Date, as the case may be; or (b) the period after the Offer Bonds have been called for redemption or pre-termination. Transfers taking place in theRegistry of Bondholders after the Offer Bonds are listed on PDEx shall be allowed between non tax exempt and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guideline of PDEx and PDTC. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified below under "Payment of Additional Amounts; Taxation", within the period

required under the PDEx rules.

(b) *Secondary Trading of the Offer Bonds*

FLI intends to list the Offer Bonds in PDEx for secondary market trading. Secondary market trading and settlement in PDEx shall follow the applicable PDEx rules, conventions and guidelines, including rules, conventions and guidelines governing trading and settlement between bondholders of different tax status, and shall be subject to the relevant fees of PDEx and PDTC.

3. Ranking

The Offer Bonds constitute direct, absolute, unconditional, unsubordinated and unsecured obligations of the Issuer and shall rank pari passu and ratably without any preference or priority amongst themselves and shall rank at all times at least pari passu in priority of payment and in all respects with all its other unsubordinated and unsecured Indebtedness, other than obligations preferred by the law other than the preference or priority established by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same may be amended from time to time.

"Indebtedness" means, with respect to the Issuer: (i) all indebtedness or other obligations of the Issuer for borrowed money or for the deferred purchase price of property or services and similar arrangements; (ii) all indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer (except by reason of endorsement for collection in the ordinary course of business) or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person; and (iii) capitalized lease obligations of the Issuer.

4. Interest

(a) *Interest Payment Dates*

The 4-year Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 4.5030% per annum, payable quarterly in arrears, commencing on March 21, 2022, for the first Interest Payment Date, and June 21, September 21, December 21, and March 21 of each year or the subsequent Business Day without adjustmentto the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

The 6-year Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 5.2579% per annum, payable quarterly in arrears, commencing on March 21, 2022, for the first Interest Payment Date, and June 21, September 21, December 21, and March 21 of each year or the subsequent Business Day without adjustmentto the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

For purposes of clarity, the last Interest Payment Date on the Offer Bonds shall fall on their respective Maturity Dates, or on December 21, 2025 for the 4-year Bonds and on December 21, 2027 for the 6-year Bonds. The cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due shall be the second (2nd) Business Day immediately preceding the relevant Interest Payment Date (the "**Record Date**"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds. No transfers of the Offer Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(b) *Interest Accrual*

The Offer Bonds shall cease to bear interest after their respective Maturity Dates, as defined in the discussion on *"Final Redemption",* below, unless, upon due presentation, payment of the principal in respect of the Offer Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see *"Penalty Interest"* below) shall apply.

(c) *Determination of Interest Amount*

The interest shall be calculated on the basis of a 30/360-day basis, consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

5. Redemption and Purchase

(a) *Early Redemption Option*

The Issuer shall have the right, but not the obligation, to redeem in whole (and not in part), the outstanding Offer Bonds on the following relevant dates. The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of the Offer Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the relevant Early Redemption Option Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the Early Redemption Price in accordance with the following schedule:

Early Redemption Option Dates for the4-year Bonds	**Early Redemption Price**
On the 3rd anniversary of the Issue Date	100.5%

Early Redemption Option Dates for the6-year Bonds	**Early Redemption Price**
On the 4th anniversary of the Issue Date	101.00%
On the 5th anniversary of the Issue Date	100.50%

The Issuer shall give not less than thirty (30) nor more than sixty (60) days prior written notice of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Offer Bonds on the Early Redemption Option Date stated in such notice. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to this Early Redemption Option.

(b) *Final Redemption*

Unless previously purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on December 21, 2025 for the 4-year Bonds and on December 21, 2027 for the 6-year Bonds. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment in computation as to the amount of interest payable and principal amount, on the succeeding Business Day.

(c) *Redemption for Taxation Reasons*

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than 60 nor less than 30 days' notice to the Trustee and the Registrar and Paying Agent) at 100% of the face value of the Offer Bonds plus accrued interest computed up to the date when the Offer Bonds shall be redeemed earlier than its maturity date.

(d) *Redemption due to Change in Law or Circumstance*

If any provision of the Trust Agreement or any of the related documents is or shall become for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents

in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Offer Bonds, including all accrued interest and other chargers thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without and pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Offer Bonds to the contrary.

(e) *Purchase and Cancellation*

The Issuer may at any time purchase any of the Offer Bonds at any price in the open market or by tender or by contract at any price, without any obligation to purchase Offer Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Offer Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

6. Payments

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

7. Taxation and Yield Protection

Interest income on the Offer Bonds is subject to a final withholding tax at rates between 20% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of FLI; provided however that, FLI shall not be liable for the following:

(a) income tax on any gain by a holder of the Offer Bonds realized from the sale, exchange or retirement of the Offer Bonds;

(b) the applicable final withholding tax on interest earned on the Offer Bonds prescribed under the Tax Reform Act of 1997, as amended and its implementing rules and regulations as maybe in effect from time to time. Interest income on the Offer Bonds is subject to a final withholding tax at rates between 20% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by FLI as being sufficient in form and substance: (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue ("BIR") and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014, including any clarification, supplement or amendment thereto; (ii) with respect to tax treaty relief, a copy of the duly filed request for confirmation or tax treaty relief application, as may be applicable, with the International Tax Affairs Division of the BIR as required under BIR Revenue Memorandum Order No. 14-2021; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certification, ruling or opinion addressed to the relevant Applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty; (iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such Applicant or Bondholder who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of

any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and (iv) such other documentary requirements as may be required by the Issuer and the Registrar under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

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

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

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

8. Financial Covenant

(a) FLI shall maintain a Debt-to-Equity Ratio of not more than 2.0:1. Debt-to-Equity ratio is computed as total Financial Indebtedness divided by Total Equity.

(b) FLI shall maintain a Current Ratio of not less than 2:1. Current Ratio means the ratio of Current Assets to Current Liabilities.

For clarity, the foregoing ratios shall be computed using the following definitions:

"Current Assets" represents cash, receivables, inventories and other assets that are likely to be converted into cash, sold, exchanged, or expensed in the normal course of business within one (1) year.

"Current Liabilities" represents debt, payables, or other obligations that are coming due within one (1) year.

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

(i) monies borrowed, which, in accordance with PFRS, shall be treated as loans payable, notes payable, bonds payable, or other similar borrowing. ***"PFRS"*** means Philippine Financial Reporting Standards;
(ii) any amount raised by acceptance under any acceptance credit facility;
(iii) any obligation in respect of a standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution;
(iv) receivables sold or discounted other than receivables that are sold on a non-recourse basis;
(v) any amount of any liability (other than trade accounts payable, accrued expenses, and unearned revenues) under an advance or deferred purchase agreement if one of the primary reasons behind entering into that agreement is to raise finance or that agreement is in respect of the supply of assets or services;
(vi) any currency swap, or interest rate swap, cap or collar arrangement or any other derivative instrument;
(vii) any amount raised by the issue of redeemable shares or preferred shares;
(viii) any amount raised under any other transaction having the commercial effect of a borrowing; and/or
(ix) Any guarantee or indemnity or other assurance against financial loss of any person except those incurred in the ordinary course of business.

"Stockholders' Equity" means the total stockholders' equity of the Issuer as recognized and measured in its audited

consolidated financial statements in conformity with PFRS, including the availment of reporting reliefs as allowed by the SEC;

"**Total Equity**" means total consolidated Stockholders' Equity (including minority interest) as recognized and measured in FLI's audited consolidated financial statements in conformity with PFRS, including the availment of reporting reliefs as allowed by the SEC.

9. Negative Pledge

For as long as any of the Offer Bonds remain outstanding, FLI covenants that it shall not, without the prior written consent of the Majority Bondholders, permit any Indebtedness for borrowed money to be secured by or to benefit from Security in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of Security, the benefit of which is extended equally and ratably among them to secure the Offer Bonds; provided however that, this restriction shall not prohibit the following:

(a) Any Security over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by FLI in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefore) incurred for the purpose of financing the purchase, lease or development of such asset; or (iv) the normal rediscounting of receivable activities of FLI made in the ordinary course of business;

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

(c) Any Security to secure, in the normal course of the business of FLI or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;

(d) Any Security: (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledges or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to FLI, a similar right of set-off;

(e) Any Security in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by FLI under a governmental program under which creation of a security is a prerequisite in order to obtain such financing, and which cover assets of FLI which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding fifteen percent (15%) of FLI's total assets based on the most recent interim financial statements;

(f) Any Security established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets;

(g) Any Security existing on the date of the Trust Agreement which is disclosed in writing by FLI to the Trustee prior to the execution of the Trust Agreement;

(h) Any Security to be constituted on the assets of the Issuer after the execution of the Trust Agreement which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Agreement and with an aggregate amount not exceeding fifteen percent (15%) of the consolidated assets of the Issuer at any one time; and

(i) Any Security or Lien undertaken in compliance with the requirements of government regulatory agencies such as but not limited to the Bangko Sentral ng Pilipinas, the Department of Human Settlements and Urban Development, the Housing and Land Use Regulatory Board and the Department of Agrarian Reform, provided that any such

Security or Liens are created by operation of law and not as a result of any default or omission by the Issuer.

10. Events of Default

FLI shall be considered in default under the Offer Bonds and the Trust Agreement in case any of the following events (each an "Event of Default") shall occur and is continuing:

(a) *Payment Default*

FLI fails to pay when due and payable any amount which FLI is obligated to pay to the Bondholders under the Trust Agreement and the Offer Bonds in the manner, at the place, and in the currency in which it is expressed to be payable; provided that such non-payment shall not constitute an Event of Default if it is solely due to an administrative or technical cause, not attributable to the fault or negligence of the Issuer, affecting the transfer of funds despite timely payment instruction having been given by the Issuer and such payment is received by the Paying Agent within two (2) Business Days from the relevant due date

(b) *Representation/Warranty Default*

Any representation or warranty of FLI hereof or any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than fourteen (14) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Bondholders through the Trustee to that effect.

(c) *Other Default*

FLI fails to perform or violates any other provision, term of the Trust Agreement and the Offer Bonds, and such failure or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation; provided that, the Events of Default constituting a payment default, expropriation, insolvency or closure default, or a violation of a negative covenant shall not be remediable.

(d) *Cross Default*

FLI and / or any of its Material Subsidiaries fails to pay or defaults in the payment of any installment of the principal or interest in excess of the Philippine Pesos: Seven Hundred Thirty Five Million (₱735,000,000.00), or fails to comply or commits a breach or violation of any material term, condition or stipulation, of any other agreement, contract or document with its lenders or any third party to which it is a party or privy or under which it acts as a guarantor or surety, including any agreement similar or analogous thereto, whether executed prior to or after the date of the issuance of the Offer Bonds, and which breach or violation, if remediable, is not remedied by FLI or its Material Subsidiary within ten (10) Business Days from receipt of notice by the Trustee to FLI and if the effect of the failure to observe or perform such term, covenant or agreement is to cause such obligation to become due prior to its stated maturity.

(e) *Insolvency Default*

FLI and/or any of its Material Subsidiaries becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, reorganization (other than a labor or management reorganization), winding-up, suspension of payment or liquidation proceedings, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors; (iv) the admission in writing by FLI of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming its bankruptcy or insolvency or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of FLI and/or any of its Material Subsidiaries or a substantial portion of its property or assets.

(f) *Closure Default*

FLI voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) calendar days except in the case of strikes or lockouts or when necessary to prevent business losses or when due

to fortuitous events or force majeure or when suspension or cessation of operations, as the case may be, is required by the national government as a result of pandemic or epidemic.

(g) *Expropriation Default*

The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or the substantial portion of the operations of FLI and to condemn, seize, nationalize or appropriate (either with or without compensation) FLI or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by FLI.

(h) *Cancellation of Licenses, Permits, etc.*

Any of the licenses, permits, rights, options, or privileges presently or hereafter enjoyed, utilized or required in the conduct of the business or operations of FLI shall be revoked, cancelled, or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in each case in such manner as to materially and adversely affect the ability of FLI to meet its obligations under the Trust Agreement and the Offer Bonds, or any similar events that occur which materially and adversely affect the ability of FLI to meet its obligations under the Trust Agreement and the Offer Bonds.

(i) *Judgment Default*

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

(j) *Writ and Similar Process Default*

Any judgment, writ, warrant of attachment, injunction, stay order, execution or similar process shall be issued or levied against any material part of FLI's assets, business or operations and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within thirty (30) calendar days after its issue or levy.

(k) *Non-Payment of Taxes*

Non-payment of any Taxes, or any assessments or governmental charges levied upon it or against its properties, revenues and assets by the date on which such Taxes, assessments or charges attached thereto, which are not contested in good faith by FLI, or after the lapse of any grace period that may have been granted to FLI by the Bureau of Internal Revenue or any other Philippine tax body or authority.

For purposes hereof, **"Material Subsidiaries"** means subsidiaries of FLI which each contribute to at least 10% of FLI's consolidated revenues or consolidated net income per fiscal year.

11. Consequences of Default

Subject to the terms of the Trust Agreement, the Trustee shall, within ten (10) Business Days after receiving notice, or having knowledge of the occurrence of any Event of Default based solely on Section 3.01(b) of the Trust Agrement, give to the Bondholders written notice of such defaultknown to it unless the same shall have been cured before the giving of such notice.

The written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification consistent with the Bondholders' records of the Registrar.

If any one or more of the Events of Default occur and continue without the same being cured within the periods provided in the Trust Agreement and in these Terms and Conditions, the Trustee, upon the written direction of persons holding more than 50% of the aggregate principal amount of the issued Offer Bonds (the "**Majority Bondholders***")*, following notification from the Trustee in case of a potential Event of Default based solely on Section 3.01(b) of the Trust Agrement, shall, by notice in writing delivered to FLI, all the Bondholders, with a copy

furnished the Paying Agent and Registrar, declare the principal of the Offer Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable (the "**Accelerated Amounts**"), and upon such declarationthe same shall be immediately due and payable.

All the unpaid obligations under the Offer Bonds, including accrued Interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due andpayable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waivedby FLI.

12. Notice of Default

The Trustee shall, within ten (10) Business Days after receiving notice from the Issuer or the Majority Bondholders or having knowledge, based on Section 3.01(b) of the Trust Agreement, the occurrence of any Event of Default, give to the Bondholders written notice of such Event of Default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default under Section 10(a) above, the Trustee shall immediately notify the Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in the Philippines for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain an important notice regarding the Offer Bonds at the principal office of the Trustee upon presentation of sufficient and acceptable identification to the Trustee.

13. Penalty Interest

In case any amount payable by FLI under the Offer Bonds, whether for principal, interest, fees due to Trustee or Registrar or otherwise, is not paid on due date, FLI shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 12% per annum (the "**Penalty Interest**") from the time the amount falls due until it is fully paid.

14. Payment in the Event of Default

FLI covenants that upon the occurrence of any Event of Default, FLI shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Offer Bonds with interest at the rate borne by the Offer Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto, FLI shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without negligence or bad faith by the Trustee.

15. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: *first,* to the payment to the Trustee, the Paying Agent and the Registrar, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without negligence or bad faith; *second,* to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest; *third,* to the payment of the whole amount then due and unpaid upon the Offer Bonds for principal, and interest, with Penalty Interest; and *fourth,* the remainder, if any shall be paid to FLI, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Offer Bonds shall require the conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

16. Prescription

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

17. Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra-judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion below on *"Ability to File Suit".* No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. Ability to File Suit

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

19. Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and on behalf of the Bondholders to waive any past default, except the events of default specified in Sections 10 (a), (d), (e), (f), and (g) above. In case of any such waiver, FLI, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whetheror not any notation of such waiver is made upon the certificate representing the Offer Bonds.

20. Trustee Notices

(a) *Notice to the Trustee*

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

To the Trustee:	**Rizal Commercial Banking Corporation - Trust and Investments Group**
Attention:	Ryan W. Sinaon / Justine C. Marte / Raoul V. Santos
Subject:	Filinvest Land, Inc. Fixed-Rate Bonds Due 2025 and 2027
Address:	9th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue corner Sen. Gil Puyat Avenue, Makati City
Telephone:	8 894 9000 ext. 1278 / 1252 / 9524
E-mail address:	rwsinaon@rcbc.com / jcmarte@rcbc.com / rvsantos@rcbc.com

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

(b) *Notice to the Bondholders*

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

(c) *Binding and Conclusive Nature*

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

21. Duties and Responsibilities of the Trustee

(a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by FLI with all its representations and warranties, and the observance by FLI of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with FLI.

(b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, exercise in the management of their own affairs.

(c) None of the provisions contained in this Agreement or Prospectus shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

22. Resignation and Change of Trustee

(a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to FLI and to the Bondholders of such resignation.

(b) Upon receiving such notice of resignation of FLI, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a *bona fide* holder for at least six months (the "***bona fide* Bondholder**") may, for and on behalf of the Bondholders,

petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.

(c) A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such.

(d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then FLI may within thirty (30) days from there remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the successor trustee. If FLI fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

(e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to FLI of the required evidence of the action in that regard taken by the Majority Bondholders.

(f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions the Trust Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement (a) (the "**Resignation Effective Date**") provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed (the "**Holdover Period**"), the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by FLI.

23. **Successor Trustee**

(a) Any successor trustee appointed shall execute, acknowledge and deliver to FLI and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of FLI or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, FLI shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

(b) Upon acceptance of the appointment by a successor trustee, FLI shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If FLI fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the trustee, the latter shall cause the Bondholders to be notified at the expense of FLI.

24. Reports to the Bondholders

(a) The Trustee shall submit to the Bondholders on or before February 28 of each year from the Issue Date until full payment of the Offer Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

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

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

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

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

(i) Trust Agreement

(ii) Registry and Paying Agency Agreement

(iii) Articles of Incorporation and By-Laws of the Company

(iv) SEC Permit to Offer Securities for Sale

25. Meetings of the Bondholders

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

(a) *Notice of Meetings*

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Offer Bonds (or, as applicable, the relevant series thereof) may direct the Trustee in writing to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to FLI and to each of the registered Bondholders (or, as applicable, the relevant series thereof) not earlier than forty-five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Agreement. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the notices for the requested meeting shall be reimbursed by FLI within ten (10) days from receipt of the duly supported billing statement.

(b) *Failure of the Trustee to Call a Meeting*

In case at any time FLI or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Offer Bonds (or, as applicable, the relevant series thereof) shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then FLI or the Bondholders (or, as applicable, the relevant series thereof) in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) *Quorum*

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

(d) *Procedure for Meetings*

(i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by FLI or by the Bondholders, in which case FLI or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.

(ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Offer Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) *Voting Rights*

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Offer Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of FLI and its legal counsel.

(f) *Voting Requirement*

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement (please refer to the preceding discussion on "Quorum"). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided in the Trust Agreement shall be binding upon all the Bondholders and FLI as if the votes were unanimous.

(g) *Role of the Trustee in Meetings of the Bondholders*

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

26. Amendments

FLI and the Trustee may, without notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

FLI and the Trustee may amend the Terms and Conditions of the Offer Bonds without notice to every Bondholder but with the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Offer Bonds). However, without the consent of each Bondholder affected thereby, an amendment may not:

a. reduce the amount of Bondholder that must consent to an amendment or waiver;

b. reduce the rate of or extend the time for payment of interest on any Offer Bond;

c. reduce the principal of or extend the Maturity Date of any Offer Bond;

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

e. reduce the amount payable upon the redemption or repurchase of any Offer Bond under the Terms and

Conditions or change the time at which any Bond may be redeemed;

f. make any Offer Bond payable in money other than that stated in the Bond;

g. subordinate the Offer Bonds to any other obligation of FLI;

h. release any security interest that may have been granted in favor of the Bondholders;

i. amend or modify the Taxation and Yield Protection, the Events of Default or the Waiver of Default by the Bondholders sections; or

j. make any change or waiver of this Section 26 Amendments.

It shall not be necessary for the consent of the Bondholders under this Condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Section 26 Amendments becomes effective, FLI shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the section entitled "Notices."

27. Evidence Supporting the Action of the Bondholders

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

28. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of FLI on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature with respect to its obligations under the Trust Agreement, except for its gross negligence or willful misconduct.

29. Own Risk

Bondholders understand and acknowledge that investment in the Offer Bonds is not covered by the Philippine Deposit Insurance Corporation ("**PDIC**") and that any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Offer Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

30. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the Company's recent financial results should be read in conjunction with the auditors' reports and the Company's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Summary of Financial Information". This discussion contains forward-looking statements and reflects the current views of the Company 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 elsewhere in this Prospectus.

Results of operations for the six months ended June 30, 2021 compared to six months ended June 30, 2020

	For the six months ended June 30,			
	2021	2020	Change	
	(unaudited)	(unaudited)	Php	%
	(millions, except % figures)			
REVENUES				
Real estate sales	₱5,311.70	₱4,556.23	₱755.47	16.58%
Rental and related services	2,865.25	3,916.67	(1,051.42)	(26.84%)
EQUITY IN NET EARNINGS OF ASSOCIATES	37.08	533.42	(496.34)	(93.05%)
OTHER INCOME				
Interest income	203.90	191.01	12.89	6.75%
Others – net	173.48	111.24	62.24	55.95%
Total Revenues and Other Income	8,591.41	9,308.57	(717.16)	(7.70%)
COSTS				
Real estate sales	3,133.04	2,684.18	448.86	16.72%
Rental and related services	1,288.29	1,178.90	109.39	9.28%
OPERATING EXPENSES				
General and administrative expenses	871.81	864.61	7.20	0.83%
Selling and marketing expenses	482.73	485.08	(2.35)	(0.48%)
INTEREST AND OTHER FINANCE CHARGES	1,187.11	1,415.81	(228.70)	(16.15%)
	6,962.98	6,628.58	334.40	5.04%
INCOME BEFORE INCOME TAX	1,628.43	2,679.99	(1,051.56)	(39.24%)
PROVISION FOR INCOME TAX				
Current	58.33	388.64	(330.31)	(84.99%)
Deferred	(1,100.30)	(125.65)	(974.65)	775.69%
	(1,041.97)	262.99	(1,304.96)	(496.20%)
NET INCOME	₱2,670.40	₱2,417.00	₱253.40	10.48%
Net income attributable to:				
Equity holders of the Parent Company	₱2,617.73	₱2,301.11	₱316.62	13.76%
Noncontrolling interest	52.67	115.89	(63.22)	(54.55%)
	₱2,670.40	₱2,417.00	₱253.40	10.48%

For the six months ended June 30, 2021, FLI's net income from its business segments registered an increase of ₱253.39 million or 10.48%, from ₱2,417.00 million for the six months ended June 30, 2020 to ₱2,670.40 million for the six months ended June 30, 2021 primarily due to lower income tax as a result of newly enacted CREATE law.

Revenues and other income

Total consolidated revenues and other income went down by ₱717.16 million or 7.70%, from ₱9,308.57 million for the six months ended June 30, 2020 to ₱8,591.41 million for the six months ended June 30, 2021 due to lower revenues generated from leasing business tempered by increased real estate sales revenues from residential business.

Real estate sales increased by ₱755.46 million or by 16.58%, from ₱4,556.24 million for the six months ended June 30, 2020 to ₱5,311.70 million for the six months ended June 30,2021 primarily attributable to higher construction

percentage of completion achieved during the second quarter. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 65% (inclusive of MRB and HRB); Affordable and low affordable 23%; High-End 8%; Socialized 4%.

Rental and related services decreased by ₱1,051.43 million or by 26.84%, from ₱3,916.67 million for the six months ended June 30, 2020 to ₱2,865.25 million for the six months ended June 30, 2021 primarily due to decline in mall and office revenues as a result of lower occupancy and rental concessions provided primarily to mall and retail tenants. Reduced occupancy was caused by the pre-termination of leases by POGO tenants. The Group expects new BPO tenants to lease out the vacated office spaces in the remainder of the year. To add, prior year rental revenues include pre-covid quarantine period for 2.5 months (From January 01, 2020 to March 15, 2020).

Equity in net earnings of an associate decreased by ₱496.34 million or by 93.05%, from ₱533.42 million for the six months ended June 30, 2020 to ₱37.08 million for the six months ended June 30, 2021 due to lower net income reported by FAI. Last year's income included FAI's gain on sale of Spectrum Alabang Properties, Inc. (SAPI) shares to its joint venture partner, Mitsubishi.

Interest income increased by ₱12.90 million or by 6.75%, from ₱191.01 million for the six months ended June 30, 2020 to ₱203.90 million for the six months ended June 30, 2021 due to higher interest income derived from contract receivables for in-house financing schemes.

Other income increased by ₱62.24 million or by 55.95% from ₱111.24 million for the six months ended June 30, 2020 to ₱173.48 million for the six months ended June 30, 2021 due to higher income generated from fees e.g., service, processing, management, and other related fees.

Costs and Expenses

Cost of real estate sales increased by ₱448.86 million or by 16.72%, from ₱2,684.18 million for the six months ended June 30, 2020 to ₱3,133.04 million for the six months ended June 30, 2021 due to higher real estate revenues realized during the period.

Cost of rental services increased by ₱109.39 million or by 9.28%, from ₱1,178.90 million for the six months ended June 30, 2020 to ₱1,288.29 million for the six months ended June 30, 2021 due to higher direct expenses for the period.

General and administrative expenses increased by ₱7.20 million or by 0.83%, from ₱864.61 million for the six months ended June 30, 2020 to ₱871.81 million for the six months ended June 30, 2021primarily due to higher repairs and maintenance of managed projects.

Selling & marketing expenses declined by ₱2.35 million or by 0.48%, from ₱485.08 million for the six months ended June 30, 2020 to ₱482.73 million for the six months ended June 30, 2021 due to lower sales-related advertisement and promotional expenses for the period brought about by reduced physical selling activities during the year.

Interest and other finance charges
Interest and other finance charges decreased by ₱228.70 million or by 16.15%, from ₱1,415.81 million for the six months ended June 30, 2020 to ₱1,187.11 million for the six months ended June 30, 2021 due to higher capitalized interest during the period compared to same period of last year.

Provision for Income Tax
Total provision for income tax decreased by ₱1,304.96 million from a tax expense of ₱262.99 million for the six months ended June 30, 2020 to a tax benefit of ₱1,041.97 million for the six months ended June 30, 2021 primarily due to lower taxable income, lower tax rate (from 30% to 25%) coupled with necessary adjustments made for prior year's deferred tax assets and deferred tax liabilities as a result of newly enacted CREATE law.

Note: Pursuant to effectivity of PIC Q&A 2018-12, the prior year figures were restated for comparability to current period where chargeable collections / reimbursements i.e. CAMC/CUSA and aircon charges are presented as part of the rental services revenues while chargeable expenses are presented as part of the cost of rental services (where reimbursable utilities are netted against expenses).

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of June 30, 2021 compared to as of December 31, 2020

	June 30, 2021 (unaudited)	December 31 , 2020 (audited)	Change	
		(millions, except % figures)	Php	%
ASSETS				
Cash and cash equivalents	₱4,673.29	₱6,693.56	(₱2,020.27)	(30.18%)
Contracts receivables	5,273.08	4,156.94	1,116.14	26.85%
Contract assets	4,096.06	5,400.33	(1,304.27)	(24.15%)
Other receivables	2,524.89	3,362.18	(837.29)	(24.90%)
Real estate inventories	68,158.50	65,544.57	2,613.93	3.99%
Other current assets	4,671.14	4,637.14	34.00	0.73%
Contract assets – net of current portion	2,834.63	3,533.73	(699.10)	(19.78%)
Investments in associates	4,824.87	4,787.79	37.08	0.77%
Investment properties	70,002.95	69,264.96	737.99	1.07%
Property and equipment	4,560.36	3,348.15	1,212.21	36.21%
Deferred income tax assets	26.88	82.40	(55.52)	(67.38%)
Goodwill	4,567.24	4,567.24	-	0.00%
Other noncurrent assets	5,459.83	5,626.16	(166.33)	(2.96%)
Total Assets	₱181,673.72	₱181,005.15	₱668.57	0.37%
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and accrued expenses	₱11,831.40	₱13,117.02	(P1,285.62)	(9.80%)
Contract liabilities	1,259.74	1,249.05	10.69	0.86%
Lease liabilities – current portion	248.59	328.80	(80.21)	(24.39%)
Due to related parties	1,124.19	112.02	1,012.17	903.56%
Income tax payable	20.94	29.02	(8.08)	(27.84%)
Current portion of loans payable	11,298.04	8,866.37	2,431.67	27.43%
Current portion of bonds payable	5,296.98	5,294.52	2.46	0.05%
Loans payable – net of current portion	26,638.38	29,238.65	(2,600.27)	(8.89%)
Bonds payable – net of current portion	26,394.69	26,369.01	25.68	0.10%
Contract liabilities – net of current portion	557.28	767.22	(209.94)	(27.36%)
Lease liabilities – net of current portion	5,923.49	5,824.16	99.33	1.71%
Net retirement liabilities	584.61	580.12	4.49	0.77%
Deferred income tax liabilities - net	5,324.11	6,513.04	(1,188.93)	(18.25%)
Accounts payable and accrued expenses – net of current portion	8,866.74	8,337.20	529.54	6.35%
Total Liabilities	₱105,369.18	₱106,626.20	(₱1,257.02)	(1.18%)
EQUITY				
Common stock	₱24,470.71	₱24,470.71	₱-	0.00%
Preferred stock	80.00	80.00	-	0.00%
Additional paid-in capital	5,612.32	5,612.32	-	0.00%
Treasury stock	(221.04)	(221.04)	-	0.00%
Retained earnings	45,639.70	43,776.19	1,863.51	4.26%
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	(2.62)	-	0.00%
Remeasurement losses on retirement plan – net of tax	(5.72)	(15.14)	9.42	(62.22%)
Share in other components of equity of associates	372.45	372.45	-	0.00%
Total	75,945.80	74,072.87	1,872.93	2.53%
Noncontrolling interest	358.74	306.08	52.66	17.20%
Total Equity	76,304.54	74,378.95	1,925.59	2.59%
TOTAL LIABILITIES AND EQUITY	₱181,673.72	₱181,005.15	₱668.57	0.37%

As of June 30, 2021, FLI's total consolidated assets stood at ₱181.67 billion from the ₱181.00 billion balance as of December 31, 2020, increased by ₱668.57 million or by 0.37%. The following are the material changes in account balances:

30.18% Decrease in Cash and cash equivalents

Primarily due to higher net cash used in investing activities due to accelerated resumption of construction activities, lower net cash provided by financing activities due to principal and interests payments tempered by increased net cash provided by operating activities on account of increased collections.

6.78% Decrease in Contract Assets and Contract Receivables

Primarily due to increased collections of accounts and timely takeout from banks and HDMF as the economy started

to free up during the period.

24.90% Decrease in Other receivables
Mainly due to decline in receivables from mall and office tenants.

67.38% Decrease in Deferred Tax Assets
Mainly due adjustments made the as of December 31, 2020 balance as a result of CREATE Act.

903.56% Increase in Due to related parties
Mostly due to short-term advances from FDC (Parent company) coupled with unpaid shared expenses among related parties which includes shared operational expenses.

27.84% Decrease in Income tax payable
Primarily due to the lower taxable income for the year and lower tax rate due to CREATE law.

9.88% Decrease in Contract Liabilities
Principally due to the decreased contracts with buyers whose purchased units had higher percentage-of-completion due to resumption of construction activities as the restrictions started to ease up.

18.25% Decrease in Deferred Tax Liabilities
Mainly due to adjustments made the as of December 31, 2020 balance as a result of CREATE Act

2.53% Increase in Total equity attributable to equity holders
Mainly due to the increase in retained earnings as a result of net income during the year.

17.20% Increase in Non-controlling interests
Largely due to net income after tax share of minority interests.

Components of Financial Soundness as of and for the six months ended June 30, 2020 and June 30, 2021

	As of and for the six months ended June 30,	
	2020	**2021**
EBITDA to Total Interest Paid	2.80	1.99
Price Earnings Ratio	5.22	5.10
Solvency Ratio[1]	0.03	0.03
Interest Coverage Ratio	2.89	2.37
Net Profit Margin	0.26	0.31
Return on Equity[2]	0.07	0.07

Material Changes in Liquidity and Cash Reserves of Registrant for the six-month period ended June 30, 2021 versus June 30, 2020

FLI Group registered a net cash outflow of ₱2.02 billion for the six months ended June 30, 2021 mainly from net cash outflow from investing activities, payments of cash dividends, interests and net debt repayments; partially funded by net cash inflow from operating activities.

Operating activities for the six months period ended June 30, 2021 resulted in ₱1.82 billion net cash inflow from ₱1.76 billion net inflow in the same period last year due to lower changes in working capital, and lower net interest expense and income taxes.

[1] *Based on the Company's records*
[2] *Based on the Company's records*

Investing activities used ₱2.23 billion cash during the period versus a ₱2.44 billion in the same period last year mainly from investment properties and property and equipment
Financing activities used ₱1.61 billion net cash outflow from ₱0.24 billion net cash outflow in the same period last year due to lower net loan availments, and higher payments of cash dividends to equity holders.

Net decrease in cash and cash equivalents as of June 30, 2021 resulted to ₱2.02 billion which is ₱1.10 billion higher than ₱0.92 billion for the six months ended June 30, 2020.

Seasonality

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

Results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019

	For the years ended December 31,			
	2020 (audited)	2019 (audited)	Change Php	%
	(millions, except % figures)			
REVENUES				
Real estate sales	₱9,837.12	₱17,013.12	(₱7,176.00)	(42.18%)
Rental and related services	6,386.22	7,008.74	(622.52)	(8.88%)
EQUITY IN NET EARNINGS OF ASSOCIATES	516.45	401.53	114.92	28.62%
OTHER INCOME				
Interest income	404.14	571.70	(167.56)	(29.31%)
Others – net	340.72	678.22	(337.50)	(49.76%)
Total Revenues and Other Income	17,484.65	25,673.31	(8,188.66)	(31.90%)
COSTS				
Real estate sales	5,586.83	9,853.87	(4,267.04)	(43.30%)
Rental and related services	1,008.33	1,128.41	(120.08)	(10.64%)
OPERATING EXPENSES				
General and administrative expenses	2,243.61	2,474.72	(231.11)	(9.34%)
Selling and marketing expenses	1,078.28	1,448.57	(370.29)	(25.56%)
INTEREST AND OTHER FINANCE CHARGES	3,189.46	2,492.97	696.49	27.94%
	13,106.51	17,398.54	(4,292.03)	(24.67%)
INCOME BEFORE INCOME TAX	4,378.14	8,274.77	(3,896.63)	(47.09%)
PROVISION FOR INCOME TAX				
Current	596.53	1,273.75	(677.22)	(53.17%)
Deferred	(176.14)	481.22	(657.36)	(136.60%)
	420.39	1,754.97	(1,334.58)	(76.05%)
NET INCOME	₱3,957.75	₱6,519.80	(₱2,562.05)	(39.30%)
Net income attributable to:				
Equity holders of the Parent Company	₱3,733.44	₱6,283.63	(2,550.19)	(40.58%)
Noncontrolling interest	224.31	236.17	(11.86)	(5.02%)
	₱3,957.75	₱6,519.80	₱(2,562.05)	(39.30%)

For the year ended December 31, 2020, FLI's net income registered a year-on-year decline of 39.30% or ₱2,562.05 million from ₱6,519.80 million in 2019 to ₱3,957.75 million in 2020 due to lower revenues from real estate sales and malls operations which were primarily hit by the Covid-19 pandemic.

Revenues and other income

Total consolidated revenues and other income went down by ₱8,188.66 million or 31.90%, from ₱25,673.31 million in 2019 to ₱17,484.65 million in 2020 due to lower revenues generated from both business segments of real estate sales and rental and related services.

Real estate sales decreased by ₱7,176.00 million or by 42.18%, from ₱17,013.12 million in 2019 to ₱9,837.12 million in 2020. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 75% (inclusive of MRB and HRB); Affordable and low affordable 14%; High-End 10%; Socialized 1%. The lower real estate sales can be attributed to lower construction percentage of completion primarily due to temporary suspension of construction activities and decreased collections reaching the required threshold for revenue recognition, as a result of extension of payment due dates, respectively in compliance to "Bayanihan Act" in response to Covid-19 pandemic.

Rental and related services decreased by ₱622.52 million or by 8.88%, from ₱7,008.74 million in 2019 to ₱6,386.22 million in 2020 due to lower revenues from mall and other commercial centers which declined by 55% as a result of their closure and limited operations during quarantine period imposed to control the spread of COVID-19 pandemic. This is partially offset by 8% increase in office leasing revenue which continued to be 100% operational during the quarantine period.

Interest income decreased by ₱167.56 million or by 29.31%, from ₱571.70 million in 2019 to ₱404.14 million in 2020. The decrease was due to lower interest income derived from contract receivables as more buyers opt to avail of bank financing schemes instead of in-house payment schemes.

Other income decreased by ₱337.51 million or by 49.76% from ₱678.22 million in 2019 to ₱340.71 million in 2020. The decrease was due to lower income generated from service fees, processing fees, and management, leasing and other related fees.

Costs and Expenses

Cost of real estate sales decreased by ₱4,267.04 million or by 43.30%, from ₱9,853.87 million in 2019 to ₱5,586.83 million in 2020 due to lower real estate revenues booked during the period.

Cost of rental services decreased by ₱120.08 million or by 10.64%, from ₱1,128.41 million to ₱1,008.33 million due to lower direct expenses for the period.

General and administrative expenses decreased by ₱231.11 million or by 9.34% to ₱2,243.61 million in 2020 from ₱2,474.72 million in 2019. The decrease was mainly due to the lower spending during the year as a consequence of Covid-19 pandemic i.e., limited economic activities due to quarantine restrictions.

Selling and marketing expenses decreased by ₱370.29 million or by 25.56%, from ₱1,448.57 million in 2019 to ₱1,078.28 million in 2020 due to lower broker's commission, service fees and direct costs of sales offices as a result of limited selling activities brought about by quarantine measures.

Interest and other finance charges
Interest and other finance charges increased by ₱696.49 million or by 27.94%, from ₱2,492.97 million in 2019 to ₱3,189.46 million in 2020 due to the increase in loan and bonds payables as of December 31, 2020

Provision for Income Tax
Total provision for income tax decreased by ₱1,334.58 million or by 76.05% from ₱1,754.97 million in 2019 to ₱420.39 million in 2020. The provision for current income tax decreased by ₱ 677.22 million or by 53.17 %, from ₱ 1,273.75 million in 2019 to ₱596.53 million in 2020 due to lower taxable income as a result of lower income before taxes. Provision for deferred income tax was transformed to a tax benefit of ₱176.14 million or movement of ₱657.36 million or by 136.60%, from ₱481.22 million tax expense in 2019. This is a result of temporary differences between financial and taxable income.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of December 31, 2020 compared to as of December 31, 2019

	As of December 31, 2020 (audited)	2019 (audited)	Change Php	%
	(millions, except % figures)			
ASSETS				
Cash and cash equivalents	₱6,693.56	₱4,773.62	₱1,919.94	40.22%
Contracts receivables	4,156.94	1,446.19	2,710.75	187.44%
Contract assets	5,400.33	5,998.42	(598.09)	(9.97%)
Other receivables	3,362.18	3,175.05	187.13	5.89%
Real estate inventories	65,544.57	63,018.44	2,526.13	4.01%
Other current assets	4,637.14	4,388.48	248.66	5.67%
Contract assets – net of current portion	3,533.73	7,117.32	(3,583.59)	(50.35%)
Investments in associates	4,787.79	4,170.68	617.11	14.80%
Investment properties	69,264.96	66,461.06	2,803.90	4.22%
Property and equipment	3,348.15	3,288.72	59.43	1.81%
Deferred income tax assets	82.40	52.44	29.96	57.13%
Goodwill	4,567.24	4,567.24	-	0.00%
Other noncurrent assets	5,626.16	5,238.77	387.39	7.39%
Total Assets	₱181,005.15	₱173,696.43	₱7,308.72	4.21%
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and accrued expenses	₱13,117.02	₱13,164.86	(₱47.84)	(0.36%)
Contract liabilities	1,249.05	972.76	276.29	28.40%
Lease liabilities – current portion	328.80	318.12	10.68	3.36%
Due to related parties	112.02	100.78	11.24	11.15%
Income tax payable	29.02	142.74	(113.72)	(79.67%)
Current portion of loans payable	8,866.37	6,887.48	1,978.89	28.73%
Current portion of bonds payable	5,294.52	4,294.64	999.88	23.28%
Loans payable – net of current portion	29,238.65	28,640.75	597.90	2.09%
Bonds payable – net of current portion	26,369.01	23,590.04	2,778.97	11.78%
Contract liabilities – net of current portion	767.22	779.65	(12.43)	(1.59%)
Lease liabilities – net of current portion	5,824.16	5,551.96	272.20	4.90%
Net retirement liabilities	580.12	512.44	67.68	13.21%
Deferred income tax liabilities - net	6,513.04	6,512.61	0.43	0.01%
Accounts payable and accrued expenses – net of current portion	8,337.20	10,063.31	(1,726.11)	(17.15%)
Total Liabilities	₱106,626.20	₱101,532.14	₱5,094.06	5.02%
EQUITY				
Common stock	₱24,470.71	₱24,470.71	₱0.00	0.00%
Preferred stock	80.00	80.00	-	0.00%
Additional paid-in capital	5,612.32	5,612.32	-	0.00%
Treasury stock	(221.04)	(221.04)	-	0.00%
Retained earnings	43,776.19	41,661.65	2,114.54	5.08%
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	(2.62)	-	0.00%
Remeasurement losses on retirement plan – net of tax	(15.14)	(24.29)	9.15	(37.67%)
Share in other components of equity of associates	372.45	361.79	10.66	2.95%
Total	74,072.87	71,938.52	2,134.35	2.97%
Noncontrolling interest	306.08	225.77	80.31	35.57%
Total Equity	74,378.95	72,164.29	2,214.66	3.07%
TOTAL LIABILITIES AND EQUITY	₱181,005.15	₱173,696.43	₱7,308.72	4.21%

As of December 31, 2020, FLI's total consolidated assets increased to ₱181.00 billion from the ₱173.70 billion balance as of December 31, 2019, an increase by ₱7.31 billion or by 4.21%. The following are the material changes in account balances:

40.22% Increase in Cash and cash equivalents

Primarily due to lower net cash used in investing activities as a result of suspension of construction activities and higher net cash provided by financing activities for the P8.1 billion bond issuance last November 2020 despite decline in net cash provided by operating activities on account of extension of payment due dates.

10.10% Decrease in Contract assets and contract receivables
Primarily due to lower realized real estate revenues during the year owing to lower percentage-of-completion as a result of suspension of construction activities brought about by restrictions implemented by the IATF to mitigate the impact of Covid-19 pandemic

5.89% Increase in Other receivables
Mainly due to higher receivables from mall and office tenants.

4.01% Increase in Real estate inventories
Due to lower cost of real estate sales as a result of lower sales revenues recognized during the period, and additional spending for project development costs

5.67% Increase in Other current assets
Primarily due to higher prepayments and cost to obtain contract. The increase in cost to obtain contract was mitigated by decreased input taxes, advances to contractors / suppliers and short-term deposits.

14.80% Increase in Investment in Associates
On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of Php1.00 per share amounting ₱110.0 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and deconsolidation by the Company. As a result of the dilution, the investment in DPI amounting to ₱90 million is accounted as investment in associate under the equity method under FLI's books. This also includes the share of FLI in the associates' net income. During the year 2020, no dividends were recorded from the investments.

4.22% Increase in Investment property
Mainly due to the additional construction costs of new buildings for office and commercial lease. These are primarily located in Northgate Cyberzone in Alabang, Filinvest Mimosa, Makati City, Quezon City and Ortigas City.

57.13% Increase in Deferred tax assets
The increase was mainly from accrued retirement benefits, advance rentals and NOLCO.

7.39% Increase in Other noncurrent assets
Primarily due to additional construction costs of Filinvest Cebu Cyberzone (known as "BTO rights") covered by the BTO agreement with the Government of Cebu.

15.06% Increase in Contract liability
Principally due to the increased contracts with buyers whose purchased units had lower percentage-of-completion due to suspension of construction activities during quarantine periods.

11.15% Increase in Due to related parties
Mostly due to increase in unpaid shared expenses among related parties which includes share in salaries charged by the Parent Company (FDC). The remaining unpaid charges are expected to be paid or liquidated within the year 2021.

79.67% Decrease in Income tax payable
Primarily due to the lower taxable income for the year.

7.25% Increase in Loans payable
Mainly due to the ₱10.68 billion newly availed loans offset by ₱8.22 billion repayments of existing loans.

13.55% Increase in Bonds payable
Largely due to additional issuance amounted to P8.1billion in November 2020, netted by ₱4.3 billion matured bond on the same month of November 2020.

4.82% Increase in Lease liabilities
Largely due to additional parcel of land in Alabang, leased from Filinvest Alabang, Inc. and sublet by FLI to a third party.

13.21% Increase in Retirement liabilities
The increase was due to actuarial valuation adjustment on the present value of defined benefit obligation.

7.64% Decrease in Accounts payable and accrued expenses
The decrease was due to decline in deposits from tenants and reduction in payables to contractors and suppliers

2.97% Increase in Total equity attributable to equity holders
Mainly due to the increase in retained earnings as a result of net income during the year.

35.57% Increase in Non-controlling interests
Largely due to net income after tax share of minority interests.

Components of Financial Soundness

	As of and for the years ended December 31,	
	2019	2020
Current Ratio	3.20	3.10
Interest-bearing debt -to-Equity Ratio	0.88	0.94
Debt Ratio	0.58	0.59
EBITDA to Total Interest Paid	3.71	2.34
Price Earnings Ratio	5.77	7.47
Quick Asset Ratio	0.76	0.84
Solvency Ratio	0.08	0.05
Interest Coverage Ratio	4.32	2.37
Net Profit Margin	0.25	0.23
Return on Equity	0.09	0.05

Material Changes in Liquidity and Cash Reserves of Registrant for the year ended December 31, 2020 versus December 31, 2019

FLI Group registered a net cash inflow of ₱1.92 billion for the year 2020 mainly from net cash inflow from operating activities amounting to ₱7.29 billion tempered by payments on capital expenditures under investing activities totalling ₱5.62 billion.

Operating activities in 2020 resulted in ₱7.29 billion net cash inflow from ₱9.17 billion net inflow in the same period last year due to higher changes in working capital, and lower net interest expense and income taxes.

Investing activities used ₱5.62 billion cash in 2020 versus a ₱9.04 billion in the same period last year mainly from investment properties and property and equipment

Financing activities provided ₱249 million net cash outflow in 2020 from ₱1.78 billion net cash outflow in the same period last year due to higher net loan availments despite higher payments on interests and cash dividends to equity holders.

Net cash and cash equivalents as of December 31, 2020 amounted to ₱6.69 billion which is ₱1.92 billion higher than ₱4.77 billion as of December 31, 2019.

Seasonality

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

Results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018

	For the years ended December 31,			
	2019 (audited)	2018 (audited)	Change Php	%
	(millions, except % figures)			
REVENUES				
Real estate sales	₱17,013.12	₱14,404.20	₱2,608.92	18.11%
Rental and related services	7,008.74	5,608.26	1,400.48	24.97%
EQUITY IN NET EARNINGS OF ASSOCIATES	401.53	537.02	(135.49)	(25.23%)
OTHER INCOME				
Interest income	571.70	977.29	(405.59)	(41.50%)
Others – net	678.22	678.42	(0.20)	(0.03%)
Total Revenues and Other Income	25,673.31	22,205.19	3,468.12	15.62%
COSTS				
Real estate sales	9,853.87	8,339.21	1,514.66	18.16%
Rental and related services	1,128.41	1,130.51	(2.10)	(0.19%)
OPERATING EXPENSES				
General and administrative expenses	2,474.72	2,322.06	152.66	6.57%
Selling and marketing expenses	1,448.57	1,442.59	5.98	0.41%
INTEREST AND OTHER FINANCE CHARGES	2,492.97	1,192.44	1,300.53	109.06%
	17,398.54	14,426.81	2,971.73	20.60%
INCOME BEFORE INCOME TAX	8,274.77	7,778.38	496.39	6.38%
PROVISION FOR INCOME TAX				
Current	1,273.75	1,029.49	244.26	23.73%
Deferred	481.22	673.02	(191.80)	(28.50%)
	1,754.97	1,702.51	52.46	3.08%
NET INCOME	₱6,519.80	₱6,075.87	₱443.93	7.31%
Net income attributable to:				
Equity holders of the Parent Company	₱6,283.63	₱5,894.40	₱389.23	6.60%
Noncontrolling interest	236.17	181.47	54.70	30.14%
	₱6,519.80	₱6,075.87	₱443.93	7.31%

For the year ended December 31, 2019, the Company's net income registered a year on year growth of 7.31% or ₱443.93 million from ₱6,075.87 million in 2018 to ₱6,519.80 million in 2019.

Revenues and other income

Total consolidated revenues and other income went up by ₱3,468.13 million or 15.62%, from ₱22,205.19 million in 2018 to ₱25,673.31 million in 2019 due to higher rental and related services, and real estate sales.

Real estate sales increased by ₱2,608.92 million or by 18.11%, from ₱14,404.20 million in 2018 to ₱17,013.12 million in 2019. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 56% (inclusive of MRB and HRB); Low affordable and Affordable 32%; High-End 10%; Socialized 2%. The higher real estate sales can be attributed to higher percentage of completion for MRB and HRB, and higher completion of downpayments from 2018 sales.

Rental and related services increased by ₱1,400.48 million or by 24.97%, from ₱5,608.26 million in 2018 to ₱7,008.74 million in 2019. Filinvest Axis Tower 2, located in Northgate Cyberzone Alabang, was completed in 2019 adding 39,341 sq.m. of GLA to the office portfolio.

Interest income decreased by ₱405.59 million or by 41.50%, from ₱977.29 million in 2018 to ₱571.70 million in 2019. The decrease was due to lower interest income derived from cash and cash equivalents and contract receivables as

more buyers opt to avail of bank financing schemes instead of in-house payment schemes.

Other income decreased by ₱0.20 million or by 0.03% from ₱678.42 million in 2018 to ₱678.22 million in 2019. The decrease was due to lower income generated from service fees, processing fees, and management, leasing and other related fees.

Costs and Expenses

Cost of real estate sales increased by ₱1,514.66 million or by 18.16%, from ₱8,339.21 million in 2018 to ₱9,853.87 million in 2019 as a result of higher realized real estate revenues.

Cost of rental and related services decreased from ₱1,130.51 million in 2018 to ₱1,128.41 million in2019 due to the adoption of PFRS 16, *Leases* that resulted to the capitalization of right of use assets and recognition of related amortization expense with lower amount as compared to the supposed rent expense before the adoption.

General and administrative expenses increased by ₱152.66 million or by 6.57% to ₱2,474.72 million in 2019 from ₱2,322.06 million in 2018. The increase was mainly due to the higher depreciation of property, plant and equipment, repairs andmaintenance, insurance and other expenses.

Selling and marketing expenses increased by ₱5.98 million or by 0.41%, from ₱1,442.59 million in 2018 to ₱1,448.57 million in 2019 due to higher broker's commission, service fees and direct costs of sales offices.

Interest and other finance charges
Interest and other finance charges increased by ₱1,300.53 million or by 109.06%, from ₱1,192.44 million in 2018 to ₱2,492.97 million in 2019 due to the increase in loan payables as of December 31, 2019, lower capitalization of borrowing costs to real estate inventories and recognition of interest expenses related to the accretion of lease liability resulting from the adoption of PFRS 16, Leases.

Provision for Income Tax
Total provision for income tax increased by ₱52.46 million or by 3.08% from ₱1,702.51 million in 2018 to ₱1,754.97 million in 2019. The provision for current income tax increased by ₱244.26 million or by 23.73%, from ₱1,029.49 million in 2018 to ₱1,273.75 million in 2019 due to higher taxable income as a result of increased revenues. Provision for deferred income tax decreased by ₱191.80 million or by 28.50%, from ₱673.02 million in 2018 to ₱481.22 million in 2019 due to temporary differences between financial and taxable income.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of December 31, 2019 compared to as of December 31, 2018

	As of December 31, 2019 (audited)	2018 (audited)	Change Php	%
	(millions, except % figures)			
ASSETS				
Cash and cash equivalents	₱4,773.62	₱6,419.56	(₱1,645.94)	(25.64%)
Contracts receivables	1,446.19	800.85	645.34	80.58%
Contract assets	5,998.42	3,798.83	2,199.59	57.90%
Other receivables	3,175.05	2,348.36	826.69	35.20%
Real estate inventories	63,018.44	67,853.03	(4,834.59)	(7.13%)
Other current assets	4,388.48	3,874.33	514.15	13.27%
Contract assets – net of current portion	7,117.32	6,243.27	874.05	14.00%
Investments in associates	4,170.68	4,056.02	114.66	2.83%
Investment properties	66,461.06	50,018.37	16,442.69	32.87%
Property and equipment	3,288.72	3,833.12	(544.40)	(14.20%)
Deferred income tax assets	52.44	85.98	(33.54)	(39.01%)
Goodwill	4,567.24	4,567.24	-	0.00%
Other noncurrent assets	5,238.77	4,961.52	277.25	5.59%
Total Assets	₱173,696.43	₱158,860.48	₱14,835.95	9.34%
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and accrued expenses	₱13,164.86	₱12,446.82	₱718.04	5.77%
Contract liabilities	972.76	2,156.96	(1,184.20)	(54.90%)
Lease liabilities – current portion	318.12	-	318.12	100.00%
Due to related parties	100.78	181.27	(80.49)	(44.40%)
Income tax payable	142.74	109.00	33.74	30.95%
Current portion of loans payable	6,887.48	1,969.94	4,917.54	249.63%
Current portion of bonds payable	4,294.64	6,993.57	(2,698.93)	(38.59%)
Loans payable – net of current portion	28,640.75	22,978.54	5,662.21	24.64%
Bonds payable – net of current portion	23,590.04	27,840.69	(4,250.65)	(15.27%)
Contract liabilities – net of current portion	779.65	1,053.22	(273.57)	(25.97%)
Lease liabilities – net of current portion	5,551.96	-	5,551.96	100.00%
Net retirement liabilities	512.44	598.40	(85.96)	(14.36%)
Deferred income tax liabilities - net	6,512.61	6,011.67	500.94	8.33%
Accounts payable and accrued expenses – net of current portion	10,063.31	9,248.78	814.53	8.81%
Total Liabilities	₱101,532.14	₱91,588.86	₱9,943.28	10.86%
EQUITY				
Common stock	₱24,470.71	₱24,470.71	₱0.00	0.00%
Preferred stock	80.00	80.00	-	0.00%
Additional paid-in capital	5,612.32	5,612.32	-	0.00%
Treasury stock	(221.04)	(221.04)	-	0.00%
Retained earnings	41,661.65	36,882.34	4,779.31	12.96%
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	(2.62)	-	0.00%
Remeasurement losses on retirement plan – net of tax	(24.29)	(148.58)	124.29	(83.65%)
Share in other components of equity of associates	361.79	361.79	-	0.00%
Total	71,938.52	67,034.92	4,903.60	7.31%
Noncontrolling interest	225.77	236.70	(10.93)	(4.62%)
Total Equity	72,164.29	67,271.62	4,892.67	7.27%
TOTAL LIABILITIES AND EQUITY	₱173,696.43	₱158,860.48	₱14,835.95	9.34%

As of December 31, 2019, the Company's total consolidated assets increased to ₱173.70 billion from the ₱158.86 billionbalance as of December 31, 2018, an increase by ₱14.84 billion or by 9.34%. The following are the material changesin account balances:

25.64% Decrease in Cash and cash equivalents

Although the Company's operations yielded higher operating net cash inflows directly attributable to higher net revenue,the total cash and cash equivalents declined as of December 31, 2019. The decline was due to higher net cash outflowsin investing activities related to the investment properties under construction.

34.30% Increase in Contract assets and contract receivables

The increase was due to higher realized revenues during the year brought about by increased qualified accounts for revenue recognition as a result of increased cash sales.

35.20% Increase in Other receivables
Increase is mainly due to higher receivables from the leasing segment particularly Filinvest REIT Corp. Also, there was an overall increase in occupancy of FSI Mall Expansion, Fora Mall and Main Square for the year.

7.13% Decrease in Real estate inventories
The decrease is mainly due to the reclassification of some portion of land and land development costs related to the land located in Mandaluyong City and Cebu to investment property, pursuant to its current plan for the project which is intended to be for leasing.

13.27% Increase in Other current assets
The increase is mainly due to the increase in input taxes, creditable withholding taxes and cost to obtain contract in 2019. The increase in cost to obtain contract was due to the higher commission payments to brokers over what is due, as valued based on PFRS 15, Revenue from Contracts with Customers, adopted in 2018.

2.83% Increase in Investment in Associates

On December 26, 2019, Filinvest REIT Corp. and FCI, wholly owned subsidiaries of FLI, entered into a Deed of Assignment to sell its ownership in Pro-Excel to Filinvest Alabang, Inc. The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Company. The disposal resulted to the accounting for FLI's investment of ₱17.49 million in Pro-excel from an investment in subsidiary to an associate.

As of December 31, 2018, investment in CTI amounting to ₱51.30 million was reported under "Other noncurrent assets" due to pending SEC approval and issuance of amended articles of incorporation. In 2019, the 30% interest in CTI of FLI was classified as an investment in associate.

The investment in associate balance for FMI was also increased by ₱48.35 million upon adoption of PFRS 16, Leases. The above increases were partly netted off by the lower equity in net earnings and dividend declared for the year amounting to ₱401.53 million and ₱404.00 million, respectively, as compared to 2018's equity in net earnings and dividend declared amounting to ₱537.02 million and ₱678 million, respectively.

32.87% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings for office and commercial lease. These are primarily located in Northgate Cyberzone in Alabang, Filinvest Mimosa, Makati City, Quezon City and Ortigas City.

14.20% Decrease in Property, plant and equipment
Apart from the annual depreciation of this asset, decrease is also attributable to the reclassification of TSNC's assets amounting to ₱0.78 billion to investment property after TSNC's change in business purpose from an exclusive recreational sports club to a profit commercial facility that accordingly changes the use of the asset from an owner-occupied property to a property for lease.

Right-of-use assets and Lease liabilities
Effective January 1, 2019, the Company adopted PFRS 16 Leases, under the modified retrospective approach which resulted in significant changes in the Company's accounting policy for leases. This resulted in the recognition of right of use assets amounting ₱5.40 billion and lease liability amounting to ₱5.68 billion for the Company, as of January 1, 2019,and the recognition of depreciation expense of ₱0.14 billion and interest expense of ₱0.49 billion for the Company, for the year ended December 31, 2019.

39.01% Decrease in Deferred income tax assets
The decrease is mainly attributed to the decrease in deferred income tax assets on NOLCO by some of FLI subsidiaries by ₱41.78 million.

5.59% Increase in Other noncurrent assets
The increase was mainly due to the ₱0.18 billion, net of depreciation, additional construction costs of Filinvest Cebu Cyberzone (known as "BTO rights") covered by the BTO agreement with the Government of Cebu.

7.06% Increase in Accounts payable and accrued expenses
The increase is mainly due to increase in payables to contractors and suppliers for the construction activities.

45.41% Decrease in Contract liability
The decrease is mainly due to the higher contracts with buyers that qualified for revenue recognition for the year consistent with the higher real estate sales.

44.40% Decrease in Due to related parties
The decrease was due to payments of liabilities to affiliates for the Company's share in expenses incurred in the regular course of business. The remaining unpaid charges are expected to be paid or liquidated within the following year.

30.95% Increase in Income tax payable
The increase was due to the higher taxable income for the year.

42.41% Increase in Loans payable
The increase in mainly due to the ₱15.4 billion newly availed loans offset by ₱4.84 billion repayments.

19.95% Decrease in Bonds payable
Decrease in Bonds payable is mainly due to payment of ₱7.0 billion bond that matured in June 2019.

14.36% Decrease in Retirement liabilities
The decrease was due to the ₱0.18 billion experience adjustment on the present value of defined benefit obligation.

8.33% Increase in Deferred income tax liabilities
The increase is mainly attributed to the increased excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules.

7.31% Increase in Total equity attributable to equity holders
Mainly due to the increase in retained earnings as a result of net income during the year.

4.62% Decrease in Non-controlling interests
Largely due to net loss after tax share of minority interests.

Components of Financial Soundness

	As of and for the years ended December 31,	
	2018	**2019**
Current Ratio	3.57	3.20
Interest-bearing debt-to-Equity Ratio	0.89	0.88
Debt Ratio	0.58	0.58
EBITDA to Total Interest Paid	3.12	3.71
Price Earnings Ratio	5.80	5.77
Quick Asset Ratio	0.72	0.76
Solvency Ratio	0.08	0.08
Intrest Coverage Ratio	7.52	4.32
Net Profit Margin	0.27	0.25
Return on Equity	0.09	0.09

Material Changes in Liquidity and Cash Reserves of Registrant for the year ended December 31, 2019 versus December 31, 2018

FLI Group registered a net cash outflow of ₱1.64 billion for the year 2019 mainly from net cash outflow from investing and financing activities tempered net cash inflow from operating activities.

Operating activities in 2019 resulted in ₱9.17 billion net cash inflow from ₱7.03 billion net inflow in the same period last year due to lower changes in working capital and lower interest income.

Investing activities used ₱9.04 billion cash in 2019 versus a ₱5.00 billion in the same period last year mainly from investment properties and property and equipment.

Financing activities used ₱1.78 billion net cash outflow in 2019 from ₱3.19 billion net cash outflow in the same period last year due to higher net loan availments despite higher payments on interests and cash dividends to equity holders.

Cash and cash equivalents as of December 31, 2019 amounted to ₱4.77 billion which is ₱1.65 billion lower than ₱6.42 billion as of December 31, 2018.

Results of operations for the year ended December 31, 2018 compared to the year ended December 31, 2017

	For the years ended December 31,			
	2018 (audited)	2017 (audited)	Change Php	%
	(millions, except % figures)			
REVENUES				
Real estate sales	₱14,404.20	₱13,748.42	₱655.78	4.77%
Rental and related services	5,608.26	4,414.67	1,193.59	27.04%
EQUITY IN NET EARNINGS OF ASSOCIATES	537.02	350.21	186.81	53.34%
OTHER INCOME				
Interest income	977.29	935.30	41.99	4.49%
Others – net	678.42	821.05	(142.63)	(17.37%)
Total Revenues and Other Income	22,205.19	20,269.65	1,935.54	9.55%
COSTS				
Real estate sales	8,339.21	8,051.90	287.31	3.57%
Rental and related services	1,130.51	999.06	131.45	13.16%
OPERATING EXPENSES				
General and administrative expenses	2,322.06	1,879.13	442.93	23.57%
Selling and marketing expenses	1,442.59	981.69	460.90	46.95%
INTEREST AND OTHER FINANCE CHARGES	1,192.44	1,062.71	129.73	12.21%
	14,426.81	12,974.49	1,452.32	11.19%
INCOME BEFORE INCOME TAX	7,778.38	7,295.16	483.22	6.62%
PROVISION FOR INCOME TAX				
Current	1,029.49	705.04	324.45	46.02%
Deferred	673.02	755.94	(82.92)	(10.97%)
	1,702.51	1,460.98	241.53	16.53%
NET INCOME	₱6,075.87	₱5,834.18	₱241.69	4.14%
Net income attributable to:				
Equity holders of the Parent Company	₱5,894.40	₱5,685.39	₱209.01	3.68%
Noncontrolling interest	181.47	148.79	32.68	21.96%
	₱6,075.87	₱5,834.18	₱241.69	4.14%

For the year ended December 31, 2018, the Company's net income registered a year on year growth of 4.14% or ₱241.70 million from ₱5,834.17 million in 2017 to ₱6,075.87 million in 2018.

Revenues and other income

Total consolidated revenues and other income went up by ₱1,935.54 million or 9.55% from ₱20,269.65 million in 2017 to ₱22,205.19 million in 2018.

Real estate sales increased by ₱655.78 million or by 4.77% from ₱13,748.42 million in 2017 to ₱14,404.20 million in 2018. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 56% (inclusive of MRB and HRB); Low affordable and Affordable 33%; High-End 9% and Socialized 2%.

Rental and related services revenues increased by ₱1,193.59 million or 27.04%, from ₱4,414.67 million in 2017 to

₱5,608.26 million in 2018. Filinvest Axis Tower 1, located in Northgate Cyberzone Alabang, Filinvest Cyberzone Cebu Tower 2, located in Salinas, Cebu, Filinvest Cyberzone Mimosa Building 1 and 2 Workplus Building; located in Mimosa Clark, and Filinvest Cyberzone Bay City Buildings A and D,located in Bay City, Pasay City, have been completed bringing the total adding 136,564 sq.m. of GLA to theoffice portfolio. The Company now operates 30 buildings totaling 484,564 sq.m. of GLA. For retail, FLI now has 242,127 sq.m.GLA to the retail portfolio.

Interest income increased by ₱41.99 million or by 4.49% from ₱935.30 million in 2017 to ₱977.29 million in 2018. The increase was due to higher interest income derived from cash and cash equivalents and contracts receivable.

Other income decreased by ₱142.63 million or by 17.37% from ₱821.05 million in 2017 to ₱678.42 million in 2018. The decrease was due to lower income generated from forfeited reservations and collections.

Costs and Expenses

Cost of real estate sales increased by ₱287.31 million or by 3.57% from ₱8,051.90 million in 2017 to ₱8,339.21 million in 2018. The increase was mainly due to increase in the amount of real estate sales booked during the current period. Cost of rental services on the other hand, increased by ₱131.45 million or 13.16% from ₱999.06 million in 2017 to ₱1,130.51 million in 2018 basically due to depreciation of newly completed investment properties.

General and administrative expenses increased by ₱442.93 million or by 23.57% to ₱2,322.06 million in 2018 from ₱1,879.13 million in 2017. The increase was due to operating expenses related to opening of new malls and BPO buildings for lease. Likewise, business permits and real property taxes increased as a result of higher revenues and completion of more buildings during the year. Also contributed to the increase were the higher salaries, wages and other benefits due to the full operation of DPI and recognition of service fees for the service rendered by Engie O&M to PDDC.

Selling and marketing expenses increased by ₱460.90 million or by 46.95% from ₱981.69 million in 2017 to ₱1,442.59 million in 2018 mainly due to higher broker's commission released during the year and managed advertising costs.

Interest and other finance charges
Interest and other finance charges increased by ₱129.73 million or by 12.21%, from ₱1,062.71 million in 2017 to ₱1,192.44 million in 2018 due to higher interest expense (net of capitalized interest).

Provision for Income Tax
Total provision for income tax increased by 16.53% from ₱1,460.98 million in 2017 to ₱1,702.51 million in 2018. Provision for current income tax increased to ₱1,029.49 million in 2018 from ₱705.04 million in 2017 or an increase of ₱324.45 million or by 46.02% due to higher taxable income as a result of higher income before income tax. Provision for deferred income tax decreased by ₱82.92 million or by 10.97% from ₱755,94 million in 2017 to ₱673.02 million in 2018 due to temporary differences between financial and taxable income.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of December 31, 2018 compared to as of December 31, 2017

	As of December 31, 2018 (audited)	2017 (audited)	Change Php	%
	(millions, except % figures)			
ASSETS				
Cash and cash equivalents	₱6,419.56	₱7,576.09	(₱1,156.53)	(15.27%)
Contracts receivables	800.85	4,535.30	(3,734.45)	(82.34%)
Contract assets	3,798.83	-	3,798.83	100.00%
Other receivables	2,348.36	1,882.42	465.94	24.75%
Real estate inventories	67,853.03	52,299.12	15,553.91	29.74%
Other current assets	3,874.33	4,586.80	(712.47)	(15.53%)
Contract receivables – net of current portion	-	12,690.70	(12,690.70)	(100.00%)
Contract assets – net of current portion	6,243.27	-	6,243.27	100.00%
Investments in associates	4,056.02	4,197.00	(140.98)	(3.36%)
Investment properties	50,018.37	44,355.60	5,662.77	12.77%
Property and equipment	3,833.12	3,408.31	424.81	12.46%
Deferred income tax assets	85.98	48.65	37.33	76.73%
Goodwill	4,567.24	4,567.24	-	0.00%
Other noncurrent assets	4,961.52	4,974.69	(13.17)	(0.26%)
Total Assets	₱158,860.48	₱145,121.92	₱13,738.56	9.47%
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and accrued expenses	₱12,446.82	₱14,259.06	(P1,812.24)	(12.71%)
Contract liabilities	2,156.96	-	2,156.96	100.00%
Due to related parties	181.27	199.32	(18.05)	(9.06%)
Income tax payable	109.00	49.22	59.78	121.45%
Current portion of loans payable	1,969.94	3,661.12	(1,691.18)	(46.19%)
Current portion of bonds payable	6,993.57	-	6,993.57	100.00%
Loans payable – net of current portion	22,978.54	19,647.42	3,331.12	16.95%
Bonds payable – net of current portion	27,840.69	34,775.67	(6,934.98)	(19.94%)
Contract liabilities – net of current portion	1,053.22	-	1,053.22	100.00%
Net retirement liabilities	598.40	517.93	80.47	15.54%
Deferred income tax liabilities - net	6,011.67	5,298.44	713.23	13.46%
Other noncurrent liabilities	9,248.78	3,212.71	6,036.07	187.88%
Total Liabilities	₱91,588.86	₱81,620.89	₱9,967.97	12.21%
EQUITY				
Common stock	₱24,470.71	₱24,470.71	₱-	0.00%
Preferred stock	80.00	80.00	-	0.00%
Additional paid-in capital	5,612.32	5,612.32	-	0.00%
Treasury stock	(221.04)	(221.04)	-	0.00%
Retained earnings	36,882.34	33,099.89	3,782.45	11.43%
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	(2.62)	-	0.00%
Remeasurement losses on retirement plan – net of tax	(148.58)	(155.34)	6.76	(4.35%)
Share in other components of equity of associates	361.79	361.79	-	0.00%
Total	67,034.92	63,245.71	3,789.21	5.99%
Noncontrolling interest	236.70	255.32	(18.62)	(7.29%)
Total Equity	67,271.62	63,501.03	3,770.59	5.94%
TOTAL LIABILITIES AND EQUITY	₱158,860.48	₱145,121.92	₱13,738.56	9.47%

As of December 31, 2018, the Company's total consolidated assets stood at ₱158.86 billion, higher by 9.47% or by ₱13.74 billion than the ₱145.12 billion total consolidated assets as of December 31, 2017. The following are the material changes in account balances:

15.27% Decrease in Cash and cash equivalents

Net cash used during the year amounted to ₱1.16 billion. Net cash used from financing activities amounted to ₱3.19 billion. The Group availed loans amounting to ₱5.50 billion and serviced debt totaling ₱6.97 billion. Net cash used from investing activities ₱4.88 billion. This was partially funded by net cash provided by operating activities totaling ₱6.91 billion.

37.05% Decrease in Contract assets and contracts receivable

Contracts receivable decreased due to increased collections during the period. Majority of collections came from

middle-income projects.

24.75% Increase in Other receivables
Increase is mainly due to higher receivables from office leasing mainly came from newly awarded lease contracts from Filinvest REIT Corp. (Filinvest 3, Vector 3, Axis T1, Cebu T1 & T2) and FCI (Filinvest Cyberzone Bay City Tower A & D which opened during the year 2018). On the other hand, retail operations from Festival Mall and For a Mall also had new tenants for the newly added commercial spaces.

29.74% Increase in Real estate inventories
Inventories increased due to raw land acquisitions including acquisition of land in Mandaluyong City located in Paranaque City. Moreover, real estate inventories accelerated spending onsaleable real estate project costs.

15.53% Decrease in Other current assets

The decrease is mainly due to reduction in prepaid expenses and input taxes.

3.36% Decrease in Investment in Associates
The decrease in investment is due to receipt of dividends amounting to ₱0.68 billion reduced by the share in net income from Filinvest Alabang, Inc. and FMI amounting to ₱0.54 billion.

12.77% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings intended for office and commercial buildings for lease. These are primarily located in Northgate Cyberzone in Alabang, Filinvest Cyberzone in Pasay BayArea, Filinvest Mimosa, Fora Mall in Tagaytay, Main Square in Cavite, and Il Corso in Cebu.

12.46% Increase in Property, plant and equipment
The increase was primarily due to additional improvement made for DCS plant (District Cooling System) which supplies the chilled water for the Northgate Cyberzone buildings as well as acquisition of new field machineries and construction equipment for Dreambuilders Pro, Inc.

76.73% Increase in Deferred tax assets
The increase was primarily due to higher NOLCO during the year.

12.71% Decrease in Accounts payable and accrued expenses
The decrease is mainly due to lower payables to contractors and suppliers for the construction activities and acquisition of land.

121.45% increase in Income tax payable
The increase is mainly due to increased current income tax provision during the year.

187.88% Increase in Other Non-current liabilities
The increase was mainly due to accruals of purchase of land in Mandaluyong City and unpaid project development costs.

7.04% Increase in Loans payable
The increase in mainly due to the ₱5.5 billion newly availed loans offset by ₱3.84 billion repayments.

0.17% Increase in Bonds payable
Collectively, the bonds payable was flat year on year. The bonds with face amount of ₱7.0 billion issued in 2012 will mature in 2019. Thus, reclassified as current liabilities.

Increase in Contract liabilities
The Group adopted PFRS 15 in 2018 which resulted in the presentation of contract liabilities separately from accounts payable and other accrued expenses. It consists of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred based on percentage of completion.

9.06% Decrease in Due to related parties
The decrease was due to payments of the liability to affiliates for the Company's share in expenses incurred in the

regularcourse of business. The remaining unpaid charges are expected to be paid or liquidated within the following year.

15.54% Increase in Retirement liabilities
The increase was due to the accrual of current service cost and interest cost on the retirement fund for the year.

13.46% Increase in Deferred Income Tax Liabilities
The increase was mainly due to the additional deferred income tax liabilities on capitalized borrowing cost on long-term loans amounting to ₱0.44 billion and other temporary differences between financial and taxable income.

5.99% Increase in Total equity attributable to equity holders
Mainly due to the increase in retained earnings as a result of net income during the year.

7.29% Decrease in Non-controlling interests
Largely due to net loss after tax share of minority interests.

Components of Financial Soundness

	As of and for the years ended December 31,	
	2017	**2018**
Current Ratio	3.90	3.57
Interest-bearing debt -to-Equity Ratio	0.91	0.89
Debt Ratio	0.56	0.58
EBITDA to Total Interest Paid	3.19	3.12
Price Earnings Ratio	8.02	5.80
Quick Asset Ratio	1.02	0.72
Solvency Ratio	0.08	0.08
Intrest Coverage Ratio	7.86	7.52
Net Profit Margin	0.29	0.27
Return on Equity	0.09	0.09

Material Changes in Liquidity and Cash Reserves of Registrant for the year ended December 31, 2018 versus December 31, 2017

FLI Group registered a net cash outflow of ₱1.16 billion for the for the year 2018 mainly from net cash outflow from investing and financing activities tempered net cash inflow from operating activities.

Operating activities in 2018 resulted in ₱7.03 billion net cash inflow from ₱9.16 billion net inflow in the same period last year due to lower changes in working capital and lower interest income.

Investing activities used ₱5.00 billion cash during the period versus a ₱6.79 billion in the same period last year mainly from investment properties and property and equipment

Financing activities used ₱3.19 billion net cash outflow from ₱338 million net cash inflow in the same period last year due to higher net loan repayments coupled with higher payments on interests.

Net cash and cash equivalents as of December 31, 2018 amounted to ₱6.42 billion which is ₱1.16 billion lower than ₱7.58 billion as of December 31, 2017.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Material Subsidiary

1. Filinvest REIT Corp. (FILREIT) *(formerly Cyberzone Properties, Inc. – CPI)*

   The table below presents FILRT's information on revenues and income, net income and financial soundnesss indicators, all before elimination of intercompany transactions, as of and and for the years ended December 31, 2020, 2019, and 2018:

	For the years ended December 31,		
	2018 (audited)	**2019 (audited)**	**2020 (audited)**
	(millions)		
Gross Revenues	2,355.4	2,901.7	3,107.8
Net Income	1,410.3	1,634.4	1,860.8

	For the years ended December 31,		
	2018	**2019**	**2020**
Current Ratio[1]	0.45	0.59	1.06
Debt Ratio[2]	0.65	0.64	0.80
Net Profit Margin[3]	0.60	0.56	0.60
Retun on Equity[4]	0.21	0.21	0.36
Asset-to-Equity Ratio[5]	2.87	2.79	4.94

1. Current Ratio = Current Assets divided by Current Liabilities
2. Debt Ratio = Total Liabilities divided by Total Assets
3. Net Profit Margin = Net Income divided by Revenue
4. Retun on Equity = Annualized Net Income divided by Total Equity.
5. Asset-to-Equity Ratio = Total Assets divided by Total Equity

Capital Expenditures

There are no material commitments for capital expenditures. The Company sets a capex budget each year allocated to identified projects but this may be adjusted as necessary based on market conditions and the Company's cash position.

Other Disclosures

On known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI, the COVID-19 global pandemic which started to occur in the Philippines in January of 2020 and accelerated by March has caused disruptions in the Company's operations. On March 15, the Philippine government implemented a "Community Quarantine" in Metro Manila. On March 17, 2020, the government expanded the scope with an "Enhanced Community Quarantine (ECQ)" "Modified Enhanced Community Quarantine (MECQ)"and "General Community Quarantine (GCQ)", in several regions of the country which effectively restricted movement and mandated the temporary closure of non-essential shops and businesses. Since June 1, 2020 until the present, the Philippine government has routinely been downgrading, upgrading, or extending quarantine measures of varying severity in response to the number of daily COVID-19 cases for each province and major city of the country. On July 30, 2021, due to rising cases brought about by the COVID-19 Delta variant, the Office of the President announced that Metro Manila would be reverting back to ECQ from GCQ beginning on August 6 to August 24. As of July 31, 2021, the Philippine Department of Health reported 1,588,965 total cases of the novel coronavirus nationwide with 27,889 deaths attributed to COVID-19. The Philippines continues to add thousands of cases reported per day with 8,147 new cases on July 31, 2021.

The Company expects that these developments are unfavorable to the Company's overall financial performance as follows:

a. Decline in pre-sales for both the domestic and OFW markets
b. Decline in revenues from our retail operations as a result of decline in foot traffic and temporary suspension of mall operations except for outlets offering basic services like supermarkets, banks and healthcare centers, as mandated by the government
c. Delay in the completion of housing, office and retail buildings
d. Pre-leasing and occupancy of new buildings will be lower than expected
e. Some tenants might reduce or in worst case, pre-terminate space to adopt a work-from-home scheme or other flexible working arrangements
f. Possible cancellation of lease negotiations for either new space or expansion due to internal business decision of the client

Aside from any probable material increase in interest rates on the outstanding long-term debt with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Company within the next 12 months. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments, or any significant amount of the Company's payables that have not been paid within the stated trade terms.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period other than those that were previously reported.

Corporate History and Structure

HISTORY OF THE COMPANY

Filinvest Land, Inc. was incorporated in the Philippines on November 24, 1989 as Citation Homes, Inc. and later changed its name to FLI on July 12, 1993. It started commercial operations in August 1993 after Filinvest Development Corporation spun off most of its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI. FLI's shares were listed on the PSE on October 25, 1993. FDC remains FLI's largest shareholder. As of August 31, 2021, FDC beneficially owned approximately 64.67% of FLI's outstanding common shares and 100% of FLI's issued and outstanding preferred shares, such that FDC has an effective 73.5% voting ownership in FLI. FDC is the holding company for real estate and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr. and his family in 1955. The shares of FDC and FLI are both listed in the Philippine Stock Exchange. The ultimate parent company of FLI is A. L. Gotianun, Inc.

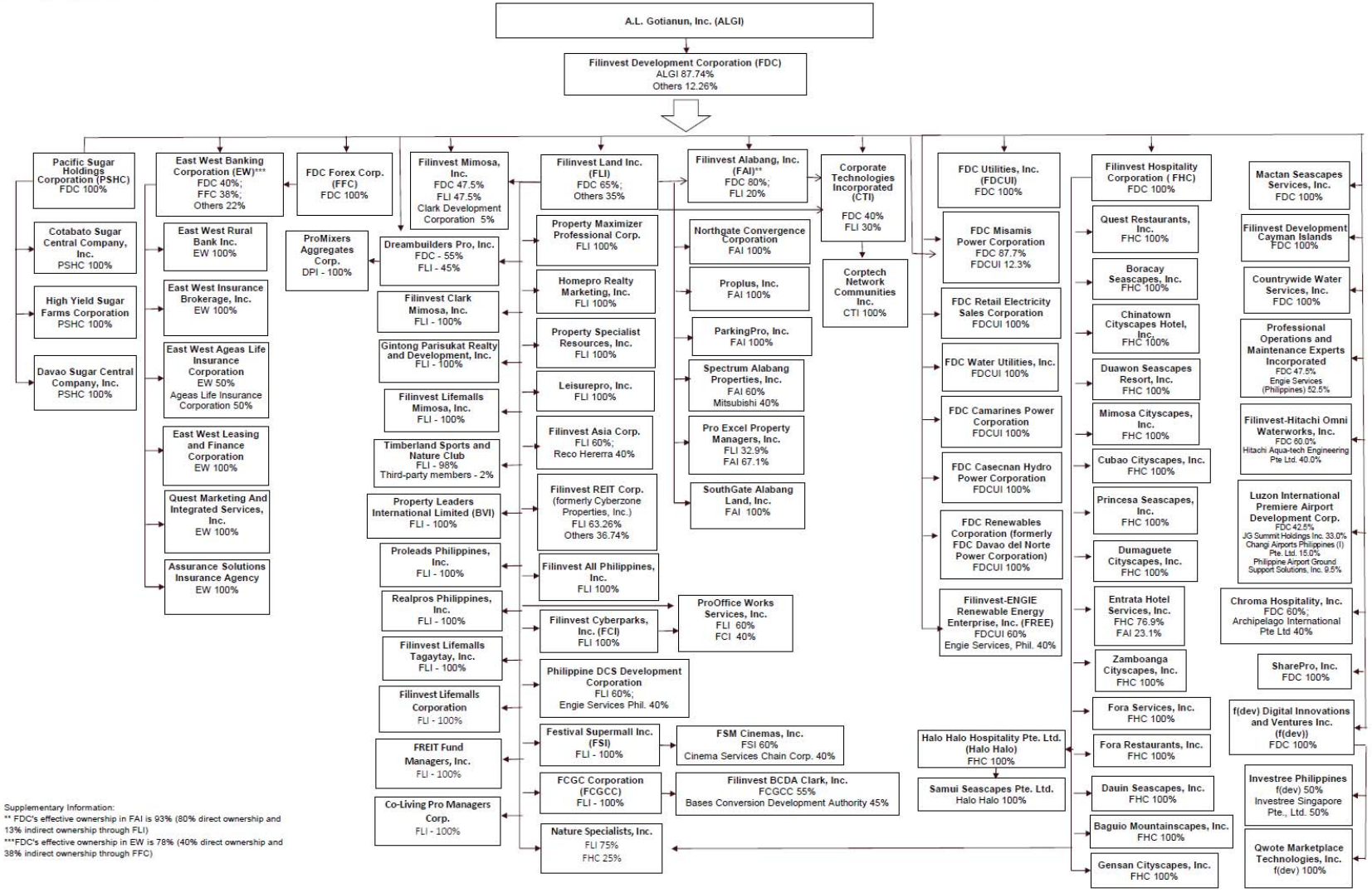
With over 50 years of experience in real estate industry that is highly sensitive to the financial crises, market downturns, and political upheaval, FLI has emerged as one of the few survivors in the country. The Company has carefully built and nurtured a distinguished performance record in the real estate development, which was recognized by international bankers, fund managers, other global institutional investors, and the international financial community.

FLI's principal corporate office is located at 79 EDSA, Brgy. Highway Hills, Mandaluyong City, Philippines.

STRUCTURE

The chart on the next page illustrates the Company's corporate structure as of August 31, 2021.

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of August 31, 2021)



SUBSIDIARIES AND AFFILIATES

The following table sets out FLI's and its principal subsidiaries' and affiliates' direct ownership interests, organized by business segment as of August 31, 2021. The voting rights held by the Company in these entities are in proportion to their ownership interest.

Subsidiaries	Nature of Business	Ownership
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	100
Filinvest BCDA Clark, Inc. (FBCI) *1*	Real estate developer	55
FCGC Corporation (FCGCC)	Real estate developer	100
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	100
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	100
Filinvest REIT Corp. *(FRC, formerly Cyberzone Properties, Inc.)*	Leasing	63
Filinvest Asia Corporation (FAC)	Leasing	60
Filinvest Cyberparks, Inc. (FCI)	Leasing	100
Filinvest Clark Mimosa Inc. *4*	Leasing	100
Festival Supermall, Inc. (FSI)	Property management	100
Filinvest Lifemalls Corporation (FLC)	Property management	100
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	100
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	100
ProOffice Works Services, Inc. (ProOffice) *2*	Property management	100
Property Specialist Resources, Inc. (Prosper)	Property management	100
FSM Cinemas, Inc. (FSM Cinemas) *3*	Theater operator	60
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	60
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	98
Leisurepro, Inc. (Leisurepro)	Marketing	100
Proleads Philippines, Inc. (PPI)	Marketing	100
Property Leaders International Limited (PLIL)	Marketing	100
Property Maximizer Professional Corp. (Promax)	Marketing	100
Realpros Philippines, Inc. (RPI)	Marketing	100
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	75
FREIT Fund Managers, Inc.(FFMI) *5*	Fund Management Services	100
Co-Living Pro Managers Corp. (CPMC)	Property Management Services	100

Notes:

1. *FBCI is owned indirectly through FCGCC.*
2. *40% interest is owned by FCI. Effectively, FLI owns 100% of ProOffice.*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *Filinvest Cyberzone Mimosa, Inc. (FCMI) was renamed Filinvest Clark Mimosa Inc. on February 15, 2021.*
5. *FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to real estate investment trusts ("REIT") companies. FFMI has not started its commercial operations as of June 30, 2021.*

Detailed discussion of each subsidiary follows:

- FAPI was incorporated on September 25, 2006 to develop the TSNC and Phase 2 of Timberland Heights

- FCGCC was incorporated on February 11, 2016 to undertake the development of the Clark Green City (now New Clark City) Project under the Joint Venture Agreement with Bases Conversion and Development Authority (BCDA). On March 16, 2016, FBCI, a joint venture company with BCDA, was incorporated to handle the development. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA. As of December 31, 2020, FCGCC and FBCI have not started commercial operations.

- On January 19, 2018, FLI entered into a Share Sale and Purchase Agreement to purchase 100% of the total outstanding shares of GPRDI for a total consideration of ₱1.71 billion. The primary purpose of GPRDI is to hold, purchase, lease, contract otherwise acquire any and all real and personal properties. GPRDI has not started its commercial operations as of June 30, 2021.

- Homepro was incorporated on March 25, 1997 and started commercial operations on January 1, 2004.

- CPI was incorporated on January 14, 2000 and began commercial operations on May 1, 2001. CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its modified gross income in lieu of national and local taxes. CPI is also entitled to zero percent value-added tax on sales made to other PEZA-registered enterprises. CPI owns and operates the IT buildings in Northgate Cyberzone, located in a 10-hectare parcel of land within Filinvest City owned by the parent Company, FLI. CPI also leases a parcel of land measuring 2,831 sq.m. located in EDSA on which CPI built a 5-storey BPO building with a total GLA of 7,358 sq.m. The change of name from CPI to Filinvest REIT Corp. was approved by the SEC on July 02, 2021. Filinvest REIT is listed and traded in the Philippine Stock Exchange on August 12, 2021 under the PSE ticker symbol FILRT.

- FAC was incorporated on January 22, 1997 and as at date of this report is 60%-owned by FLI and 40%-owned by Reco Herrra Pte.Ltd. (RHPL). RHPL is 100% beneficially owned by the Government of Singapore Investment Corporation Pte. Ltd (GIC). FAC owns 50% of the 52-storey PBCom Tower, which is strategically located at the corner of Ayala Avenue and V. A. Rufino Streets in the Makati City Central Business District. FAC owns 36,000 sq. m. of leasable office space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications. The PBCom Tower is registered as an information technology building by PEZA. Consequently, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5% tax on modified gross income in lieu of the national and local taxes, income tax holidays and zero-rated vat in certain cases.

- FCI was incorporated on February 4, 2014. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

- FCMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation or and hold for investment or otherwise deal in real estate of all kinds, nature, purpose and/or any interest or right therein. FCMI started its commercial operations in May 2018. FCMI is registered with Clark Development Corporation (CDC) as a Clark Freeport Enterprise enjoying the incentives like PEZA such as zero percent VAT on its revenues and 5% income tax on modified gross income, in lieu of local and national taxes.

- FSI is the property manager of Festival Supermall and other commercial centers of the Company. FSI also owns 60% equity interest in FSM Cinemas, Inc. which is engaged in theater operations. The transaction was accounted for using the pooling of interest method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts.

- FLC, formerly Whiluc Realty & Mgt., Inc., is organized to invest in, purchase, hold, use, develop, lease, sell, assign, transfer mortgage, enjoy or otherwise dispose of, as may be permitted by law, all properties of every kind, nature and description and wherever situated, of any corporation.

- FLMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation, or otherwise, and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds, nature and purpose and/or any interest or right therein. FLMI has not started its commercial operations as of June 30, 2021.

- FLTI was incorporated on November 20, 2017. Its primary purpose is to acquire by purchase, lease (except financial leasing), donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds in order to develop, conduct, operation, lease, and maintenance of retail and commercial space for rent, restaurants, function halls, amusement centers, movie or cinema theaters within the compound to premises of the shopping centers. FLTI started its commercial operations in March 2018.

- ProOffice was incorporated on March 18, 2019 to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019.

- Prosper was incorporated on June 10, 2002 and started commercial operations on January 01, 2004. Prosper is engaged in the purchase, lease and management of hotel and resort properties, and is currently managing the condotel operations of a high-rise condominium (Grand Cenia) and hotel project (Quest Hotel) of the Parent Company. Prior to Prosper's condotel and hotel management business, Prosper was engaged in the business of real estate marketing.

- FSM Cinemas was incorporated on April 23, 1998 to engage in servicing, booking, and arranging of films, programs, shows, plays, and movies of all kinds, types, makes, and colors for movie houses, theaters, or cinemas and to exhibit, lease, rent, run or operate movie houses, theaters, cinemas, as well as, supply equipment, machines and accessories needed in cinemas, theaters or movie houses. FSM Cinemas is owned indirectly through FSI.

- On April 15, 2015, FLI and Engie Services Philippines (ENGIE) entered into a joint venture agreement to establish PDDC. On July 31, 2015, PDDC was registered with the SEC to engage in the business of building and operating a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by ENGIE.

- On July 18, 2018, the SEC approved TSNC's application on voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, the Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) converting of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive nonprofit association; and (e) removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application for voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation.

- Leisurepro was incorporated on April 21, 2004 and started commercial operations on January 1, 2006. The company is inactive since 2010.

- PPI was incorporated on March 29, 2017 to provide management, organizational, and other administrative services and training. PPI started its commercial operations in November 2017.

- PLIL, a company limited by shares, was registered at the territory of the British Virgin Islands on February 7, 2017. PLIL has not started its commercial operations as of June 30, 2021.

- Promax was incorporated on October 3, 1997. It is engaged in real estate marketing business and handle the marketing and sale of socialized, affordable, middle income, high-end and farm estate property development projects of FLI.

- RPI was incorporated on August 3, 2017 to provide administrative support services and skills training primarily through the use of information technology, licensed software, and systems. RPI has started its commercial operations in November 2017.

- NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc. NSI has opened on March 14, 2021 but has not reached commercial level of operations as of June 30, 2021 due to restrictions as a result of COVID-19 pandemic.

- FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to real estate investment trusts ("REIT") companies. FFMI has not started its commercial operations as of June 30, 2021.

- Co-Living Pro Managers Corp. (CPMC) was incorporated on August 02, 2021 to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto; and generally to do any and all things necessary and pertinent or convenient to the purpose herein stated; provided that the corporation shall not solicit, accept or take investments/placements from the public, and neither shall it issue investmen contracts. CPMC has not started its commercial operations as of June 30, 2021.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this Prospectus), purchased or sold a significant amount of assets outside the ordinary course of business.

SECURITIES ISSUANCES

On November 8, 2013, FLI issued to the public unsecured fixed rate retail bonds with aggregate principal amount of ₱7.0 billion comprised of ₱4.30 billion seven (7)-year fixed rate bonds due in 2020 and ₱2.7 billion ten (10) year fixed rate bonds due in 2023. The seven (7)-year bonds carry a fixed interest rate of 4.8562% per annum while the five-year bonds have a fixed interest rate of 5.4333% per annum. Actual net proceeds amounted to ₱6,917,093,003.36 after deducting fees. The Company utilized the net proceeds of the Bonds to partially finance the projects in the fourth quarter of 2013 and in 2014.

On December 4, 2014, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱ 7.0 billion comprising of ₱5.30 billion seven (7)-year fixed rate bonds due in 2021 and ₱1.70 billion ten (10)-year fixed rate bonds due in 2024. The seven (7)-year bonds carry a fixed rate of 5.4% per annum while the ten-year bonds have a fixed interest rate of 5.64% per annum. FLI raised net proceeds of ₱6,922,093,063. As of June 30, 2015, the Company has fully utilized the net proceeds from the said bond issue in accordance with its intended use of proceedsas per the prospectus submitted to the SEC.

On August 20, 2015, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.0 billion comprising of ₱7.0 billion seven (7)-year fixed rate bonds due in 2022 and ₱1.0 billion ten (10)-year fixed rate bonds due in 2025. Net proceeds from this issue is ₱7,913,188,532.00 the Company has fully utilized the net proceeds from the said bond issue in accordance with its intended use of proceeds as per the prospectus submitted to the SEC.

On July 2017, Filinvest REIT Corp. a subsidiary of FLI issued to the public ₱6.0 billion worth of unsecured fixed rate bonds due in 2023. The bonds carry a fixed interest rate of 5.05% per annum payable quarterly. The Company utilized the net proceeds of the Bonds to partially finance the projects in the second half of 2017 and first half of 2018.

On November 18, 2020, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱ 8.1 billion comprising of ₱6.30 billion three (3)-year fixed rate bonds due in 2023 and ₱1.80 billion five and a half (5.5)-year fixed rate bonds due in 2026. The three (3) year bonds carry a fixed rate of 3.34% per annum while the five and a half-year bonds have a fixed interest rate of 4.18% per annum. FLI raised net proceeds of ₱7,934,549,452. As of June 30, 2021 the Company has fully utilized the net proceeds from the said bond issue in accordance with its intended use of proceeds as per the prospectus submitted to the SEC.

On August 12, 2021, Filinvest REIT Corp., the real estate investment trust (REIT) of Filinvest Land, Inc., was listed on the PSE with an offer price of ₱7.00 per share. At the offer price, the projected dividend yield as stated in the REIT Plan is 6.3% for FY2021 and 6.6% for FY2022. The base offer of the IPO was 1,634,187,850 common shares, with an overallotment option of up to 163,418,785 common shares.

Business

OVERVIEW

The Company is a leading real estate developer in the Philippines, providing real estate products to residential and commercial customers with a particular focus on the affordable and middle market housing segments. The Company has over 50 years of real estate expertise through the "Filinvest" brand. The Company has developed over 2,500 hectares of land and completed a large number of high-profile real estate projects. Having provided homes for more than 200,000 families, the Company believes that it has a reputation both in the real estate industry and among purchasers, including the significant OFW and expatriate Filipino markets, as a reliable developer that develops and delivers quality products in a timely manner conveniently located near major commercial centers. The Company believes it is able to offer customers one of the most diversified ranges of real estate products in the Philippine market. As of July 31, 2021, the Company's projects are situated across over 55cities and municipalities, and the Company believes that this product, market and geographic diversification mitigates construction, market and economic risks.

The Company's real estate operations remain a key driver of the Company's income, contributing ₱9.84 billion to the Company's total revenue of ₱16.22 billion in 2020. The Company develops and sells residential real estate to generate cashflow for their business operations and retain ownership of a significant portion of commercial and retail real estate for long-term investment to generate recurring income and realize potential capital appreciation. The Company is a pioneer and major player in office development and leasing in the Philippines with a stable and growing revenue stream fromrecurring income. The Company believes that its unblemished credit track record over its long history with the local banking community as well as local and international bond markets, especially during market downturns, such as theAsian Financial Crisis and Global Financial Crisis, have resulted in increased investor confidence, which allows the Company greater access to medium and low cost funding. The Company believes that its strength in credit record and financial position enhances its ability to expand its business and capitalize on opportunities in the Philippine housingand land development market.

FLI focuses on the development of residential houses, lots, condotels, mid-rise buildings ("**MRBs**") and high-rise buildings ("**HRBs**") projects throughout the Philippines, and the development of investment properties in the retail, office and industrial real estate sectors. As of August 31, 2021, FLI has built more than 200 residential developments across the country and operates thirty-one (31) offices and seven (7) retail developments totaling 781,018 sq.m. of GLA. Retail developments also fall under FLI's "Filinvest Lifemalls" brand while office developments are owned by FLI or Filinvest REIT Corp. and Filinvest Cyberparks, both subsidiaries of FLI. In addition, FLI owns 60% of Filinvest Asia Corp. whose sole project is PBCom Tower.

For each of the years ended December 31, 2018, 2019 and 2020, and the six months ended June 30, 2021, the Company recorded consolidated revenues and other income of ₱22,205.2 million, ₱25,673.3 million, ₱17,484.6 million and ₱8,591.4 million, respectively; EBITDA of ₱9,781.4 million, ₱12,088.3 million, ₱9,162.0 million and ₱3,512.8 million, respectively; and net income of ₱6,075.9 million, ₱6,519.8 million, ₱3,957.8 million and ₱2,670.4 million, respectively. FLI's common shares were listed on the PSE on October 25, 1993 and as of September 16, 2021, FLI had a market capitalization of ₱26,917.2 million.

	For the six months ended June 30			
	2020 (unaudited)		2021 (unaudited)	
	millions	%	millions	%
REVENUES AND OTHER INCOME				
Real estate sales	₱4,556.23	48.94%	₱5,311.70	61.83%
Rental and related services	3,916.67	42.08%	2,865.25	33.35%
EQUITIY IN NET EARNINGS OF ASSOCIATES	533.42	5.73%	37.08	0.43%
OTHER INCOME				
Interest income	191.01	2.05%	203.90	2.37%
Others - net	111.24	1.20%	173.48	2.02%
Total Revenues and Other Income	₱9,308.57	100.00%	₱8,591.41	100.00%

	For the years ended December 31,					
	2018 (audited)		2019 (audited)		2020 (audited)	
	millions	%	millions	%	millions	%
REVENUES AND OTHER INCOME						
Real estate sales	₱14,404.20	64.86%	₱17,013.12	66.27%	₱9,837.12	56.27%
Rental and related services	5,608.26	25.26%	7,008.74	27.30%	6,386.22	36.52%
EQUITIY IN NET EARNINGS OF ASSOCIATES	537.02	2.42%	401.53	1.56%	516.45	2.95%
OTHER INCOME						
Interest income	977.29	4.40%	571.70	2.23%	404.14	2.31%
Others - net	678.42	3.06%	678.22	2.64%	340.72	1.95%
Total Revenues and Other Income	₱22,205.19	100.00%	₱25,673.31	100.00%	₱17,484.65	100.00%

COVID-19 Impact on Company's Operations

COVID-19 continues to impact FLI's results for the six months ended June 30, 2021. The disruptions brought about by the COVID-19 pandemic weighed on FLI's first half 2021 performance resulted to total revenue lower by 3% compared to the same period last year to ₱8.18 billion. Revenue from rental and related services declined by 27%. Net income attributable to equity holders was higher by 14% at ₱2.62 billion for the six months ended June 30, 2021 from ₱2.30 billion for the six months ended June 30, 2020. In the first half of 2019 which was pre-COVID, first half total revenue reached ₱11.81 billion and net income attributable to equity holders reached ₱3.04 billion.There were no residential projects launched in the first quarter of 2021, but the Company was able to launch ₱3.4 billion worth of residential projects in the second quarter of the year.

The Company is taking a two-pronged strategy of (i) expanding the investment property portfolio and (ii) prudent residential development focusing on the end-user, affordable and middle-income markets. The Company is focusing on the completion of its key projects, particularly office buildings which continue to be in demand, Phase 1 of the Filinvest Innovation Park in New Clark City, the The Crib dormitels in Clark Mimosa Plus and selected residential developments across the country.

Mitigation Efforts by the Company

The Company prepared a re-entry program post ECQ that addresses three (3) major issues in the areas of finance, customer care and workplace safety.

On the financial side, FLI is aware of the pandemic's possible impact on its operations and financial performance. As such, the Company continuously evaluates its plans and strategies to address the requirements of its customers, employees and various stakeholders.

The Company has also adjusted to new customer communications and expectations. It has instituted new sanitary and

social distancing guidelines in all properties. The office buildings which continued to operate during ECQ have continuously adopted the guidelines with thermal scanning, foot baths, sanitizer stations, digital registration and the company's District Cooling System team has also been studying the use of UV Light filtration for its air handling systems. FLI malls have reopened on a limited capacity since the transition to GCQ with continued strict enforcement of the guidelines. For residential sales generation, FLI has been optimizing its existing seller and buyers online kiosks. The use of digital platforms and virtual home tours for selling, and drone assisted site inspections are now standard. The residential property management team has provided new services as well, such as organizing small markets or group deliveries to save our homeowners from long lines at the groceries.

On workplace safety, FLI has reduced office density by increasing work from home arrangements coupled with dual shifting schedules. This is complemented by a sanitation, social distancing and COVID-testing protocol which clearly defines the rules governing the new normal.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name

The Company has been involved in the real estate development business through the "Filinvest" brand for more than 50 years through its parent and controlling shareholder, FDC, as well as through other Gotianun Family ventures. FLI has become one of the Philippine's leading real estate developers and has successfully developed a large number of high-profile real estate projects, with a particular focus on the affordable and middle market housing segments. The Company believes that it has developed a reputation within the real estate industry and among home buyers, including the significant OFW and expatriate Filipino markets, as a reliable developer that delivers quality products in a timely manner, and provides accessibility by conveniently locating its developments near major commercial population centers. The Company also has an extensive network of sales offices, in-house sales agents and independent brokers located throughout the Philippines, as well as accredited brokers in countries and regions with large OFW and expatriate Filipino populations. In April 2017, FLI entered into a partnership, as the master franchisee in the Philippines, with KW Realty Inc. ("**KW**"), the world's largest real estate franchise by agent count with 190,000 real estate agents, over 950 market centers with presence in 48 countries. KW, through its technology, provides the models, systems and tools that agents need to grow their business and make KW the real estate company of choice.

Diversified and innovative real estate development portfolio

The Company believes it is able to offer customers one of the most diversified ranges of real estate products among all developers in the Philippine real estate market. FLI focuses its business on the socialized, affordable and middle-income market segments, but at the same time it has designed projects that address demand from the lowest end of the real estate market to the highest. The Company has also expanded its portfolio to include new types of residential developments that cater to potentially high-growth niche markets, such as residential farm estate projects, entrepreneurial communities, medium-rise buildings, high-rise condominiums and township developments. The Company also introduced new products such as the dormitels to cater to the accommodation needs of workers, initially in Mimosa and the logistics and innovation park in New Clark City. The dormitels are branded as "The Crib" and the Company plans to build four (4) dormitel buildings with each offering around 800 beds. Expanding the logistics and industrial park development will address the growing need of logistics, light manufacturing, technology and e-commerce companies looking to support inventory management

Extensive and diversified land bank

Over the years, the Company has accumulated an extensive, low-cost land bank. As at July 31, 2021, the Company's land bank totaled approximately 1,872.8 hectares of raw land, including 201.1 hectares available for development pursuant to joint venture agreements. The bulk of the Company's land bank consists of land situated in regional centers primarily outside of Metro Manila that FLI believes are prime locations across the Philippines for existing and future property development projects, including land in the nearby provinces of Rizal, Bulacan, Batangas, Cavite and Laguna, as well as in growth areas such as Cebu, Davao and General Santos City in South Cotabato province. It recently expanded its geographic reach in North Luzon provinces with high growth potential such as Dagupan, Bataan, Mimosa and Clark. The Company believes that the diversity of its current projects and land bank

will allow it to benefit from these areas' continued economic development. The Company also has land available for future developments located in central and southern Philippines, which it believes has allowed it to position itself as a leading residential project developer in these new and expanding markets. The Company also believes that its strong reputation and reliability as a developer allows it to attract joint venture partners with desirable land banks, allowing it to access additional land for future development.

Strong development and investment revenue streams

The Company has successfully shown its strong track record in growing its investment property revenue stream. It started in 2006 with just 151,470 sq.m. of gross leasable area, and as of August 31, 2021, it already had 776,650 sq.m., combining both retail and office spaces. This segment now accounts for 39% of the company's gross revenues Moreover, the Company still has twelve (12) buildings under construction, which will add another 281,000-sq.m. of GLA in the next three (3) years. These projects are located in several high growth areas of the country, near the transport hubs and easily accessible to the public.

Strong credit record and financial position

The Company believes it is currently in sound financial condition, with strong debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. The Company's sound financial management allowed it to continue to meet its debt service obligations for its peso-denominated debts and to meet and exceed the debt service ratios required under its loan agreements even with the aftermath of several financial crises, notably the 1997-1998 Asian financial crisis, 2002 US stock market downturn and the 2008 Global Financial Crisis. The Company believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The Philippine Rating Services Corporation ("Philratings") maintained the PRS Aaa for FLI's outstanding bonds (i) ₱2.70 billion bonds due in 2023, (ii) ₱5.30 billion bonds due in 2021, and (iii) ₱1.70 billion bonds due in 2024, (iv) ₱7.0 billion bonds due in 2022, (v) ₱6.34 billion bonds due in 2023, (vi) ₱1.76 billion bonds due in 2026, and (vii) ₱1.0 billion bonds due in 2025. PRS Aaa rating is also maintained for the ₱6.0 billion bond of Filinvest REIT Corp., a 100% subsidiary of the Company, maturing in 2023. Philratings also rated the First Tranche of the ₱30.0 Billion shelf bonds amounting to ₱8.10 billion composed of ₱6.34 billion bonds due in 2023 and ₱1.76 billion due in 2026 PRS Aaa. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by Philratings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name andtrack record.

Benefits of Large Scale Operations

The Company, as one of the Philippines' leading real estate developers and with one of the largest real estate operations and in-depth industry knowledge, believes it is well positioned to respond promptly to changes in market conditions and capture opportunities. Moreover, the Company's scale of real estate business operations enhances its position in negotiations with vendors and contractors, supply chain management, partnership with landowners, credible land purchases, and maintaining a balanced tenant mix, as well as strengthening its reputational and brand awareness in sales.

Experienced Management Team

The Company has an experienced management team with an average of more than 30 years of operational and management experience in real estate development and who have also enjoyed long tenure with both the Company and FDC. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and has also developed positive relationships with key market participants, including construction companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

FLI intends to further accelerate growth and improve its return on equity by aggressively developing its land bank while retaining its current focus on the high-growth affordable and middle market segments where the Company believes it has a competitive advantage based on its current strong position. FLI has the following strategies:

Continue product, market and geographic diversification to strengthen leadership position in the affordable and middle market segments.

In real estate trading, FLI capitalizes on its strong position in the affordable and middle market segments to increase its market share. With these segments representing the largest subset of house buyers in the Philippines, and with highly fragmented supply, FLI shall maintain its strong position by expanding its product offerings and geographic reach. New products are continuously being studied and offered to cater to the evolving needs of the market. In particular, FLI plans to offer more inner city mixed-used developments and MRB products to capture the growing demand for these types of products in greater Metro Manila, Cebu, and Davao. Meanwhile, the Company shall explore opportunities for expansion to new territories by acquiring land bank in selective regional markets for residential township and commercial development.

Continue to build up recurring income streams and capitalize on REIT opportunities.

In addition to retaining its position as one of the leading residential house and lot ("H&L") and MRB developers in the Philippines, FLI has built its position as well as a reputable provider of office and commercial leasable spaces. FLI intends to continue to increase recurring rental income through the expansion of its commercial office and retail space leasing operations. The Company intends to achieve this by, among other things, increasing occupancy at its newer malls and other commercial projects, rolling out new leasing projects, introducing new leasing product types, enhancing its existing investment portfolio through proactive leasing and management, and capitalizing on its extensive real estate experience, scale and access to resources. The Company also believes that the development of REITs in the Philippines, will provide the Company with new opportunities to unlock value and accelerate the growth of its recurring income portfolio. On August 12, 2021, FILRT was listed on the PSE.

Accelerate monetization of land bank.

FLI believes that there is currently significant unrealized value in its land bank based on the historical low cost carrying value of such land bank on its balance sheet. The Company believes that it is now the opportune time to take advantage of the appreciation in value of such land bank and accelerate monetization through land sales, or establish vertical trading developments or developments to generate recurring income. Townships masterplans are consistently being revisited to ensure adaptability to the changing needs of the market and its existing residents or locators. In addition, given the current projects in their pipeline, the Company believes it can benefit from the country's strong economic fundamentals to accelerate the pace of new project launches. For their higher value raw land portfolio, the Company plans to develop higher density and higher value-added projects, such as residential buildings, office buildings and retail malls, with a view to optimizing the revenue per sq.m. generated from such land bank.

Targeted vertical operations integration and digitalization to improve cost efficiency.

The Company plans to continue initiatives to further integrate their operations. As an example, the Company had established in 2017 a separate construction company (Dreambuilders Pro, Inc.) to undertake construction of specific projects and products, such as MRBs, to improve its cost competitiveness. Moreover, the Company has embarked on targeted digitalization processes, such as the use of building information modeling for design, as well as the acquisition and implementation of other software for bidding and project management, all in an effort to improve both cost and process efficiencies. Online platforms are continuously being developed and enhanced to ensure efficient touchpoints to its business partners such as customers, contractors, sellers and brokers. The Company also has separate property management teams with digital customer service applications to focus on monitoring and delivering the services to its clients.

PROPERTIES

The Company does not have any real properties that is mortgaged or encumbered.

Land Bank

Since its incorporation, the Company has invested in properties situated in what the Company believes are prime locations across the Philippines for existing and future housing and land development projects. It is important for the Company to have access to a steady supply of land for future projects. In addition to directly acquiring land for future

projects, the Company has also adopted a strategy of entering into joint venture arrangements with landowners for the development of raw land into future project sites for housing and land development projects. This allows FLI to reduce its capital expenditures for land and substantially reduces the financial holding costs resulting from owning land for development.

Under the joint venture agreements, the joint venture partner contributes the land free from any lien, encumbrance, tenants or informal settlers and the Company undertakes the development and marketing of the products. The joint venture partner is allocated either the developed lots or the proceeds from the sales of the units based on a pre-agreed distribution ratio.

Potential land acquisitions and participation in joint venture projects are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market, the suitability or the technical feasibility of the planned development. The Company identifies land acquisitions and joint venture opportunities through active search and referrals.

As of July 31, 2021, the Company and its subsidiaries had a land bank of approximately 1,872.8 hectares of raw land for the development of its various projects, including approximately 201 hectares of land under joint venture agreements, which the Company's management believes is sufficient to sustain several years of development and sales.

Details of the Company's and its subsidiaries' raw land inventory as of July 31, 2021 are set out in the table below:

FLI Land Bank as of July 31, 2021

Location	Company Owned	Under Joint Venture	Total	% to Total
		Area in Hectares		
Luzon				
Metro Manila	35.7	-	35.7	1.91%
Rizal	711.8	9.2	721.0	38.50%
Bulacan	252.1	-	252.1	13.46%
Bataan	12.3	-	12.3	0.65%
Pampanga	-	24.9	24.9	1.33%
Camarines Sur	1.9	-	1.9	0.10%
Pangasinan	3.5	-	3.5	0.19%
Cavite	299.5	58.8	358.3	19.13%
Laguna	226.7	0.7	227.4	12.14%
Batangas	45.6	42.1	87.7	4.68%
Sub-total	**1,589.0**	**135.7**	**1,724.7**	**92.09%**
Visayas				
Cebu	1.5	35.7	37.2	1.99%
Negros Occidental	4.7	-	4.7	0.25%
	6.2	**6.2**	**35.7**	**2.24%**
Mindanao				
Davao	6.4	29.5	35.9	1.92%
South Cotabato	70.3	-	70.3	3.75%
	76.7	**76.7**	**29.5**	**5.67%**
Total Residential Land Bank	**1,671.8**	**201.0**	**1,872.8**	**100.00%**

Other than the planned land acquisitions mentioned in the "*Use of Proceeds*" section of this Prospectus, the Company does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business.

Townships

City di Mare

In August 2010, FLI launched City di Mare, a 50.6-hectare property located at the South Road Properties in Cebu City. The 10.6-hectare portion of the property includes retail, office and leisure buildings and a public promenade which is a one-kilometer long waterfront lifestyle strip that will offer a range of seaside leisure activities. The remaining forty (40) hectares will be developed into four (4) phases of residential clusters over a 20-year period.

SRP 2

In July 2015, FLI, Filinvest REIT Corp. Filinvest Alabang, Inc., and a third party (collectively referred to as "Filinvest Consortium") won the bidding for a 19.20- hectare lot in Cebu's SRP. Thereafter, on August 7, 2015, Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer's discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

The 19.2-hectare property mentioned above is a separate property from the other two (2) properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to Finvest Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to restitute the Filinvest Consortium of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020 with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019 the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.

On October 7, 2020, Filinvest Consortium sold a portion of its property by reducing the area to 16.2 hectares. Prior to sale, Filinvest Consortium have secured a Letter of No Objection ("LONO") from the Executive Department of the City for the sale of the property

Pampanga

Filinvest Mimosa, Inc., the new company formed in 2016 by the consortium of Filinvest Development Corporation (FDC) and FLI as the winning bidder in the privatization of the former Mimosa Leisure Estate, has signed the lease agreement with Clark Development Corporation for a term of fifty (50) years, renewable for another twenty-five (25) years. Over this period, Filinvest Mimosa will develop, manage and operate the estate.

Tarlac

FLI signed a Joint Venture Agreement with the Bases Conversion and Development Authority (BCDA) for the development of the 288-hectare Filinvest at New Clark City in Tarlac. New Clark City is envisioned to be developed as the country's newest sustainable urban community and globally-competitive investment center that is smart, green and disaster-resilient. The industrial and logistics park is now currently being developed. The township will also have commercial and residential components.

Laguna

Ciudad de Calamba is a 350-hectare Modern Filipino-Hispanic Township development in the gracious City of Calamba, Laguna. It is a master-planned affordable and middle-income township with an industrial component.

Rizal

Havila is master-planned as a mix of affordable, middle-income and high-end subdivisions in Rizal province overlooking Metro Manila. With its 306-hectare development, the township offered three major communities such as Mission Hills, Highlands Pointe and Forest Farm interconnected by linkroad of Antipolo, Taytay and Angono Rizal. New developments in Havila are Mira Valley, Amarilyo Crest and Amarilyo Residences.

Timberland Heights, a sprawling 677-hectare premier mountain suburban township development located in the highest peaks of San Mateo Rizal. It captures the essence of a mountain hideaway, a sporting and leisure paradise and a luxurious country resort in a premier township development.

Manna East, a 60-hectare modern Filipino themed affordable and middle-income community in Theresa Rizal. Housing construction is on-going for New Fields Phase 1 (launched Jan 2018). The construction of all amenity areas for New Fields Phase 1 is also expected to be completed by 3Q 2021. Land development has also commenced in Futura Plains (launched July 2019). FLI is currently planning the expansion for New Fields and is projecting to launch Phase 2 in 2022.

Negros Occidental

Palm Estates, 51-hectare township development designed to be a city within Talisay City. The first residential project was launched in the last quarter of 2016. Land Development for the first phase is complete and house construction is already on-going land development for the next phase will commence on Q4 2021.

Recent Land Acquisitions

In 2017, FLI acquired from various third-party sellers parcels of land in Alabang Muntinlupa City, Cubao, Quezon City, Teresa, Cainta and Taytay, Rizal, Balanga, Bataan and Zamboanga City.

In 2018, FLI acquired from various third-party sellers parcels of land in Quezon City, Parañaque City, Dagupan City, Pangasinan, Bacoor City, Cavite, Calamba City, Laguna, Mandaluyong City, Dumaguete City and Zamboanga City.

In 2019, FLI acquired from various third-party sellers parcels of land in San Rafael, Bulacan, Cainta, Rizal, Bacoor City, Cavite, Dagupan City, Pangasinan, Naga City, Bicol, Davao City, Dumaguete City, General Santos City and Negros Oriental.

In 2020, FLI acquired from various third-party sellers parcels of land in Dagupan City, Pangasinan and Bacoor City, Cavite.

In 2021, FLI acquired from various third-party sellers parcels of land in Davao City, Dumaguete, Rizal and Taguig.

Leased Land

The Company has subsisting lease agreements for the lease of certain real properties, the terms of which are summarized below:

	Leased Property	Lessor	Lessee	Amount of Lease Payments	Expiration Date	Terms of Renewal Options
1	2,700 square meter portion of a parcel of land at Westgate Center, Commerce Avenue corner Filinvest Avenue,	Filinvest Alabang, Inc.	Filinvest Land, Inc.	Minimum monthly rental amounting to Php250.00 per square meter, subject to 5% escalation per annum, or 5% of the gross revenues, whichever is higher, computed at the end of the calendar year.	January 11, 2035	Lessee with option to renew for additional terms of 3 years for each extension, on mutually acceptable terms and conditions

	Filinvest City, Alabang, Muntinlupa					
2	2,381 square meter parcel of land located at 167 EDSA, Mandaluyong City	Bountiful Realty & Development Corporation	Filinvest Land, Inc.	Php200.00 per square meter, exclusive of 12% VAT (for lessee's account), or an aggregate of Php476,200.00 per month, subject to an annual escalation rate ranging from 5% to 10%.	June 30, 2036	Renewable on mutually acceptable terms and conditions
3	179,989 square meter aggregate area of parcels of land located in Filinvest City, Alabang, Muntinlupa	Filinvest Alabang, Inc.	Filinvest Land, Inc.	Minimum monthly rental amounting to Php80.00 per square meter, subject to 5% escalation per annum, or 10% of the gross revenues of the Festival Mall and its expansion, whichever is higher, computed on an annual basis.	September 30, 2056	Renewable for another 25 years on mutually acceptable terms and conditions
4	Approximately 36 hectare portion of the parcel of land located at the Mimosa Leisure Estate, Clark Freeport Zone, Pampanga	Filinvest Mimosa, Inc.	Filinvest Cyberzone Mimosa, Inc.	Monthly minimum guaranteed lease (MMGL) amounting to Php6,424,501.04 Annual minimum guaranteed lease (AMGL) amounting to 77,094.012.42 The AMGL is subject to a 10% increase starting on year 6 and every 3 years thereafter.	April 22, 2066	Renewable upon mutual agreement of the parties, but subject to such new terms and conditions as may then be mutually agreed upon and subject to the prior written approval and consent of Clark Development Corporation

Residential Developments

FLI will further grow its core residential real estate development business, which includes house and lots, MRBs and high-rise condominium units. Currently, FLI has the following completed and on-going high-rise condominiums projects:

The Linear

The Linear, a master-planned residential and commercial hub in Makati City. Two (2) L-shaped towers, each twenty-four (24) storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals.

Studio City

Studio City is a community composed of a five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the

nearby Madrigal Business Park.

The development consists of eighteen (18) storeys per building with commercial units at the ground floor. All residential floors will have twenty-five (25) studio units per floor. Four out of the five buildings are completed.

The Levels

Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four (4)-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with four (4) towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens. The second tower is currently under construction.

Studio N

Studio N is a 25-Storey development and is the latest addition to the studio series portfolio of Filinvest. This is located at the main business hub of Filinvest City. This is currently under construction.

The Levels, Studio City and Studio N are located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions.

Vinia Residences

Vinia is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and just steps away from the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to yuppies and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city. This is fully completed.

Studio Zen

Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently and a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area. This is fully completed.

Studio A

Studio A is a single tower 34-storey hi-rise residential condominium located in Loyola Heights in Quezon City. A community conveniently situated near premier universities, the LRT 2 line and other commercial establishments. This is fully completed.

100 West

100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is in the Makati Business District and accessible to both north and south of Metro Manila. This is fully completed.

Studio 7

Studio 7 is a mixed-use development that will have office and residential towers complemented with retail outlets, located in Quezon City along EDSA very close to the GMA-Kamuning MRT station. Studio 7 will have studios as well as one-bedroom residential units. This is under construction and about 90% complete.

Activa

Activa is a mixed-use development with residential, office, and retail components. It is entrenched in the heart of Quezon City's busiest and liveliest district, Cubao. Situated at the crossroads of two (2) of the metro's most vital

thoroughfares. Activa connects to the north and south via EDSA, and to the east and west via Aurora Boulevard. It also has direct access to the MRT and LRT lines, and accessible by various modes of transportation like buses and jeepneys. The project was recognized and awarded by Dot Property as the best Mixed-Use Development for 2019 for its mixed-use concept which blends in key components such as convenience, flexibility, entertainment, and leisure. This is under construction

FLI expects to remain focused on core residential real estate development business which includes landed housing, medium-rise buildings (MRB) and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market.

In 2020, FLI intends to retain its dominant position as the leader in MRB projects by launching seven (7) new projects nationwide and nineteen (19) additional buildings of existing projects. Aside from the MRBs, FLI has pipelined twelve (12) horizontal residential projects and two (2) HRB projects.

Leasing Segment

The Company has a significant leasing portfolio comprising mostly commercial office and retail developments, including thirty-one (31) offices and BPO buildings, its flagship mall, the Festival Supermall in Filinvest City, and three (3) other community malls. The Company was a pioneer among the Philippine landlords with the longest histories of focusing on the BPO industry as tenants. As of July 31, 2021, the Company has a portfolio of 524,188 sq.m. of leased office space comprising major international BPO tenants and 256,830 sq.m. of retail space. The Company believes this history and track record is a competitive advantage in gaining the continued confidence of BPO locators.

The following table sets forth the breakdown of revenue from rental and related services:

In million pesos	2018	2019	2020	1H2021
Office leasing	3,858	5,171	5,559	2,407
Mall operations	1,750	1,838	827	458
Total	5,608	7,009	6,386	2,865

FLI has the following investment properties for lease:

Commercial Retail Leasing Properties

Festival Supermall

The landmark project, Festival Supermall, carries on its position as the prime destination for recreation and retail in southern Metro Manila. With more 'firsts' on its offerings and a better shopping ambiance, the mall has elevated the retail experience in the south. It is one of the country's largest shopping malls with more than 1,000 shops.

Major improvements have been undertaken and continue to be undertaken for the existing mall and its facilities. New interiors give the mall a refreshed look and modern ambiance, complementing the recently completed 46,000 sq.m. expansion wing. Decathlon, a French sporting goods retailer, opened a 5,000 sq.m. store in the original mall. New lifestyle and food tenants continue to open in the expansion wing. French sports retail giant, Go Sport, opened its first ever store in Southeast Asia in the expansion with an area close to 1,000 sq.m.

The introduction of new and unique food establishments has made Festival a gastronomic destination ushering in new traffic and strengthening its appeal to its core target market. The Water Garden, a new distinctly refreshing outdoor amenity and convergence zone in the expansion wing, continues to be favorite among mall patrons. Uniqlo opened its first ever roadside store in the country in Westgate, Festival's affiliated lifestyle development in Filinvest City.

Fora Mall

Conveniently located right by Tagaytay Rotunda is Fora Mall, the first regional mall in the area. This prime retail destination provides about 26,000 sq. m of leasable space amidst nature, open spaces, and a beautifully-landscaped amphitheater. It primarily serves the local market and Tagaytay bound tourists. A number of local and popular food concepts, along with national brands, have opened in the mall. Super Metro, a 24-hour hypermarket, serves as its

anchor. Other notable shops include Ace Hardware, Power Mac, Own Days, Anello and La Sedia. The mall also has four (4) digital cinemas which have become the go to place for Tagaytay City and surrounding towns for recreation.

Main Square

With a smaller format of over 18,000 sq. m leasable area, Main Square is the first and only mall along Bacoor Blvd, close to Bacoor City Hall and fronting Princeton Heights. Positioned as the reliable one-stop hub for neighboring gated villages of Bacoor, it provides basic shopping, wellness, service and convenience offerings from partner brands such as Anytime Fitness, Watson's, Ace Hardware, Western Appliances, Japan Home, and DIY. The mall's anchor for this development is Robinsons Supermarket, which has become the most convenient essentials shopping option in the area.

Il Corso

Il Corso is a retail development with an estimated 34,000 sq. m of leasable area in the City di Mare estate development of Filinvest in the South Reclamation Area of Cebu City. It's opened restaurants facing the sea have become destinations in the southern edge of Cebu City. The cinema has also opened. A 10,000 sq.m. portion of the mall is being reconfigured to accommodate Business Process Outsourcing Companies.

Other Filinvest Lifemalls

The following table sets out a summary of the Company's other major Filinvest Lifemalls:

Mall	**Location**	**GLA (sq.m.)**	**Features**
Fora Mall	Taytay Rotonda	26,000	• 24-hour super metro anchor store • Four (4) digital cinemas • Open air amphitheater and forest feature • Beside Quest Hotel
Main Square	Princeton Heights, Bacoor, Cavite	18,000	• Robinson Supermarket • Watsons, Ace Hardware, DIY • Anytime Fitness • Starbucks, Coffee Bean & Tea Leaf • Beside Bacoor City Hall
Il Corso	City di Mare, Cebu	34,000	• Seaside waterfront boardwalk with al fresco dining • Central piazza with dancing fountain • Fully-functional lighthouse and battleship playground for children • Cebuano Home-Grown Food Concepts (Laguna Café Group, Chikaan, Fishes, etc)

Overall occupancy rate of all retail malls is at 64% of total retail GLA.

Retail Space Projects in the Pipeline

As of the date of this Prospectus, the Company has no plans to acquire any additional shopping malls, but intends to undertake commercial and retail projects to complement its residential developments in selected areas.

Mall Locators

In the Philippines, many major shopping malls have been developed by companies which also own large retail operations that to comprise a large chunk of the leasable area. The Company does not own any retail operations. Because the Company and its affiliates are focused primarily on real estate development and finance, the Company believes that this gives its Filinvest Lifemalls the flexibility to sign up tenants who can best serve its target market. The Company has successfully attracted major retailers at the Filinvest Lifemalls, such as Robinson's Retail, SM, SSI, Metro Retail, H&M, Uniqlo and Landmark.

The retail leasing business is not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole. It is also not dependent on any related party.

Mall Leasing Policies

FLI manages its Filinvest Lifemalls with a view to maximizing and enhancing its value by ensuring that it has a mix of tenants that will allow it to cater to the widest possible range of market segments and to meet consumer demand in the communities which the mall serves.

Tenants enter into short- to medium-term leases, typically for periods of two (2) to five (5) years, with tenants required to make a security deposit equal to three (3) to six (6) months' rent and to pay rent on a monthly basis. Tenants pay rents that are either fixed or are comprised of a base rent plus a variable portion ranging from 1.5% to 15.0% of the tenants' sales revenues. Typically, tenants operating restaurants and other dining establishment are charged higher variable rates than tenants who operate apparel stores and other retail establishments. The combined rent of a base amount per sq.m. plus a variable rent factor based on a percentage of sales, is subject to a minimum rent computed at an amount per sq.m. per month. The base portions of rents are primarily determined by the specific location in the mall and size of space being leased, and are typically subject to an annual escalation rate. Fixed-rate leases are generally with tenants that provide services (such as banks and foreign exchange centers) or which sell high-priced goods (such as jewelry stores and computer stores) and which do not typically generate high turnover. Tenants are charged separately for common area-related costs, such as costs for security, janitorial and other maintenance services and for utilities.

Commercial Office Properties

As of July 31, 2021, the Company owns commercial office spaces for lease to several BPO and other office locators with total gross leasable space of 524,188 sq.m. Primarily, they are located in Northgate Cyberzone in Filinvest City, Alabang, Muntinlupa. Northgate is an 18.7- hectare PEZA zone that enjoys developer incentives. Among the Company'sportfolio is the PBCom tower where FLI owns 60.0% through FAC, which owns 50.0% of the 52-storey PBCom Tower in the Makati CBD. PBCom Tower is a Grade A, PEZA-registered, IT/office building located along Ayala Avenue, Makati City with a GLA of 35,148 sq.m.

The Company also owns several completed office developments, in Bay City, Pasay, at EDSA, Mandaluyong near Ortigas MRT station, at Gil Puyat, Makati City, at Clark Mimosa and at Cyberzone Cebu IT Park. A summary of the GLA is set forth below:

Location	Number of Buildings	GLA (sq.m.)
Northgate Cyberzone, Filinvest City	19	327,553
Metro Manila outside of Filinvest City	7	122,668
Outside Metro Manila	5	73,967
Total	31	524,188

Overall occupancy rate of the office developments as of June 30, 2021 is at 70%

The office buildings of Filinvest are mainly located in business parks or in mixed-used complexes highly accessible to public transport. The Company believes its business park model, wherein the Company builds on areas specifically suited for business and industrial establishments supported, in certain cases, by incentives from the Government, gives it a competitive advantage as business parks are the preferred site of major BPO tenants. Being located in a major business park allows the tenants assurance of expansion options within close proximity thereby giving the Company an advantageover stand-alone developments.

- Northgate Cyberzone, an 18.7-hectare, PEZA-registered IT park located in Filinvest City in Alabang. The office buildings of the Company sit within the ten (10) hectare parcel of land in the Northgate district owned byFLI.

- Mimosa Workplus, an office campus type environment that is comprised of eight (8) buildings set amidst the

lush natural environment of the Filinvest Mimosa+ Leisure City.

- Cyberzone Cebu and Filinvest IT Park are two (2) distinct developments on two (2) separate BTO arrangements with the Cebu Province having land area of 1.2 hectares and 2.9 hectares respectively. The said properties are in close proximity to the city center located along Salinas Avenue and Banilad, in Cebu City. Together they comprise seven office towers, a mall and a hotel development. The office and mall portions are pre-certified LEED Gold rating.

- Activa is a 1.37-hectare mixed use development at the corner of EDSA and Aurora Boulevard and lies in close proximity to the Cubao LRT and Cubao MRT Stations. The development will have the following: BPO office tower, a traditional office tower, residential tower, retail mall, and lease accommodation or WFH studios for lease. The designs for the BPO office and mall portions are pre-certified with LEED Gold rating.

- Studio 7 is a two (2)-tower mixed-use complex comprising of residential and office buildings on a retail and parking podium. Located along major thoroughfare EDSA in Quezon City, it is strategically located close to the GMA Kamuning Metro Rail Transit 3 Station and is a pre-certified LEED Silver rating.

- Filinvest Cyberzone Bay City is a four (4)-tower office complex in the bustling section of the Bay Area. Its four (4) towers are already completed and operating, and fully leased by POGOs. The complex is also certified LEED Silver rating.

The following office leasing projects are in the pipeline and the Company targets to complete these projects in the nextfive (5) years:

	2021	2022	2023	2024	2025	Total
Filinvest city	39,341	39,340				78,681
Other Metro Manila	36,541	58,987			66,325	161,853
Cebu		18,368	20,350			38,718
Clark Mimosa	22,330				6,989	29,319
Others		4,225		10,000	17,239	31,464
TOTAL	98,212	120,920	20,350	10,000	90,553	340,035

Lease Profiles

The Company's office tenants are principally companies in the BPO sector with customer care, medical transcription, software development, graphic design and animation services. Firms that provide corporate backroom support operations, such as accounting and bookkeeping, account maintenance, accounts payable administration, payroll processing, expense and revenue reporting, legal, financial reporting and other finance-related services, have also established a growing presence in the Philippines. Aside from the BPO sector, there are Traditional HQ tenants and small database of POGO tenants.

Office space leases for FLI are typically for periods ranging from three (3) to five (5) years, although "built-to-suit" buildings are typically leased for ten years. The lease agreements generally require tenants to make a three-month security deposit and three (3) months advance rent. Rent is paid on a fixed per sq.m. basis, depending on unit size and location.

Leases with POGO tenants, which account for approximately 7% of total office space in aggregate, are usually for terms of minimum three (3) to five (5) years with six (6) months deposit and six (6) months advance rent (to be applied at the end of the lease term but these are payable upfront upon handover) for such tenants.

The office leasing business is not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole. It is also not dependent on any related party.

FLI's current tenants include Top Multinational BPO Companies - which are some of the most recognized players in

the BPO space. FLI enjoys relatively high repeat business from its existing clients with about 90% of its current tenants being original tenants who have opted to either renew or extend their respective lease contracts, suggesting the company's strong ability to retain quality lessees.

Trading Segment

The Company, develops and sells residential subdivisions, commercial lots, housing units, MRBs and HRBs across all income segments in the Philippines with an emphasis on the affordable and middle-income segments. The Company also develops central business districts ("**CBDs**"), and other mixed-use and residential projects such as various types of townships, residential farms, leisure estates and condotels. As of June 30, 2021, the Company had over 100 developments under construction in 55 cities and municipalities located throughout the Philippines.

The following tables set forth the Company's trading real estate revenue for 2018, 2019 and 2020 and for the six months ended June 30, 2020 and 2021:

	For the six months ended June 30,			
	2020		2021	
	Unaudited			
	(₱)	(%)	(₱)	(%)
	(in millions of Pesos, except percentages)			
Medium income	₱3,463.3	76.0%	₱3,427.3	64.5%
High-End and Others	313.1	6.9%	447.4	8.4%
Low affordable	390.9	8.6%	758.1	14.3%
Affordable	326.6	7.2%	471.5	8.9%
Socialized	62.3	1.4%	207.4	3.9%
Total	**₱4,556.2**	**100.0%**	**₱5,311.7**	**100.0%**

	For the year ended December 31,					
	2018		2019		2020	
	Audited					
	(₱)	(%)	(₱)	(%)	(₱)	(%)
	(in millions of Pesos, except percentages)					
Medium income	₱8,014.9	55.6%	₱9,480.6	55.7%	₱7,332.0	74.5%
High-End and Others	1,344.6	9.3%	1,771.7	10.4%	1,027.5	10.4%
Low affordable	1,490.5	10.4%	1,924.8	11.3%	769.4	7.8%
Affordable	3,280.1	22.8%	3,490.9	20.5%	605.9	6.2%
Socialized	274.2	1.9%	345.2	2.0%	102.3	1.0%
Total	**₱14,404.2**	**100.0%**	**₱17,013.1**	**100.0%**	**₱9,837.1**	**100.0%**

Sales to OFWs accounted for 20%, 31%, 32% and 33% of total real estate option sales for the years ended December 31, 2020, 2019 and 2018, respectively. The table below illustrates the breakdown of effective share of sales to OFWs (direct & indirect) to the total real estate sales of FLI for the same period.

	2020	2019	2018
Americas	0%	0%	1%
Europe	21%	15%	11%
Asia/Asia Pacific/Oceania	10%	12%	24%
Middle East	69%	73%	62%
Others	0%	0%	2%
Total	100%	100%	100%

Residential Housing

Since it began commercial operations, FLI's core business has been developing and selling residential subdivisions and housing units in the Philippines. In the 1990s, FLI started developing affordable housing units in the Philippines. Since then, the Company has ventured into the development of other real estate products, such as MRBs and HRBs. The Company believes that its long-standing brands, built over a five (5)-decade history of success and innovation provides it with an advantage in the marketing and sales of its core affordable housing products nationwide.

The Company's residential projects include houses, lots, MRBs and HRBs, which are offered in the socialized, affordable, middle income and high end housing segments. Except for FLI's socialized housing products, which are categorized based on criteria set by the Government, FLI's residential product lines are categorized based on criteria determined solely by the Company, taking into consideration factors such as the price points for each category and the target market for each project. The criteria set by the Company in determining which of its projects are affordable, middle-income and high-end may differ from those set by its competitors and by industry associations.

The Company's customer base consists of both domestic and overseas Filipinos. The Company believes the OFW population and expatriate Filipinos contribute a significant portion of the demand for FLI's affordable and middle-income housing by remitting funds to family members in the Philippines to purchase property and by purchasing properties from abroad.

Landed Residential Housing

Socialized Housing

Socialized housing is marketed under FLI's "Pabahay" brand, with lots typically priced at up to ₱160,000 per lot and housing units typically priced at up to ₱580,000 per unit. FLI's socialized housing comprises large-scale, mass-housing projects that have historically ranged in size from approximately six to 55 hectares and have been developed in phases typically comprising 1,000 lots of 35 to 50 sq.m. each, organized in clusters of front-expandable row houses with supporting amenities and facilities. Government regulations generally require developers to allocate at least 5% to 20% of their subdivision development activities (by either area or cost) for socialized housing units, although this requirement can also be satisfied through alternative means. Buyers of socialized housing projects are eligible to obtain financing from the Government's Pag-IBIG Fund. Maximum sales prices for FLI's socialized housing products do not exceed Government-mandated ceilings of ₱580,000 per unit and income realized from the development and improvement of socialized housing sites are exempt from taxation. See "*Regulatory and Environmental Matters*."

Affordable/Middle-Income Housing

Affordable housing is marketed under FLI's "Futura Homes" brand, with lot-only prices ranging from ₱160,000 to ₱750,000 and per-unit prices for housing units ranging from ₱580,000 to ₱l,500,000. Affordable housing developments typically range from two (2) hectares to twenty-six (26) hectares and have been developed in phases typically comprising approximately 300 lots each. Houses typically have a floor area of approximately 40 sq.m., with a lot size generally between 80 to 150 sq.m. Homes in this sector are designed and constructed with the capacity and structural strength to allow the owner to construct an additional story, which can double the available floor area. Affordable housing developments are generally located in the provinces bordering Metro Manila, including Rizal, Pampanga, Bulacan, Laguna, Batangas and Cavite, and in key regional cities such as Tarlac, Cebu, Iloilo, Cotabato, Palawan, Negros, Zamboanga and Davao. Construction of a house is usually completed approximately six months from the receipt date of the final installment of the required down payment.

The Company markets its middle-income housing under the "Filinvest Aspire" brand, with lot-only prices ranging from ₱750,000 to ₱1,200,000 and per-unit prices for housing units ranging from ₱1,500,000 to ₱4,000,000. Historically, FLI's middle-income housing developments have ranged in size from approximately five (5) to forty-six (46) hectares and have been developed in phases typically comprising approximately 150 lots of 150 to 300 sq.m. each. Middle-income housing developments are typically located within Metro Manila, nearby providences such as Rizal, Tarlac, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Palawan, Butuan, Cagayan de Oro, Davao, and Zamboanga. A typical home in the middle-income projects has two (2) stories. Houses in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure. Construction of a house is usually completed approximately nine (9) to twelve (12) months from the receipt date of the final installment of the required down payment.

High-end housing

The Company markets its high-end housing developments under the "Filinvest Prestige" brand, with lots priced at above ₱1,200,000 each, and per-unit prices for housing units above ₱4,000,000. The Company also markets high-end housing projects under the "Filigree" brand for its more exclusive developments. Historically, the Company's high-end housing developments have ranged in size from approximately 5 to 25 hectares and have been developed in phases typically comprising approximately 35 to 300 lots of 250 to 1,000 sq.m. each. High-end housing developments are typically located within Metro Manila and in areas immediately outside Metro Manila and in major regional urban centers in Cebu. A typical home in a high-end housing project has two (2) stories. Homes in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure. Construction of a house is usually completed approximately nine (9) to twelve (12) months from the receipt date of the final installment of the required down payment.

Vertical Residential Housing

Medium-Rise Buildings

MRB projects are designed in clusters of buildings that surround amenities with the intention of providing a quiet environment within an urban setting. MRBs are typically five (5) stories with an elevator and include studio, one bedroom and two (2) bedroom units. The Company's policy is to commence construction of an MRB building when at least 50.0% of the units in the building has been sold. From a developer's perspective, MRBs offer several benefits compared to high-rise developments. MRBs can generally be constructed in less than one year once all approvals have been obtained, which reduces the risk borne by FLI between the launch and delivery of a project. The lower height of MRBs also reduces construction costs compared with high-rises which require extra reinforcement to protect against earthquake damage.

MRBs are marketed under FLI's "Oasis" brand for the middle-income market and under FLI's "Spatial" brand for the affordable housing market. MRBs under the "Oasis" brand typically have per-unit prices ranging from ₱2,000,000 to ₱4,400,000 depending on the size of the unit, while MRBs under the "Spatial" brand typically have per-unit prices ranging from ₱1,700,000 to ₱3,600,000. MRBs offer low-density development and lower association dues compared with high-rise condominium buildings, in addition to a lower price per sq.m. MRBs are generally located in prime urban zones. Further, MRBs are developed to maximize open space, with buildings typically occupying 30% to 35% of the development's land area. In contrast with its other developments, which generally require the down payment to be paid within 12 months, FLI generally allows MRB purchasers to pay the down payment in installments over a 24-month period.

As of the date of this Prospectus, the Company has 27 MRB projects with more than 100 buildings throughout Luzon, Visayas and Mindanao.

High-Rise Buildings ("**HRBs**")

The Company develops HRBs in prime areas. HRBs are at least 18 stories, with various floor plans and designs depending upon the demographics of the target market for each building. FLI's policy is to commence construction of a HRB when at least 50% of the units in the building has been sold. From a development perspective, HRBs generally can be constructed in two (2) years once all Government approvals have been obtained.

Leisure Projects

The Company's leisure projects consist of its condotels, residential farm estates, residential resort developments.

Condotels

FLI developed the 25-storey Grand Cenia Hotel and Residences, which is strategically located across the Cebu Business Park, a joint venture project of FLI, as developer, and Gotianun Family-owned GCK Realty Corporation, as landowner. Under the terms of the joint venture agreement, GCK Realty Corporation contributed 4,211 sq.m. of land to be developed in accordance with a master development plan in exchange for an 8% interest in the joint venture. The condotel units are targeted to business travelers, returning OFWs and expatriate Filipinos. Owners of individual condotel units are required to place their units in a rental pool that will be operated as a business hotel. Owners are entitled to use the unit for 14 days annually. The units were handed over to the condotel buyers for preparation for

hospitality operations. In 2012, the hotel started operating as the Quest Hotel and Conference Center, Cebu, a three-star hotel with business and conference facilities. The Company has also developed the Fora Hotel Tagaytay.

Residential Farm Estates

The Company began marketing its residential farm estate projects to customers in 2003, after FLI's in-house market research indicated that there was demand among customers, such as retirees and farming enthusiasts, for leisure farms that can serve as alternative primary homes near Metro Manila. To help attract buyers, the Company maintains demonstration farms in its farm estate projects and also has personnel on site to provide buyers with technical advice on farming. Customers can purchase lots (with a minimum lot size of 750 sq.m.) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farming, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers responsible for the construction of residential units on their lots.

As of the date of this Prospectus, the Company has three (3) residential farm estates under FLI, Nusa Dua Farm Estate, Mandala Residential Farm Estate and Forest Farms Residential Farm Estate. Nusa Dua Farm Estate is located in Cavite, just south of Metro Manila. Mandala Residential Farm Estate ("**Mandala**") is located in Rizal province and integrated in FLI's Timberland Heights township project. Forest Farms Residential Farm Estate ("**Forest Farms**") is also located in Rizal province as part of FLI's Havila township project. It is an exclusive mountain retreat and nature park, located between the hills of Antipolo and the forested area of Angono, Rizal.

Residential Resort Development

FLI entered the high-end residential resort market in 2007 with the launching of the Laeuna de Taal project located along Tagaytay Ridge, Batangas and the Kembali Coast project and Veranda Resort Condominium in Samal Island, Davao. The residential resorts capture the growing demand for second homes and leisure and retirement destinations of the high-end market segment. Laeuna de Taal, provides scenic views of the Taal Lake, and offers three (3) residential enclaves: Arista, Bahia, and Orilla. Located on the water from of Laeuna de Taal is the Lake Club, a lakeside amenity designed for wellness, recreation and events. Kembali Coast is an Asian-Balinese inspired beachfront residential development with a 1.8 kilometer beach, providing seaside resort-style living in the Mindanao area. Kembali has a total land area of 50 hectares while the Laeuna de Taal project has a total land area of 60 hectares.

Other Infrastructure

District Cooling System

FLI has also partnered with Engie Services Philippines pursuant to a 60:40 joint venture to develop in Northgate Cyberzone, Filinvest City what is expected to be the first and largest district cooling system in Northern Luzon with an expected capacity of up to 12,000 tons of refrigeration. The district cooling system is expected to provide sustainable energy solutions by conserving energy through lower use of electricity, water and chemicals, and reducing greenhouse gas emissions and ozone-destroying refrigerants.

The joint venture entity, Philippine DCS Development Corporation ("**PDCSDC**"), was registered with the Philippine SEC on July 31, 2015 and started its commercial operations in September 2017. PDCSDC's primary purpose is to engage in the business of the construction and operation of a district cooling system, the supply of chilled water, and the development of, and search for, new district cooling system and heating, ventilation and air-conditioning projects

Operations of the Company

Certain activities of the Company include land acquisition practice, project development, site development and construction, marketing, customer financing and customer service and warranties.

Land Acquisition

The Company acquires land for their projects either directly or through joint venture arrangements with land owners. The Company shares a policy that suitable land must be titled, located near areas with sufficient demand and topographically amenable to housing development based on accessibility and the availability of utility infrastructure. The Company also takes into consideration general economic conditions, anticipated demand, the overall

competitive landscape, the neighboring environment and amenities and the feasibility of obtaining required governmental licenses, permits, authorizations and adding necessary improvements and infrastructure. Once the Company has decided to acquire specific parcels of land in a particular locale or to enter into a joint venture agreement with a landowner, an extensive due diligence exercise is undertaken.

Joint Ventures

In addition to growing their land bank through direct acquisitions, the Company has in some cases entered into joint venture agreements with land owners, such as its joint venture arrangement with the Cebu City Government for the development of a portion of land in the South Road Properties in Cebu. In Cebu, FLI has developed City di Mare, a master-planned aggregate 50.6-hectare development. The Il Corso Mall is situated on a 10.6-hectare company owned land portion of City di Mare, while FLI constructed MRBs known as San Remo Oasis and Amalfi Oasis on the remaining 40-hectare portion under a joint venture and profit-sharing arrangement with the Cebu City Government. In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the BCDA tasked with the development, marketing, management, and leasing of the first phase of Clark Green City that covers 288 hectares of land adjoining Clark Freeport Zone and CIA in Northern Luzon. Further, in 2016, together with FLI, FDC and the Clark Development Corporation, FLI formed FMI which entered into a 50-year lease (renewable for another 25 years) with the Clark Development Corporation for the development of Mimosa Leisure Estate which the Company has rebranded as Filinvest Mimosa+ Leisure City. The company also enters into Build-Transfer Operate (BTO agreements) when there are opportunities for it. Currently, Cyberzone Cebu and Filinvest IT Park are two (2) distinct developments on two (2) separate BTO arrangements with the Cebu Province, having land areas of 1.2 hectares and 2.9 hectares respectively, are in close proximity to the city center located along Salinas Avenue and Banilad, Cebu City. Together they comprise of seven (7) office towers, a mall and a hotel development. As of June 2020, there are two (2) operational buildings now and two (2) more under construction.

The Company generally will not enter into joint venture development arrangements for less than a majority interest. For a discussion of certain risks associated with these joint venture arrangements see "*Risk Factors — Risks Relating to the Company's Businesses*" — The Company operates in competitive industries, which could limit the Company's ability to maintain or increase its market share and maintain profitability" and "*Risk Factors — Risks Relating to the Company's Businesses"* — The interests of the Company's joint venture partners may differ from those of the Company and such partners may take actions that adversely affect the Company."

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development and the construction of subdivision facilities. The joint venture partner is required to clear the land of tenants and squatters before the Company commence development work on the land. The Company and each of their joint venture partners then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests. Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price (typically 12.0% to 15%) for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

Project Development

Project development involves obtaining the required Government regulatory approvals and planning the potential project. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two (2) months), obtain the necessary Government approvals and permits and conduct pre-marketing activities. For residential projects, once the project has received a development permit from the relevant LGU and a permit to sell from the DHSUD, pre-sales of the residential lot or unit can begin (often on an initial phase of the project), and initial development work on the project site may commence. Before the site development process can begin, the Company must obtain clearances from various Government departments, principally the DENR, the Philippine Department of Agriculture ("**DA**") and the DAR, as well as the local government. For more information, see "*Regulatory and Environmental Matters*" for a discussion ofgovernment regulations FLI must obtain in the course of developing its projects. See also "*Risk Factors — Risks Relating to the Company's Businesses"* — The Company's businesses are highly regulated and Government policies and regulations could adversely affect the Company's operations and profitability."

The Company generally utilizes its in-house design capabilities to plan potential developments but in some cases third parties are hired to design and plan projects. In particular, the Company hires third parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects. The Company finances the development of projects through a combination of pre-sales (primarily for residential projects) and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. From time to time, the Company also obtain medium- and long-term loans from financial institutions to help finance larger development projects. The Company expects this financing model to continue going forward.

Site Development and Construction

Site development and construction work for the Company's projects are contracted out to various qualified independent contractors taking into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. The Company maintains relationships with over 100 independent contractors and deal with each of them on an arm's-length basis. The Company does not enter into long-term arrangements with contractors and contracts typically cover the provision of contractor's services in relation to a particular project or particular housing units. The Company is not and do not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company has a team of project engineers who perform the following functions:

- directly managing site development and construction activities;
- coordinating the activities of contractors and suppliers;
- overseeing quality and cost controls; and
- ensuring compliance with zoning and building codes and other regulatory requirements.

Typically, the Company enters into fixed-price contracts with their contractors, with the cost of materials included as part of the price. Site development work or housing unit construction will typically take eight (8) to twelve (12) months to complete. Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts with the Company. In certain cases, the Company supplies some of the major materials such as cement and steel or guarantee payment to their specified suppliers for purchases by contractors of construction materials. In such cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors. Progress payments are made to contractors during the term of the contract upon the accomplishment of pre-determined project performance milestones. The Company usually retains 10.0% of each progress payment in the form of a guarantee bond or cash for up to one year from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers.

In 2017, the Company also created its own construction corporation, Dream Builders Pro, Inc. ("**Dream Builders**"). In 2020, Dream Builders is constructing Studio City Towers 4 and 5, Verde Spatial, Alta Spatial and Panglao Oasis.

Marketing for Trading Sales

The Company develops customer awareness through marketing and promotion efforts as well as referrals from satisfied customers. As of July 31, 2021, the Company had a real estate marketing team and a network of sales offices located in the Philippines, Italy and Japan, as well as accredited agents in other parts of Europe, Hong Kong, Singapore and the Middle East. The Company conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers and targeted brochures. Advertising and promotional campaigns are conceptualized and conducted by the Company's marketing personnel and by third-party advertising companies. These campaigns are complemented with additional advertising efforts, including booths at shopping centers, such as Festival Supermall, Fora Mall, Main Square and other high traffic areas, to promote open houses and other events.

The Company also believes that the OFW population, as well as expatriate Filipinos, constitute a significant portion of the demand for FLI's affordable and middle-income housing and the Company's land development projects generally, either directly or indirectly by remitting funds to family members in the Philippines to purchase property. To this end, the Company has appointed and accredited independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, the United Kingdom and the Middle East. These brokers act as the Company's marketing and promotion agents in these territories to promote the Company and its products. The Company also sponsors road shows to promote their projects, targeting the OFW and Filipino expatriate markets. FLI also markets its properties on the Internet. In April 2017, FLI entered into a partnership, as the master franchisee in the Philippines, with KW Realty Inc., the world's largest real estate franchise by agent count with 190,000 real estate agents, 950+ market centers with presence in 48 countries. KW, through its technology, provides the models, systems and tools that agents need to grow their business and make KW the real estate company of choice.

Marketing and Management for Leasing Segment

To attract call center and BPO firms, FLI has historically relied primarily on professional, multinational commercial real estate leasing agents (including, but not limited to, CB Richard Ellis, Jones Lang LaSalle and Colliers) to find tenants for its office buildings. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease. FLI also maintains, through its subsidiaries, an in-house sales team to market its office and commercial spaces.

With the exception of PBCom Tower, which is managed by a third party facilities management company, day-to-day operations for FLI's office leasing properties are currently handled by ProOffice Works, a subsidiary of FLI. The management services provided by ProOffice Works include: construction-related services, general management services, accounting services, operations, legal review and documentation, office rental services, recruitment and training services, and property management and tenant relations.

Day-to-day operations at Filinvest Lifemalls are currently managed by Festival Supermall, Inc. ("**FSI**"), a wholly owned subsidiary of FLI. As of July 31, 2021, FSI had approximately 179 personnel responsible for the day-to- day operations of Filinvest Lifemalls, many of whom have prior experience in shopping center operations. Engineering, maintenance, security and janitorial services for the mall are outsourced to third-party service providerson an annual basis. These third-party contracts can be terminated by FSI at any time in certain circumstances, such as if the contractor fails to perform at an acceptable level.

Leasing Policies

FLI manages its Filinvest Lifemalls with a view to maximizing and enhancing its value by ensuring that it has a mix of tenants that will allow it to cater to the widest possible range of market segments and to meet consumer demand in the communities which the mall serves. Festival Mall had an average occupancy rate of 70% in 2017, 80% in 2018, 81% in 2019, and 81% in 2020. Fora Mall had an average occupancy rate of more than 35% in the fourth quarter of 2017, 53% forthe full year 2018, 52% for the full year 2019, and 47% for the full year of 2020. Main Square had an average occupancy rate of 37% in 2017, 42% in 2018, 36% in 2019, and 32% in 2020. Overall occupancy as of June 30, 2021 was at 64%.

Tenants enter into short- to medium-term leases, typically for periods of two (2) to five (5) years, with tenants required to make a security deposit equal to three (3) to six (6) months' rent and to pay rent on a monthly basis. Tenants pay rents that are either fixed or are comprised of a base rent plus a variable portion ranging from 1.5% to 15.0% of the tenants' sales revenues. Typically, tenants operating restaurants and other dining establishment are charged higher variable rates than tenants who operate apparel stores and other retail establishments. The base portions of rents are primarily determined by the specific location in the mall and size of space being leased, and are typically subject to an annual escalation rate. Fixed-rate leases are generally with tenants that provide services (such as banks and foreign exchange centers) or which sell high-priced goods (such as jewelry stores and computer stores) and which do not typically generate high turnover. Tenants are charged separately for common area-related costs, such as costs for security, janitorial and other maintenance services and for utilities.

Sales

Sales for FLI's housing and land development projects and Filinvest Alabang, Inc.'s residential projects are made through an extensive network of sales channels composed of an in-house sales force, independent local brokers located throughout the Philippines, property portals as well as international service providers. The Company in-house sales agents and independent brokers are compensated through commissions on sales at market rates. In-house sellers also receive a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. The Company believes that its extensive sales network gives the Company the breadth and depth of saleschannels needed to expand its property business.

In addition to in-house sellers and independent brokers, the Company also employs representatives who staff their sales offices and provide customers with information about the Company's products, including financing and technical development characteristics. The Company also assigns each project a sales and operations coordinator who provides customers with assistance throughout the whole sales process, starting with the sales reservation, obtaining financing and the final steps of establishing title on their new home. The Company also has personnel who are able to advise customers on financing options, documentation and the loan application process. The Company design down payment plans for low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, the Company has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

The Company typically sells residential units on a pre-sale basis, where sales are made before development is completed but after a permit to sell has been issued by the DHSUD. Sales of residential units are made before construction on the house commences. Buyers are required to pay a sales reservation fee and, in most cases, complete the required down payment before construction work on the house begins. Purchasers are required to make a reservation payment ranging from ₱3,000 to ₱100,000 and are also required to make a down payment. The amount of the down payment depends on the type of project, with buyers for socialized and affordable housing projects normally required to provide a down payment of 10.0% to 20.0% of the total contract price and buyers for middle-income and high-end housing projects required to provide a down payment of 20.0% to 30.0% of the total contract price. The down payment is typically payable over a period ranging from one month up to 12 months, depending on the terms of the purchase agreement, however the Company generally permits purchasers to pay the down payment over a period of twenty-four (24) months for MRBs and up to 36 months for HRBs, considering the construction period. Because of the higher down payment requirements for middle-income and high-end housing units, as well as the longer construction periods for these types of houses, the Company sometimes begins constructing these housing units before the down payment has been fully paid, although typically at least 5.0% of the total contract price should have already been paid by the buyer.

For sales of residential units, the balance of the purchase price is due upon the turnover to the buyer of the property being purchased. For residential horizontal housing unit sales, the balance of the purchase price is due upon handover of the H&L, which typically takes from six to 12 months upon reservation. This construction period usually coincides with the down-payment period. For accounts under bank financing, the full balance of the purchase price is received by the Company from the banks upon completion of the unit and submission of the required documents. The reservation fee and any down payments already made can be forfeited at the option of the developer if a buyer does not pay the full down payment within the required period. Cancellation and refund of accounts are governed by the Maceda Law, when applicable, to which the Company abides. See "*Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses*" — The Company's portfolio of residential property development projects exposes the Company to sector specific risks."

Customer Financing

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of the Company's residential projects. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100.0% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. The Company overall also provide a significant amount of in-house financing to qualified buyers. Government-subsidized loans still continue to be the largest source of purchaser financing and refinancing for FLI's socialized housing. See "*Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses"* — Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company and their customers' ability to obtain financing."

In-house Financing

The Company offers its buyers, who choose not to avail of Government-sponsored or bank financing, the option to obtain in-house financing. In-house financing may appeal to certain buyers who do not qualify for, or chose not to incur, Government or bank financing, primarily because of the associated stringent documentary requirements. For example, OFWs often have difficulty obtaining bank financing because they are not required by the Government to file Philippine income tax returns, which are typically required by banks before approving a loan application. The Company has established screening processes and procedures including background and credit checks on prospective buyers using national credit databases and, where feasible, physical verification of claims regarding residences and properties owned. FLI typically requires a 20.0% down payment and finances the remaining 80.0% of the total purchase price, which is secured primarily by a first mortgage over the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five (5) to ten (10) years. The interest rates charged by the Company for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company typically will retain title to the property for a period of twenty-four (24) months after the date of the sale. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer. Once the buyer has complied with his/her payment obligations for twenty-four (24) months, title is issued in the buyer's name and the Company takes a first mortgage over the property. If the buyer defaults on his/her payment obligations after title has been issued, subject to compliance with applicable laws, the Company can foreclose on the mortgage. See "*Risk Factors — Risks Relating to the Company's Real Estate Business"* — The Company faces certain risks related to the cancellation of sales involving their residential real estateprojects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated" and "*Regulatory and Environmental Matters*."

Pag-IBIG Fund

A substantial number of buyers of FLI's socialized housing units, as well as some affordable housing units, finance their purchases through the Home Development Mutual Fund, or Pag-IBIG Fund. Established in 1978, the Pag-IBIG Fund extends provident and retail housing loans to its members and development loans and credit facilities to private housing developers. By law, all Government and private-sector employees are required to be members of the Pag-IBIG Fund, and employee and employer contributions to the fund are mandatory. To provide a liquidity mechanism to private developers, the Pag-IBIG Fund has instituted a take-out mechanism for conditional sales, installment contract receivables and mortgages and repurchases receivables from housing loans of its members.

Mortgage Loans

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by the relevant bank and who are able to comply with such bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("**HGC**"). To assist prospective buyers to obtain mortgage financing from commercial banks, the Company also has arrangements with several commercial banks, such as EW, United Coconut Planters Bank, Rizal Commercial Banking Corporation Savings Bank, Banco de Oro, Philippine Savings Bank, China Savings Bank, Philippine National Bank, BPI and Metropolitan Bank & Trust Co., to assist qualified customers to obtain financing for housing unit purchases. The HGC is a Government-owned and controlled corporation and operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes provided by banks and financial institutions. In the event a buyer defaults in connection with an HGC-registered loan or credit facility, the HGC guarantees the payment to the extent of the outstanding balance and portion of interest. The interest and yield on loans and credits guaranteed by the HGC is exempt from taxation.

Deferred Cash Purchases

In recent years, in addition to the financing arrangements discussed above, the Company has offered so-called "deferred cash" purchases, particularly for its high-end and leisure developments. Under this arrangement, the entire purchase price is amortized and paid in equal installments over a fixed period, which is typically twenty-four (24) months, and title to the property passes to the buyer only when the contract price is paid in full or when the buyer

executes a real estate mortgage in favor of the Company which can be annotated on the title to the property.

Sales Cancellations

Default, cancellation and foreclosure rates are subject to a variety of factors beyond the Company's control. See "*Risk Factors — Risks Relating to the Company's Real Estate Business"* — The Company faces certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated" and "*Regulatory and Environmental Matters — Real estate sales on installments*."

Customer Service and Warranties

The Company's customer service employees oversee pre-delivery quality control inspections and respond to post-delivery customer needs. The Company responds to customer requests during the construction phase and coordinate the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's sales contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance from the Company of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one year from the date the housing unit was turned over to them for occupancy. Buyers of housing units obtained through financial assistance from the Pag-IBIG Fund are also given one month from full payment of the contract price for the housing unit to bring repair claims for any defects. For middle-income and high-end projects, buyers can seek repairs for all types of defects within one year from turnover of the housing unit, subject to evaluation of the defect by the Company's engineers.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects. See "— *Site Development and Construction*" and "*Risk Factors —Risks Relating to the Company's Real Estate Business* — Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims."

Competition

The residential development market in the Philippines is intensely competitive. Success in this market depend on acquiring well-located land at attractive prices, often in anticipation of the direction and rate of urban growth. On the basis of publicly available information and its own market knowledge, the Company believes that it is among the leading housing and land project developers in the Philippines, particularly in the affordable to middle-income housing sectors. Approximately 90% of sales of the Company are in the affordable and middle income segments. The affordable and middle income market segments are the most stable and approximately 50% of the housing demand is in this segment. The housing backlog is seen to continue given that demand grows faster than supply. The Company believes that demand in the sector will continue to grow. The Company also believes that it is able to offer competitive commissions and incentives for brokers, and that it is able to compete on the basis of the pricing of its products, which encompasses products for different market sectors, as well as its brand name and its track record of successful completed quality projects.

The Company believes that there are significant barriers that a new entrant must overcome to viably compete in the commercial real estate and high-rise residential building markets, such as having industry-specific technological know-how and the financial capacity to incur the considerable capital expenditure involved. As such, the Company believes that it will be able to compete in this market segment for the foreseeable future. Being a pioneer in providing BPO space, the Company is in an advantage because of its multinatinal client base which usually has large office space requirements. FLI office buildings are preferred especially by existing clients who are expanding. The Company also believes that as the available space in traditional business centers such as Makati City declines, competition for office space will be determined principally on the basis of price and quality. Furthermore, the Company believes that the trend will be for BPO firms to diversify locations for risk management and labor pool access reasons. The Company expects to be able to continue to compete in this market because it believes the locations of its leasable office spaces allow BPO firms to tap the labor pool in nearby residential developments and the provinces to the south of Metro Manila and on the basis of competitive rental prices of office space in its buildings, particularly in the Northgate Cyberzone.

The Company faces significant competition in obtaining land in the Philippine property market. In particular, the

Company competes with other developers in locating and acquiring, or entering into joint venture arrangements to develop, parcels of land of suitable size, in appropriate locations and at attractive prices. This is particularly emphasized for land located in Metro Manila, its surrounding areas, and urbanized areas throughout the Philippines. The Company believes that it has sufficient land reserves for its planned developments for the next several years. If the Philippine economy continues on its growth trajectory and if demand for residential properties remain buoyant, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisition or joint venture arrangements) will intensify and will lead to higher land acquisition costs.

The Company competes in the residential segment with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on specific segments of the market or geographic coverage. These companies include Ayala Land, Inc., Vista Land, Robinsons Land, Inc., DMCI Homes and SM Development Corporation. In terms of 2020 trading revenues, FLI is among the top 6 property developers in the Philippines.

With respect to the Company's assets dedicated to office space leasing and shopping mall operations, the Company faces competition from other shopping malls located in the same area as Festival Supermall, Fora Mall, and Main Square, principally malls operated by Ayala Land, Inc., Robinsons Land Corporation and SM Prime Holdings Inc., which are among the leading shopping mall operators in the Philippines. In office space leasing, particularly call centers and other BPO operators, the Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Properties Philippines and Megaworld Corporation.

For further discussion of certain risks associated with competition, see "*Risk Factors — Risks Relating to the Company's Businesses"* — The Company operates in competitive industries, which could limit the Company's abilityto maintain or increase its market share and maintain profitability."

Real Estate Sales Segment

Real estate development and selling is very competitive. FLI believes it is strongly positioned in the affordable to middle-income residential market segments. Success in these market segments depends on acquiring well-located land at attractive prices often in anticipation of the direction of urban growth.

The Parent Company believes that the name and reputation it has built in the Philippine property market contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land / project developers in the Philippines. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete on the basis of the pricing of its products, offering a wider range of product types for different market sectors. Its brand name and its track record of successfully completing quality projects also give credibility to our products.

FLI directly competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on a specific market segment and geographic coverage. Its direct competitors include Ayala Land Inc., Vista Land, Robinsons Land, SMPHI and DMCI Homes.

The Parent Company faces significant competition in the Philippine property development market including land acquisition. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines.

FLI's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. Based on the Parent Company's current development plans, the Parent Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Parent Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

Leasing Segment

With regard to the Parent Company's assets dedicated to office space leasing and shopping mall operations, the Parent

Company competes with property companies such as Ayala Land Inc., Robinsons Land Corp. and SM Prime Holdings in retail space leasing. In office space leasing, particularly to call centers and other BPO operators, the Parent Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Corporation, SM Prime, and Megaworld Corporation.

Insurance

The Company's real estate properties maintain operational all risk insurance, commercial liability insurance and business interruption insurance in line with the industry standards.

REINVESTMENT PLAN

As sponsor of FILRT, the REIT Law requires the Company to reinvest (a) any proceeds realized by it from the sale of FILRT shares or other securities issued in exchange for income-generating real estate transferred to the FILRT and (b) any money raised by the Company from the sale of any of its income generating real estate to FILRT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines within one (1) year of receipt of the proceeds.

Following current regulations, Filinvest Land intends to invest its net proceeds in the construction and development of its various office, retail and residential projects. Filinvest Land plans to invest the net proceeds in nine (9) office buildings, three (3) retail projects, five (5) mid-rise residential buildings as well as industrial lots. It also plans to use the funds for the purchase of land parcels for residential and commercial purposes and to expand the capacity of the District Cooling System in the Northgate Cyberzone. All disbursements for such projects are intended to be distributed within one year upon receipt of the proceeds from the secondary offer of FILRT shares. All of the projects for which the proceeds will be spent are located within the Philippines and none are to be spent outside of the Philippines. Filinvest Land does not intend to reinvest the net proceeds from the Offer Shares in any infrastructure project.

Filinvest Land shall monitor the actual disbursements of projects proposed in the Reinvestment Plan on a quarterly basis. For purposes of monitoring, Filinvest Land prepares quarterly progress reports of actual disbursements on the projects covered by the Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in the Reinvestment Plan, Filinvest Land, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect

As of September 30, 2021, the remaining balance of proceeds from FILRT IPO amounts to Php 10,564,689,072.26 out of the Php 12,583,246,445.00 proceeds from the IPO. Php 2,281,799.73 was disbursed for price stabilization activities, Php 316,945,305.82 was disbursed for IPO-related fees, Php 132,542,600.57 was disbursed for IPO transactions costs and Php1,566,787,666.62 was disbursed and reinvested to real estate projects identified in the Reinvestment Plan from August 13 to September 30, 2021.

A copy of the Reinvestment Plan may be found in the following link: https://filinvestreit.com/sites/default/files/2021-07-1626945175/project_faith_final_reit_plan_signed_hi_res_logo_vf.pdf
A copy of the 3Q2021 Reinvestment Plan Progress Report may be found in the following link: https://filinvestland.com/sites/default/files/filefield_paths/Q3%20Progress%20Report_Use%20of%20Proceeds_FILRT%20IPO_notarized.pdf

EMPLOYEES

As of July 31, 2021, FLI had a total of 995 full-time employees. Management believes that FLI's current relationship with its employeesis generally good and neither FLI nor any of its subsidiaries have experienced a work stoppage or any labor related disturbance as a result of labor disagreements. None of FLI's employees or any of its subsidiaries belong to a union.FLI currently does not have an employee stock option plan.

FLI anticipates that there will be no significant change in the number of its employees for the next twelve (12) months.

FLI provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future

assignments. FLI has also provided a mechanism through which managers and staff are given feedback on their job performance, which FLI believes will help to ensure continuous development of its employees. FLI also offers employees benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees.

As of July 31, 2021, the Company's employees categorized by function are as follows:

	As of July 31, 2021
Real Estate	
Operations	97
Administrative and Support	659
Technical	199
Marketing	40
Total	995

The Company provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. The Company has also provided a mechanism through which managers and staff are given feedback on their job performance, which the Company believes will help to ensure continuous development of its employees' knowledge base. The Company also offers employee benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees. It is The Company's goal to position itself as an employer of choice in the Philippines.

MATERIAL PERMITS AND LICENSES

Our Compliance department is responsible for ensuring continued compliance with applicable laws and regulations that may adversely affect our operations. As of the date of this Prospectus, we have secured, applied for, or are in the process of renewing all material permits and licenses required to conduct our business.

The Company believes that the Company and its subsidiaries have secured all the mandated permits and licenses which are material and necessary to operate its businesses as currently conducted. As confirmed by Atty. Sharon P. Pagaling Refuerzo in her certification dated November 10, 2021, such permits and licenses are valid and subsisting as of the date of the certification and the Company will apply for the renewal of such permits and licenses with the appropriate government body or agency prior to its expiration.

We hold various permits for our business operations, which include but are not limited to the following:

Business Permits

License / Permit	Regulatory Body	Issue Date / Payment Date	Validity Period	Expiry Date
Business Permit	LGU Mandaluyong	January 21, 2021	2021	December 31, 2021
Barangay Clearance	Barangay Highway Hills	January 21, 2021	2021	December 31, 2021
Annual Registration	Bureau of Internal Revenue	January 7, 2021	2021	December 31, 2021

BOI Certificate of Registration

No.	Name of Housing Project	Registration No.	Registration Date	Expiry

1	New Fields	2018-016	1/22/2018	1/22/2022
2	Futura Homes Palm Estates	2018-156	7/20/2018	7/20/2022
3	Futura Homes Zamboanga	2018-200	9/24/2018	9/24/2022
4	New Leaf Phase 1A and 1B	2019-054	3/20/2019	3/19/2023
5	Sandia homes phase 2	2019-136	7/25/2019	7/24/2022
6	8 Spatial Davao Bldg. 5	2019-182	9/26/2019	9/25/2022
7	Marina Spatial - Marina Town Bldg. B	2019-259	12/2/2019	12/1/2022

Environmental Compliance Certificates (ECC)

#	PROJECT NAME	LOCATION	DATE ISSUED	ECC NO.
1	FILINVEST- EDSA	79 EDSA, Highway Hills, Mandaluyong City	14-Feb-2013	ECC-NCR-1301-0044
2	Aldea Real	Brgy. Punta, Calamba City	3-Aug-2006	ECC-LLDA-2006-1478420
3	Princeton Heights Ph1	Molino Boulevard, Brgy. Bayanan, Bacoor City, Cavite	30-Mar-2009	ECC-R4A-0903-068-8410
4	Filinvest Technological Park	Brgy. Punta, Calamba City	24-Oct-2011	ECC-04 99-01-20-0018-212
5	Montebello	Brgy. Punta, Calamba City	24-Oct-2011	ECC-04 99-01-20-0018-212
6	Punta Altezza	Brgy. Punta, Calamba City	24-Oct-2011	ECC-04 99-01-20-0018-212
7	Vista Hills	Brgy. Punta, Calamba City	24-Oct-2011	ECC-04 99-01-20-0018-212
8	Princeton Heights Ph2	Molino Boulevard, Brgy. Bayanan, Bacoor City, Cavite	3-May-2012	ECC-R4A-1203-0098
9	Princeton Heights Ph1 (Mall Area)	Molino Boulevard, Brgy. Bayanan, Bacoor City, Cavite	19-Sep-2014	ECC-R4A-1407-0428
10	Activa Flats	EDSA Corner Aurora Boulevard, Brgy. E. Rodriguez, Quezon City	1-Mar-2017	ECC-NCR-1702-0008

License to Sell

No.	Name of Project	Phase	Location	LTS No.	Date Granted	Issuing Entity
1	Mission Hills (Sta. Barbara & Sta. Monica)		Brgy. Colaique, Antipolo City	91-04-1726	4-Apr-1991	HLURB-Quezon City
2	Mission Hills- Sta. Monica III & Sta. Catalina		Brgy. Muzon, Angono, Rizal	92-02-1980	6-Feb-1992	HLURB-Quezon City
3	Highlands Pointe	Phase 1	Dolores Taytay, Rizal	93-072384	30-Jul-1993	HLURB-Quezon City
4	Mission Hills-Sta. Clara		Brgy. Dalig, Antipolo Rizal	0029	5-Nov-1994	HLURB-ENCRFO
5	Punta Altezza	Phase 1	Brgy. Punta, Calamba City Laguna	04835-R4-02-03	18-Mar-2002	HLURB-Region IV
6	Nusa Dua Farm Estate	Phase 1	Brgy. Paradahan, Tanza, Cavite	06554-R4-03-01	7-Jan-2003	HLURB-Region IV
7	Nusa Dua Farm Estate	Phase 2	Brgy. Paradahan, Tanza, Cavite	07287-R4A-03-07	21-Jul-2003	HLURB-Region IV-A
8	Mandala Residential Farm	West	Brgy. Malanday, San	9088	9-Feb-	HLURB-

	Estate		Mateo Rizal		2004	ENCRFO
9	Laeuna De Taal Subdivision		Brgy. Banga, Talisay Batangas	10173-R4A-04-03	23-Mar-2004	HLURB-Region IV-A
10	Mandala Residential Farm Estate	North	Brgy. Malanday, San Mateo Rizal	10476	4-Nov-2004	HLURB-ENCRFO
11	Nusa Dua Farm Estate	Phase 3	Brgy. Paradahan, Tanza, Cavite	12291-R4A-05-01	14-Jan-2005	HLURB-Region IV-A
12	Mandala Residential Farm Estate	South	Brgy. Malanday, San Mateo Rizal	12012	17-Mar-2005	HLURB-ENCRFO
13	Forest Farm		Btgy. Mahabang Parng, Angono Rizal	12043	11-May-2005	HLURB-ENCRFO
14	Mandala Residential Farm Estate	East	Brgy. Malanday, San Mateo Rizal	12050	7-Jun-2005	HLURB-ENCRFO
15	Montebello Subdivision		Brgy. Punta Calamba, Laguna	14215	12-Jan-2006	HLURB-Region IV-A
16	The Ranch		Brgy. Gitnang Bayan I, San Mateo, Rizal	14578	16-Jan-2006	HLURB-ENCRFO
17	Highlands Pointe	Phase II	Dolores Taytay, Rizal	14720	1-Jul-2006	HLURB-ENCRFO
18	The Villas at Highland Pointe	Phase II	Brgy. Dolores, Taytay Rizal	16641	1-Sep-2006	HLURB-ENCRFO
19	Aldea Real	Phase 1	Brgy Bubuyan &Punta, Calamba City Laguna	16261-R4A-06-09	8-Sep-2006	HLURB-Region IV-A
20	Mission Hills - Sta. Cecilia	3	Brgy. San Roque, Antipolo City	20213	13-Oct-2008	HLURB-ENCRFO
21	Mission Hills - Sta. Cecilia	2	Brgy. San Roque, Antipolo City	21934	10-Dec-2008	HLURB-ENCRFO
22	Banyan Ridge	Phase II	Brgy. Malanday, San Mateo Rizal	18627	11-Oct-2009	HLURB-ENCRFO
23	Nusa Dua Farm Estate	Phase 5	Brgy. Paradahan, Tanza, Cavite	22993	18-Dec-2009	HLURB-Region IV-A
24	La Brisa Townhomes		Brgy. Punta, Calamba City Laguna	23984	2-Dec-2010	HLURB-Region IV-STR
25	The Linear		Mayapis, Yakal, and Malugay Sts., San Antonio Village, Makati City	24662	5-Apr-2011	HLURB-ENCRFO
26	Asenso Village Calamba(MSME Business Park - Calamba)		Brgy. Bubuyan Calamba City	24618	9-May-2011	HLURB-Region IV - STR
27	La Arista		Brgy. Banga, Talisay City. Batangas	24915	4-Jul-2011	HLURB-Region IV - STR
28	Studio City	Tower 1	Alabang, Muntinlupa City	26144	4-Jul-2012	HLURB-ENCRFO
29	Studio Zen		1811 Taft Ave., Pasay City	26344	29-Oct-2012	HLURB-ENCRFO
30	La Orilla @ Laeuna De Taal	Phase 2	Brgy. Banga, Talisay Batangas	27511	25-Nov-2013	HLURB-Region IV -

31	Studio City	Tower 2	Alabang, Muntinlupa City	28594	20-Mar-2014	STR HLURB-ENCRFO
32	Vinia Residences + Versaflats		EDSA, Brgy. Philam, Quezon City	28615	7-May-2014	HLURB-ENCRFO
33	Mission Hills - Sta. Sofia		Brgy. Mahabang Parang, Angono, Rizal	29197	4-Jun-2014	HLURB-ENCRFO
34	The Glades		Brgy. Malanday, San Mateo Rizal	29231	26-Aug-2014	HLURB-ENCRFO
35	Villa Montserrat	3B	Brgy. San Juan, Taytay, Rizal	29237	20-Sep-2014	HLURB-ENCRFO
36	The Villas	2	Brgy. San Juan, Taytay, Rizal	29286	11-Nov-2014	HLURB-ENCRFO
37	Villa Montserrat	1D	Brgy. San Juan, Taytay, Rizal	29321	25-Jan-2015	HLURB-ENCRFO
38	Studio A		99 Xavierville Ave., Loyola Heights, Quezon City	29883	16-Feb-2015	HLURB-ENCRFO
39	The Peak 1		Brgy. San Juan, Taytay, Rizal	29916	24-Mar-2015	HLURB-ENCRFO
40	Villa Montserrat 3 Expansion		Brgy. San Juan, Taytay, Rizal	29921	8-Apr-2015	HLURB-ENCRFO
41	100 West		100 Sen. Gil Puyat Ave. cor Washington St. Makati City	29967	25-Jun-2015	HLURB-ENCRFO
42	Amalfi, City Di Mare	Bldg. 1	Southroad Properties, Cebu City	030350	17-Sep-2015	HLURB-Central Visayas
43	Amalfi, City Di Mare	Bldg. 2	Southroad Properties, Cebu City	030351	17-Sep-2015	HLURB-Central Visayas
44	Amalfi, City Di Mare	Bldg. 3	Southroad Properties, Cebu City	030347	17-Sep-2015	HLURB-Central Visayas
45	San Remo	Bldg. 2	South Road Properties, Cebu City	030348	17-Sep-2015	HLURB-Central Visayas
46	Anila Park Town Homes		So. Colaique, Brgy. San Roque, Antipolo City	30710	30-Sep-2015	HLURB-ENCRFO
47	San Remo	Bldg. 3	South Road Properties, Cebu City	030361	6-Oct-2015	HLURB-Central Visayas
48	San Remo	Bldg. 4	South Road Properties, Cebu City	030360	6-Oct-2015	HLURB-Central Visayas
49	San Remo	Bldg. 6	South Road Properties, Cebu City	030359	6-Oct-2015	HLURB-Central Visayas
50	San Remo	Bldg. 7	South Road Properties, Cebu City	030358	6-Oct-2015	HLURB-Central Visayas
51	Studio City	Tower 3	Alabang, Muntinlupa City	30737	2-Nov-2015	HLURB-ENCRFO

52	Amarilyo Crest		Brgy. San Juan, Taytay, Rizal	031519	6-May-2016	HLURB-ENCRFO
53	Amarilyo Crest Residences		Brgy. San Juan, Taytay Rizal	31598	18-Aug-2016	HLURB-ENCRFO
54	San Remo	Bldg. 5	South Road Properties, Cebu City	030349	17-Sep-2016	HLURB-Central Visayas
55	Studio City	Tower 5	Alabang, Muntinlupa City	32428	21-Jul-2017	HLURB-ENCRFO
56	Studio 7		#807 EDSA South Triangle, Quezon City	32459	11-Sep-2017	HLURB-ENCRFO
57	New Field at Manna Estate		Brgy. Dalig & May-iba, Teresa, Rizal	033324	19-Jan-2018	HLURB-ENCRFO
58	Studio City	Tower 4	Alabang, Muntinlupa City	33361	23-Mar-2018	HLURB-ENCRFO
59	San Remo Oasis	Bldg. 1	South Road Properties, Cebu City	033616	6-Apr-2018	HLURB-Central Visayas
60	Kembali Samal Island	Phase 2	San Isidro, Kaputian Island Garden City of Samal	34021	24-Jun-2018	HLURB-SMR
61	Futura Homes Palm Estate	Phase 1	Talisay City, Negros Occidental	033512	2-Jul-2018	HLURB-Western Visayas
62	The Levels Burbank Tower		Alabang, Muntinlupa City	33407	2-Jul-2018	HLURB-ENCRFO
63	Activa	Flex	Edsa Cor. Aurora Blvd. Cubao, Quezon City	33454	23-Oct-2018	HLURB-ENCRFO
64	Mira Valley		Brgy. San Roque, Antipolo City	035101	25-Jul-2019	HLURB-ENCRFO
65	The Veranda Resort Condos Bldg. 10	Bldg. 10	Brgy. San Isidro, Kaputian District, Island Garden City of Samal	034075	8-Aug-2019	HLURB-SMR
66	The Veranda Resort Condos Bldg. 9	Bldg. 9	Brgy. San Isidro, Kaputian District, Island Garden City of Samal	034074	15-Aug-2019	HLURB-SMR
67	Activa Flats		Edsa Cor. Aurora Blvd. Cubao, Quezon City	037	4-Mar-2020	DSHUD-NCR
68	Studio N		Northgate Cyberzone, Fillinvest City Alabang, Muntinlupa City	111	28-Dec-2020	DSHUD-NCR

INTELLECTUAL PROPERTY

Real Estate Operations

The "Filinvest" trademark was registered with the IPO on September 15, 2011. "Filinvest" is the brand FLI uses for the names of certain real estate products and for trademarks relating to the "FLI" brand. FLI also has several service marks registered with the IPO such as "One Oasis", "The Linear Makati", "Citi di Mare", "Havila", "Filinvest REIT Corp., among others. FLI also continues to apply for registration of its trademarks, and has several pending applications with the IPO.

FLI

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration of Registration /Renewal
1	THE LINEAR MAKATI & DESIGN	04-2009-008519	August 26, 2009	August 12, 2010	August 12, 2030
2	ONE OASIS ORTIGAS & DESIGN	04-2009-004756	May 14, 2009	December 10, 2009	December 10, 2029
3	WE BUILD THE FILIPINO DREAM	04-2009-004753	May 14, 2009	December 10, 2009	December 10, 2029
4	ONE OASIS	04-2009-004755	February 9, 2011	December 10, 2009	December 10, 2029
5	FILINVEST (NEW LOGO)	04-2011-001424	February 9, 2011	September 15, 2011	September 15, 2021 (Application for Renewal of Registration was submitted to the IPO last 06 Sept. 2021)
6	STUDIO A	04-2012-010088	August 17, 2012	December 20, 2012	December 20, 2022
7	THE SIGNATURE	04-2013-011241	September 18, 2013	April 17, 2014	April 17, 2024
8	FORTUNE HILL	04-2013-011535	September 25, 2013	May 22, 2014	May 22, 2024
9	FORA ROTUNDA TAGAYTAY	04-2014-000333	January 26, 1900	August 14, 2014	August 14, 2024
10	THE GLADES	04-2014-00005203	April 30, 2014	July 9, 2015	July 9, 2025
11	100 WEST	04-2014-005204	April 30, 2014	July 23, 2015	July 23, 2025
12	TIMBERLAND HEIGHTS (Horizontal Orientation)	04-2014-007561	June 17, 2014	May 14, 2015	May 14, 2025
13	TIMBERLAND HEIGHTS (Stacked Orientation)	04-2014-007562	June 17, 2014	May 14, 2015	May 14, 2025

14	ONE BINONDO	04-2014-007563	June 17, 2014	February 12, 2015	February 12, 2025
15	THE LEAF	04-2014-008116	June 26, 2014	November 20, 2014	November 20, 2024
16	VINIA	04-2014-008117	June 26, 2014	November 20, 2014	November 20, 2024
17	SERULYAN MACTAN	04-2014-008507	July 8, 2014	February 26, 2015	February 26, 2025
18	CITY DI MARE (Logo and Tagline)	04-2014-008508	July 8, 2014	February 26, 2015	February 26, 2025
19	BALI OASIS	04-2014-008509	July 8, 2014	February 26, 2015	February 26, 2025
20	CAPRI OASIS	04-2014-008510	July 8, 2014	March 5, 2015	March 5, 2025
21	BALI OASIS 2	04-2014-008511	July 8, 2014	February 26, 2015	February 26, 2025
22	ONE SPATIAL	04-2014-008513	July 8, 2014	February 26, 2015	February 26, 2025
23	CITY DI MARE	04-2014-008899	July 17, 2014	December 25, 2014	December 25, 2024
24	I-GO	04-2014-009299	July 25, 2014	February 20, 2015	February 20, 2025
25	KEMBALI (Reversed Logo)	04-2014-012698	October 14, 2014	June 25,2015	June 25, 2025
26	KEMBALI	04-2014-012699	October 14, 2014	February 26, 2015	February 26, 2025
27	THE VERANDA	04-2015-00001930	February 23, 2015	August 27, 2015	August 27, 2025
28	THE ENCLAVE ALABANG	04-2015-003649	April 6, 2015	February 11, 2016	February 11, 2026
29	UMI GARDEN SUITES	04-2015-003650	April 6, 2015	February 11, 2016	February 11, 2026
30	ACTIVA	04-2015-004207	April 20, 2015	August 13, 2015	August 13, 2025
31	STUDIO 7	04-2015-007534	July 7, 2015	November 12, 2015	November 12, 2025
32	FILINVEST (REVERSED)	04-2015-010976	September 22, 2015	March 24, 2016	March 24, 2026
33	FUTURA	04-2015-010994	September 22, 2015	March 24, 2016	March 24, 2026
34	FILINVEST PREMIERE	04-2015-010995	September 22, 2015	March 24, 2016	March 24, 2026

35	PANGLAO OASIS	04-2015-00013755	December 2, 2015	July 14, 2016	July 14, 2026
36	THE RANCH	04-2015-013989	December 9, 2015	May 12, 2016	May 12, 2026
37	THE PROMINENCE	04-2016-000931	January 28, 2016	May 26, 2016	May 26, 2026
38	VISTA HILLS	04-2016-00001971	February 24, 2016	July 7, 2016	July 7, 2026
39	WOODVILLE	04-2016-00001980	February 24, 2016	July 7, 2016	July 7, 2026
40	SPRINGFIELD VIEW	04-2016-00001975	February 24, 2016	July 7, 2016	July 7, 2026
41	PUNTA ALTEZZA	04-2016-00001973	February 24, 2016	July 7, 2016	July 7, 2026
42	ALDEA REAL	04-2016-00001974	February 24, 2016	July 7, 2016	July 7, 2026
43	ASHTON FIELDS	04-2016-00001984	February 24, 2016	November 3, 2016	November 3, 2026
44	FILINVEST TECHNOLOGY PARK	04-2016-00001982	February 24, 2016	July 7, 2016	July 7, 2026
45	ASENSO VILLAGE	04-2016-00001969	February 24, 2016	December 29, 2016	December 29, 2026
46	THE GLENS	04-2016-00001981	February 24, 2016	July 7, 2016	July 7, 2026
47	LA BRISA TOWNHOMES	04-2016-00001977	February 24, 2016	July 7, 2016	July 7, 2026
48	MONTEBELLO	04-2016-00001979	February 24, 2016	July 7, 2016	July 7, 2026
49	PALMRIDGE	04-2016-00002908	March 17, 2016	January 19, 2017	January 19, 2027
50	VALLE DULCE	04-2016-00002909	March 17, 2016	November 24, 2016	November 24, 2026
51	MAUI OASIS	04-2016-00006707	June 14, 2016	October 20, 2016	October 20, 2026
52	BLUE ISLE	04-2016-00002910	March 17, 2016	January 19, 2017	January 19, 2027
53	SANDIA HOMES	04-2016-00002907	March 17, 2016	November 24, 2016	November 24, 2026

54	VALLE ALEGRE	04-2016-00002906	March 17, 2016	November 24, 2016	November 24, 2026
55	NUSA DUA	04-2016-00003093	March 22, 2016	August 4, 2016	August 4, 2026
56	8 SPATIAL	04-2017-00002733	February 28, 2017	June 22, 2017	June 22, 2027
57	ALTA SPATIAL	04-2016-00005326	May 16, 2016	September 30, 2016	September 30, 2026
58	SANTOSO VILLAS	04-2016-00003097	March 22, 2016	August 4, 2016	August 4, 2026
59	PUEBLO SOLANA	04-2016-00003257	March 29, 2016	August 11, 2016	August 11, 2026
60	BLUEGRASS COUNTY	04-2016-00003256	March 29, 2016	August 11, 2016	August 11, 2026
61	SUMMERBREEZE	04-2016-00003253	March 29, 2016	August 11, 2016	August 11, 2026
62	BLUE PALM ESTATE	04-2016-00003255	March 29, 2016	August 11, 2016	August 11, 2026
63	AMARE HOMES	04-2016-00003254	March 29, 2016	August 4, 2016	August 11, 2026
64	PINEVIEW	04-2016-00003096	March 22, 2016	August 4, 2016	August 4, 2026
65	SAVANNAH FIELDS	04-2016-005325	May 16, 2016	September 1, 2016	September 1, 2026
66	PARK SPRING	04-2017-00007246	May 12, 2017	November 2, 2017	November 2, 2027
67	MERIDIAN PLACE	04-2016-00004080	April 19, 2016	September 8, 2016	September 8, 2026
68	PRINCETON HEIGHTS	04-2016-00004079	April 19, 2016	December 8, 2016	December 8, 2026
69	MARINA SPATIAL	04-2017-00004278	March 22, 2017	August 10, 2017	August 10, 2027
70	SANREMO OASIS	04-2017-00004277	March 22, 2017	August 17, 2017	August 17, 2027
71	FILINVEST REIT CORP.	04-2016-00008917	July 27, 2016	February 16, 2017	February 16, 2027
72	THE TROPICS	04-2016-006705	June 14, 2016	September 30, 2016	September 30, 2026

73	KEMBALI	04-2016-007203	June 23, 2016	September 30, 2016	September 30, 2026
74	GRAND CENIA RESIDENCES	04-2017-00004276	March 22, 2017	August 17, 2017	August 17, 2027
75	HAVILA	04-2016-010352	August 26, 2016	December 8, 2016	December 8, 2026
76	MARINA TOWN	04-2017-00004279	March 22, 2017	July 30, 2017	July 30, 2027
77	TIERRA VISTA	04-2016-012594	October 14, 2016	December 29, 2016	December 29, 2026
78	HAMPTON ORCHARDS	04-2016-012593	October 14, 2016	December 29, 2016	December 29, 2026
79	AUSTINE HOMES	04-2016-012592	October 14, 2016	September 14, 2017	September 14, 2027
80	THE ENCLAVE AT FILINVEST HEIGHTS	04-2016-015037	December 12, 2016	April 27, 2017	April 27, 2027
81	SPRING HEIGHTS	04-2016-015036	December 12, 2016	April 27, 2017	April 27, 2027
82	FILINVEST INTERNATIONAL	04-2016-015257	December 15, 2016	May 4, 2017	May 4, 2027
83	PALM ESTATES	04-2017-00007417	May 16, 2017	September 14, 2017	September 14, 2027
84	CIUDAD DE CALAMBA	04-2017-00003425	March 9, 2017	July 6, 2017	July 6, 2027
85	The Filinvest IT Zone (TN)	04-2017-001667	February 8, 2017	May 11, 2017	May 11, 2027
86	PHUKET OASIS (TN)	04-2017-00006146	April 21, 2017	August 24, 2017	August 24, 2027
87	ONE FILINVEST	04-2017-00004282	March 22, 2017	July 14, 2017	July 14, 2027
88	EAST SPATIAL (TN)	04-2017-00006144	April 21, 2017	August 24, 2017	August 24, 2027
89	STUDIO ZEN (New Application)	04-2017-00006284	April 25, 2017	August 24, 2017	August 24, 2027
90	VERDE SPATIAL	04-2017-00003423	March 9, 2017	July 6, 2017	July 6, 2027
91	THE LEVELS	04-2017-00004870	March 31, 2017	July 30, 2017	July 30, 2027

92	ASIANA OASIS	04-2017-00007247	May 12, 2017	February 15, 2018	February 15, 2028
93	CENTRO SPATIAL	04-2018-004647	March 13, 2018	September 2, 2018	September 2, 2028
94	AMALFI CITY DI MARE	04-2017-00010593	July 6, 2017	February 14, 2019	February 14, 2029
95	LAEUNA DE TAAL	04-2017-00010594	July 6, 2017	February 14, 2019	February 14, 2029
96	SORRENTO OASIS	04-2017-00006145	April 21, 2017	August 24, 2017	August 24, 2027
97	BRENTVILLE INTERNATIONAL COMMUNITY	04-2017-00012270	August 2, 2017	December 17, 2017	December 17, 2027
98	THE WOOD ESTATES	04-2017-00013102	August 16, 2017	January 18, 2018	January 18, 2028
99	NEW LEAF	04-2017-00012692	August 8, 2017	January 4, 2018	January 4, 2028
100	VENTURA REAL	04-2017-00014074	August 31, 2017	March 29, 2018	March 29, 2028
101	FILINVEST ASPIRE (TN)	04-2017-00013108	August 16, 2017	December 7, 2017	December 7, 2027
102	ASPIRE BY FILINVEST (TN)	04-2017-00013106	August 16, 2017	December 7, 2017	December 7, 2027
103	FILINVEST PRESTIGE (TN)	04-2017-00013109	August 16, 2017	December 7, 2017	December 7, 2027
104	PRESTIGE BY FILINVEST (TN)	04-2017-00013107	August 16, 2017	December 7, 2017	December 7, 2027
105	FILINVEST FUTURA (TN)	04-2017-00013110	August 16, 2017	December 7, 2017	December 7, 2027
106	FUTURA BY FILINVEST (TN)	04-2017-00013103	August 16, 2017	December 7, 2017	December 7, 2027
107	NATURE GROVE	04-2017-00019957	December 12, 2017	April 19, 2018	April 19, 2028
108	BELIZE ASPIRE	04-2017-00019956	December 12, 2017	April 19, 2018	April 19, 2028
109	SOUTHWIND	04-2018-00003090	February 19, 2018	July 12, 2018	July 12, 2028
110	FUTURA EAST	04-2018-00002770	February 13, 2018	September 2, 2018	September 2, 2028

111	FUTURA TIERRA	04-2018-00002772	February 13, 2018	September 2, 2018	September 2, 2028
112	MANNA EAST BY FILINVEST	04-2018-00006834	April 23, 2018	October 4, 2018	October 4, 2028
113	FUTURA VINTA	04-2018-00018616	October 16, 2018	June 2, 2019	June 2, 2029
114	BELIZE OASIS	04-2018-00018617	October 16, 2018	June 2, 2019	June 2, 2029
115	FUTURA CENTRO	04-2019-00000729	January 15, 2019	May 16, 2019	May 16, 2029
116	Filinvest Gaia New Clark City	04-2019-00008389	May 22, 2019	October 13, 2019	October 13, 2029
117	STUDIO CITY	04-2017-00004870	March 31, 2017	December 29, 2019	December 29, 2029
118	Venti-lite	04-2019-00006073	September 11, 2019	February 8, 2020	February 8, 2030
119	EASTBAY PALAWAN	04-2017-00004634	March 28, 2017	March 7, 2020	March 7, 2030
120	Columna Offices by Filinvest	04-2019-00015685	September 5, 2019	November 20, 2020	November 20, 2030
121	STUDIO N ™	04-2019-00018389	October 21, 2019	September 11, 2020	September 11, 2020
122	STUDIO N (word mark)	04-2019-00020861	November 29,2021	September 11, 2020	September 11, 2020
123	PERTH OASIS	04-2020-00003904	March 12, 2020	January 10, 2021	January 10,2031
124	FUTURA ONE	04-2020-00005188	July 9, 2020	January 10, 2021	January 10,2031
125	BRENTVILLE INTERNATIONAL COMMUNITY (New Logo)	04-2020-00005932	August 25, 2020	May 18, 2021	May 18, 2031

Filinvest Mimosa, Inc.

	Mark	**Application No. / Registration No.**	**Date Filed**	**Date Registered**	**Expiration of Registration**

1	**FILINVEST MIMOSA+ LEISURE CITY (word mark)**	04-2017-00007244	May 12, 2017	October 10, 2019	October 10, 2029
2	**MIMOSA+**	04-2017-00007243	May 12, 2017	September 14, 2017	September 14, 2027
3	**FILINVEST MIMOSA+ LEISURE CITY (trademark)**	04-2019-00014901	August 23, 2019	December 29, 2019	December 29, 2029

Filinvest Clark Mimosa, Inc. (formerly, "Filinvest Cyberzone Mimosa, Inc.")

	Mark	**Application No. / Registration No.**	**Date Filed**	**Date Registered**	**Expiration of Registration**
1	**GOLF RIDGE (tradename)**	04-2019-017968	October 15, 2019	March 5, 2020	March 5, 2030
2	**GOLF RIDGE PRIVATE ESTATE**	04-2019-020214	November 21, 2019	April 11, 2020	April 11, 2030

Filinvest REIT Corp.

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration of Registration
1	FILREIT	04-2021-512915	June 2, 2021	August 1, 2021	August 1, 2031
2	FILRT	04-2021-512917	June 2, 2021	August 1, 2021	August 1, 2031

LEGAL PROCEEDINGS

FLI and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases in the real estate development segment include adverse claims against FLI's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, FLI also disputes taxes that have been assessed against it by the BIR. In the opinion of FLI's management, none of the lawsuits or legal actions to which it or any of its subsidiaries is currently subject will materially affect the daily operations of its business nor will they have a material adverse effect on FLI's consolidated financial position and results of operations. Noteworthy are the following cases involving the Company, among others:

a) FLI vs. Abdul Backy Ngilay, et al., G.R. No. 174715, Supreme Court

This is a civil action for the declaration of nullity of deeds of conditional and absolute sale of certain real properties located in Tambler, General Santos City, covered by free patents and executed between FLI and the plaintiff's patriarch, Hadiji Gulam Ngilay. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of the properties. On appeal, the Court of Appeals ("CA") rendered a decision partly favorable to FLI but nullified the sale of some properties involved. FLI filed a petition for review on certiorari to question that portion of the decision declaring as void the deeds of sale of properties covered by patents issued in 1991. The Supreme Court ("SC") affirmed the decision of the CA but declared with finality that FLI's purchase of sales patents issued in 1991 was void and ordered the Ngilays to return ₱14,000,000.00 to FLI. The RTC issued a Writ of Execution dated 16 February 2015. To satisfy the monetary judgment in favor of FLI, four parcels of land owned by the Ngilays and covered by Transfer Certificates of Title ("TCT") Nos. P-6886, 147-201005034, 147-2014000465, and 147-2014000468, were levied on execution and sold at public auction to FLI as highest bidder.

The Sheriff's Certificate of Sale over the properties was registered with the Registry of Deeds of General Santos City. FLI filed a motion for the surrender of the certificates of titles of the Ngilays so that FLI's affidavit of consolidation of ownership can be annotated on the titles and new certificates of title will be issued in FLI's name. This motion was partially granted; 3 titles, namely TCTNos. 147-2014005034, 147-2014000465, and 147-2014000468, are surrendered to the Register of Deeds of General Santos City. But the sale by the Sheriff of the property covered by TCT No. P-6886 was declared invalid, because the sale of the property covered by said title was not one of the sales previously declared by the SC as invalid. The Sheriff was ordered to look for another property of Ngilay for execution and to issue an amended certificate of sale for the 3 Ngilay properties in favor of FLI. We are awaiting the Court's issuance of an order approving the amended certificate of sale along with resolution of the Court on the Moner Ngilay's Motion to Exclude his property from execution, with FLI's opposition already filed.

b) Republic of the Philippines vs. Rolando Pascual, et al., G.R. No. 222949, Supreme Court

The National Government through the Office of the Solicitor General filed suit against Rolando Pascual, Rogelio Pascual, and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable being forest land. The case was dismissed by the RTC Branch 36 of General Santos City on 16 November 2007 for lack of merit. On appeal, the Court of Appeals reversed the Decision of the RTC and ordered the case to be remanded for a full-blown trial on the merits. FLI filed a Motion for Partial Reconsideration, which was denied by the CA. On 4 April 2016, FLI filed its Petition for Review with the SC, but the latter also affirmed the Decision of the CA remanding the case for reversion filed by the Republic of the Philippines to the RTC of General Santos City for further proceedings. In an Order dated 18 September 2018, the hearing was reset to 19 March 2019, the RTC set the case for Judicial Dispute Resolution on 20 August 2019. The Judicial Dispute Resolution was terminated. Pre-Trial which was set on 14 April 2020 was cancelled due to the quarantine/lockdown as a result of the corona virus pandemic and was reset to 18 March 2021 at 8:45 am. Due to the same reason, the Pre-Trial was further reset to 19 October 2021. On 19 October 2021, the pre-trial was again reset to March 8, 2022.

c) Antonio E. Cenon and Filinvest Land, Inc. vs. San Mateo Landfill, Mayor Rafael Diaz, Brgy. Pintong Bukawe, Director Julian Amador and the Secretary, Department of Environment and Natural Resources, SC-G.R. No. 251303, Supreme Court

On 9 February 2009, FLI and its First Vice President, Engr. Antonio E. Xenon ("Plaintiffs") filed an action for injunction and damages against the respondents to stop and enjoin the construction of a 19-hectare landfill in a barangay in close proximity to Timberland Heights in San Mateo, Rizal. Plaintiffs sought preliminary and permanent injunctive relief and damages and the complete and permanent closure of the dump site. After presenting evidence, plaintiffs rested their case. Defendant San Mateo Sanitary Landfill and defendant Mayor separately filed a Demurrer to Evidence. In an Order dated 22 August 2016, the Court granted both Demurrers to Evidence and dismissed the case for insufficiency of evidence. Plaintiffs appealed to the CA. In the Decision dated May 31, 2019, the CA denied the plaintiffs' appeal. Plaintiffs filed a Motion for Reconsideration. The Motion for Reconsideration was denied in a Resolution of the CA dated January 6, 2020. A Petition for Review on Certiorari was filed by plaintiffs with the SC on March 6, 2020. On November 10, 2020, plaintiffs received a copy of the July 13, 2020 Resolution of the SC which denied the Petition. Plaintiffs filed a Motion for Reconsideration of the said Resolution which is pending with the SC.

d) Manila Paper Mills International, Inc. vs. Filinvest Land, Inc., et al., Civil Case No. DC-721-17 Regional Trial Court of Dasmariñas City, Cavite, Branch 90

In its Complaint dated 14 July 2017, Manila Paper Mills International, Inc. ("MPMII") claims it owns three parcels of land in Dasmariñas City, Cavite covered by TCT Nos. T-636128, T-636130 and T636131 with the following respective areas: 79,999 square meters, 40,000 square meters, and 104,340 square meters, or a total area of 224,339 square meters. These areas allegedly overlap with FLI's lots which now form part of FLI's project, The Glens located in San Pedro Laguna. According to MPMII, plotting for The Glens conducted by a Licensed Geodetic Engineer through Google Maps revealed that portions of the project encroached on said MPMII properties for a total of 208,256 square meters. The Complaint prays for the cancellation of FLI's certificates of title that overlap with MPM1I's as well as the payment of damages. MPMII also prayed for the issuance of a temporary restraining order or preliminary injunction to enjoin FLI from possessing, altering, transferring ownership, or disposing of the subject properties. MPMII subsequently amended its complaint to address issues raised by FLI in its first Motion to Dismiss. The main subject of the amendment was the change in the plaintiff from MPMII to "Trustees and

Shareholders of MPMII." In response to the amended complaint, FLI filed its second Motion to Dismiss, where FLI argued, among others, that: (a) the court has no jurisdiction over the amended complaint's prayer for injunctive relief; (b) the amended complaint should be dismissed because the original complaint lacks cause of action (because MPM1I's corporate personality has ceased in 2004) and may not therefore be subject to amendment; (c) the correct filing fees were not paid and in view of its impropriety, the amendment circumvents the need for separate filing and payment of new docket fees. During the proceedings, the court allowed MPMII to present evidence on its prayer for injunction even before the resolution of FLI's motions to dismiss which raised serious grounds. The Presiding Judge proceeded with the hearing of the latter's evidence without the presence and participation of FLI's counsel. Thus, FLI filed a Motion to Recuse which the Presiding Judge granted. In the meantime, the proceedings are suspended by the assignment of the case to another judge. The case was then assigned to an Acting Presiding Judge and a hearing was set on 23 January 2019 for the cross-examination of MPMII's witnesses. FLI filed an Omnibus Motion to nullify the proceedings where MPMII presented the above-said evidence/witnesses, to resolve pending motions and to suspend further proceedings. In an Order dated May 15, 2019, the court denied the Omnibus Motion. FLI filed a Motion for Reconsideration dated July 10, 2019, which is now pending before the court. On November 3, 2020, the Court issued an Order, which, among others, denied the Motion for Reconsideration, admitted the Amended Complaint of MPMII, directed MPMII to submit the current tax declarations on its supposed properties, and set again the hearing on MPMII's prayer for injunction. An Urgent Motion to Dismiss was filed by FLI on February 2, 2021 grounded on the failure of MPMII to submit the said tax declarations. In the hearing of March 5, 2021 set for the hearing on the Urgent Motion to Dismiss and on MPMII's prayer for injunction, the Court dismissed the case and granted FLI's Urgent Motion to Dismiss for MPMII's failure to timely submit the said tax declarations. MPMII filed its Motion for Reconsideration dated March 12, 2021. On June 22, 2021 MPMII's Motion for Reconsideration of the March 5, 2021 Order which dismissed the case was set for an in-court hearing. The Court noted FLI's Opposition to the Motion for Reconsideration. MPMI was granted a period of ten (10) days to file a reply. The Court gave FLI the same period of ten (10) days from receipt to file rejoinder. Thereafter, the Motion for Reconsideration will be deemed submitted for resolution. The Court set the next hearing set on September 24, 2021 at 2:00 p.m. was cancelled due to the physical closure of courts as Cavite was placed under MECQ. On October 7, 2021, FLI filed its Rejoinder to MPMII's Reply. The Court has yet to resolve MPMII's Motion for Reconsideration to date.

Regulatory and Environmental Matters

REAL ESTATE

Regulation of Real Estate Development in the Philippines

PD 957, Batas Pambansa Bilang 220 ("**BP 220**"), RA 4726 and RA 7279 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957, BP 220, RA 4726 and RA 7279 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes.

On 14 February 2019, Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed into law by the President. Consequently, the Implementing Rules and Regulations of the Act was approved on 19 July 2019. The Housing and Urban Development Coordinating Council ("**HUDCC**") and the Housing and Land Use Regulatory Board ("**HLURB**") were consolidated to create the Department of Human Settlements and Urban Development ("**DHSUD**"). Simultaneously, the HLURB was reconstituted into the Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. Now, DHSUD is the administrative agency of the Government which, together with local government units ("**LGUs**"), 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 required to be filed with and approved by the DHSUD and the relevant LGU of the area where the project is situated. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government body or agency.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit. The issuance of a development permit is dependent on, among other things: (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 locational clearance, DENR permits and DAR conversion or exemption orders, as discussed below.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the DHSUD 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. Dealers, brokers and salesmen are also required to register with the DHSUD.

Project permits and licenses to sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyer. 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 HSAC'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 DHSUD. 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.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the

DHSUD before they can sell lots or units in a registered subdivision or condominium project. The certificate of registration will expire on the first day of December of each year.

There are essentially two (2) different types of residential subdivision developments, which are distinguished by different development standards issued by the DHSUD. The first type of subdivision, aimed at low-cost housing, must comply with BP 220, a Philippine statute regulating the development and sale of real property as part of a condominium project or subdivision, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with PD 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.

Under current regulations, a developer of a residential subdivision, with an area of one hectare or more and covered by P.D. 957, is required to reserve at least 30.0% of the gross land area of such subdivision, which shall be non-saleable, for open space for common uses, which include roads, parks, playgrounds and recreational facilities.

Further, RA 7279 requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15.0% of the total subdivision area or total subdivision project cost, or total subdivision project cost and at least 5% of condominium area or 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 DHSUD and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 15% of the total area of the main subdivision project or allocate and invest an amount equal to 15% 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, in development of a new settlement through purchase of socialized housing bonds, participation in a community mortgage programme, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the Government. These policies and programs may be modified or discontinued in the future. The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under current law, income derived by domestic corporations from the development and sale of socialized housing which currently, among other things, must have a basic selling price of no more than ₱400,000.00, is exempt from project related income taxes. Sale of residential lots with a gross selling price of ₱1,919,500 or less, or residential houses lots and other residential dwellings with a gross selling price of ₱3,199,200 or less, where the instrument of sale, transfer, disposition was executed and notarized on or after January 1, 2012 are exempt from VAT. However, for instruments of sales executed and notarized on or after November 1, 2005 but prior to January 1, 2012, the threshold amounts are ₱l.5 million and ₱2.5 million, respectively, and excess thereof is subject to 10.0% output VAT, and starting February 1, 2006, to 12% output VAT. Sale, transfer or disposal of two (2) or more adjacent residential lots or dwellings by the same seller to the same buyer within a 12-month period, even if covered by separate titles or tax declarations, will be considered as one residential area for purposes of computing the threshold levels for VAT purposes. Under the 2011 and 2012 Investment Priorities Plan issued by the BOI and approved by the President on July 5, 2011 and June 13, 2012, respectively, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

EO 45 prescribes specific period for a government agency and the LGUs to act on application for certifications, clearances and permits for housing projects. It also provides an option for the applicant-developer where the government agency or LGU refuses or fails to dispose an application for said housing permit, in which case an affidavit may be submitted with supporting technical studies and documents, in lieu of the certification, clearance or permit.

Real Estate Sales on Installments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale

or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under RA 3844). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of instalments, the buyer is entitled to the following rights in case of a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.

- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50.0% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5.0% every year (but with a total not to exceed 90.0% of the total payments). However, the actual cancellation of the contract shall take place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Shopping Malls

Shopping mall centers are regulated by the LGU of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of RA 9514, otherwise known as the "Fire Code" and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial wastewater to apply for a wastewater discharge permit from the DENR and to pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the Philippine Department of Tourism ("**DOT**"). A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the DOT. Commercial establishments located within the geographical jurisdiction of the Laguna Lake Development Authority, such as but not limited to Muntinlupa City, are likewise required to secure clearances prior to commencement of operations.

Zoning and Land Use

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

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

Special Economic Zone

The PEZA is a government corporation that operates, administers and manages Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the

Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

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

Tenants of properties located in Ecozones may register with PEZA to avail themselves of certain benefits under Republic Act No. 7916 and its Implementing Rules and Regulations, such as income tax holidays or a preferential rate of 5% with respect to gross income taxation, thereby making tenancy in such properties potentially more attractive.

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

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

Certain of the Company's investment properties are registered with PEZA, and this provides significant benefits to the Company's tenants. PEZA registration provides significant tax incentives to those of the Company's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or a 5.0% gross income taxation), thereby making tenancy in the Company's PEZA-registered buildings potentially more attractive to them. As of August 31, 2020, PBCom Tower is a PEZA-registered IT building while the Filinvest Technology Park-Calamba, Northgate Cyberzone and New Clark City are PEZA-accredited Ecozones. Meanwhile, FCMI and FMI who develop the Mimosa Plus estate are registered with the CDC as Clark Freeport Enterprises in the Clark Freeport Zone.

Contractor's License Law

In 1965, Republic Act No. 4566 ("**R.A. No. 4566**" or the Contractor's License Law) was enacted to regulate the business of construction in the Philippines through the Philippine Licensing Board for Contractors. R.A. No. 4566 was thereafter amended by Presidential Decree No. 1746 on November 28, 1980, transferring the powers of the Philippine Licensing Board for Contractors to PCAB, which is currently the government agency responsible for regulating and licensing contractors in the Philippines.

A contractor is defined as any person who undertakes or offers to undertake or purports to have the capacity to undertake or submits a bid to, or does himself or by or through others, construct, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway, road, railroad, excavation or other structure, project, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures of works in connection therewith.

All contractors are required to secure either a regular or special license from PCAB.

a) A regular license is issued to a domestic construction firm (a Filipino sole proprietorship or a partnership/corporation with at least 60% Filipino equity) and is renewed annually, on or before June 30 of each year. PCAB has issued Resolution No. 333, Series of 2013 allowing foreign construction firms with more than 40% foreign equity to qualify for a regular AAAA license provided that such firms comply with the following requirements:

   - ₱1.0 billion minimum capitalization;
   - Compliance with SEC Registration and Equity Requirements;
   - Engagement is limited to private domestic construction projects with contract cost of at least ₱1.0 billion;

- Procurement of civil liability insurance;
- Compliance with Philippine laws; and
- Provided there is compliance with the PCAB qualification standards for a Filipino Authorized Managing Officer, such firms may hire a Foreign Authorized Managing Officer.

A foreign contractor who is not able to meet the ₱1.0 billion capitalization may be granted a special license to engage in the construction of a specific project or undertaking with a project cost of at least ₱1.0 billion if there is limited local capability in technology as determined by the Philippine Domestic Construction Board.

Furthermore, on March 27, 2017, PCAB issued Resolution No. 079, Series of 2017 which categorizes a regular AAAA license into two (2) types:

- AAAA Platinum – This may be granted to locally-owned contractors with at least ₱1.0 billion minimum capitalization; and
- AAAA Gold – This may be granted to foreign-owned domestic corporations with at least ₱1.0 billion minimum capitalization.

AAAA Gold contractors may undertake private projects under the following contract costs: (1) minimum contract cost of ₱5.0 billion for vertical projects; and (2) minimum contract cost of ₱3.0 billion for horizontal projects.

AAAA Platinum contractors may undertake government and private projects of any contract cost.

b) A special license is issued to a joint venture, a consortium, or a project owner who authorizes the licensee to engage only in the construction of a single, specific project or undertaking, and is cancelled by PCAB upon completion of the single specific undertaking or project authorized by the license.

A contractor may be classified as engaged in general engineering contracting, general building contracting or specialty contracting. The contractor's license shall indicate the limit and scope of the contractor's operations. The licensed contractor may operate under more than one classification, provided that it meets the qualifications prescribed by PCAB for the additional classification.

For the purpose of a more accurate evaluation of a contractor's capability, regular licensees are further classified as those engaged in (a) general engineering construction, (b) general building construction and (c) specialty construction and the classification of a contractor shall be determined by the training and experience of the contractor or of his sustaining technical employee. A contractor may apply for, and be issued, more than one classification, provided that one classification shall be designated by the applicant as its principal classification. The rest shall be considered as other classification(s). A licensed contractor shall operate within the classification(s) that it is authorized under its license to engage in. A regular license contractor shall, however, be allowed to undertake extra classification work, if the work is incidental and/or supplementary to a project under its contract and to be undertaken in conjunction with the implementation of such project.

In addition to classification, every contractor shall be graded and assigned a category as an adjunct to its licensing. Evaluation of category for a contractor shall be based on the following criteria quantified by equivalent credit points in scales as determined by PCAB:

- its financial capacity measured in terms of net worth;
- its equipment capacity in terms of book value;
- its experience in terms of aggregate number of years in which it has actively engaged in construction contracting and operations, and the average annual value of work completed during the past three (3) years; and
- experience of its technical personnel

General Engineering and General Building contractors shall be categorized based on a scale of seven (7) grades, namely: AAAA (Platinum)/AAAA (Gold), AAA, AA, A, B, C, and D.

To qualify for a license, the applicant is required to show at least two (2) years of experience in the construction industry and needs to have knowledge of national building, safety, health and lien laws and all other principles applicable to the contracting business that PCAB deems necessary.

PCAB is authorized to institute proper action in court and secure a writ of injunction without bond, restraining any person or firm not licensed, or whose license is under suspension or has expired or been revoked, from engaging or attempting to engage in the business of construction contracting. All duly constituted law enforcement officers of the national, provincial, city and municipal government or any political subdivision thereof must enforce provisions of relevant laws and report to PCAB any violation of the same.

Referral to Arbitration

Executive Order No. 1008 vests the Construction Industry Arbitration Commission ("**CIAC**") with original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. The jurisdiction of the CIAC may include, but is not limited, to violation of specifications for materials and workmanship, violation of the terms of agreement interpretation and/or application of contractual time and delays, maintenance and defects, payment, default of employer or contractor and changes in contract cost.

CIAC may acquire jurisdiction in two (2) ways, either by providing an arbitration clause in the contract between the parties, or by agreement of the parties to submit the dispute to CIAC. Thus, the fact that the parties incorporated an arbitration clause in their contract is sufficient to vest the CIAC with jurisdiction over any construction controversy, notwithstanding any reference made to another arbitral body. CIAC's jurisdiction over construction disputes is conferred by law, and thus, cannot be waived by mere agreement of the parties.

Liability of Engineers, Architects and Contractors

Under the Philippine Civil Code, the engineer or architect who drew up the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, the same should collapse by reason of a defect in those plans and specifications, or due to defects in the ground. The contractor is likewise responsible for the damages if the edifice falls, within the same period, on account of construction defects or the use of materials of inferior quality, or due to any violation of the terms of the construction contract. If the engineer or architect supervises the construction, he shall be solidarily liable with the contractor. The acceptance of the building after completion does not imply waiver of any of the causes of action by reason of any of the aforementioned defects. The action arising therefrom must be brought within 10 years following the collapse of the building.

Nationality Restrictions

As provided in the Eleventh Regular Foreign Investment Negative List promulgated on October 29, 2018 (in relation to Commonwealth Act No. 541, Letter of Instruction No. 630), contracts for the construction and repair of locally funded public works shall be undertaken by Filipino individuals, or corporations, partnerships or associations, the capital of which is 60% owned by citizens of the Philippines, except (a) infrastructure or development projects covered in R.A. No. 7718 (which amended R.A. No. 6957 or the Build-Operate-Transfer (BOT) Law); and (b) projects that are foreign funded or assisted and required to undergo international competitive bidding (Section 2(a) of R.A. No. 7718).

The Implementing Rules and Regulations of the Government Procurement Reform Act also provides that only Philippine corporations, the shareholding interests of which are at least 75% owned by citizens of the Philippines, shall be allowed to bid for infrastructure projects, subject to the relevant exceptions.

Property Registration and Nationality Restrictions

The Philippines has adopted the Torrens System of land registration which conclusively confirms land ownership

which is binding on all persons, including the Government. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals within 15 days from receiving notice of judgment. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

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

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six months from the delivery of title. To evidence ownership of condominium units, a Condominium Certificate of Title is issued by the Register of Deeds.

While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40.0%.

The ownership of private lands in the Philippines is reserved for Philippine citizens and Philippine corporations at least 60% of whose capital stock is owned by Philippine citizens. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

While aliens or foreign nationals are prohibited from owning private lands and lands of public domain, they are allowed to lease private lands (but not lands of public domain). A foreigner may acquire private land in the Philippines through hereditary succession if he or she is a legal or natural heir.

Any natural born Filipino citizen who has lost his or her Philippine citizenship and who has the legal capacity to enter into a contract under Philippine Laws may be a transferee of a private land up to a maximum area of 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land to be used by him for business or other purposes. In case the transferee already owns urban or rural land for business or other purposes, he or she is entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him or her must not exceed the maximum area fixed by law.

A transferee may acquire not more than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippines, but the total land area thereof must not exceed 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land for use by him or her for business or other purposes. A transferee who has already acquired urban land will be disqualified from acquiring rural land and vice versa.

Any corporation that is owned 100% by a foreign firm may establish a condominium corporation under Republic Act No. 4726, or the Condominium Act, provided that land on which the building is erected is held only under lease arrangement. The Condominium Act defines a condominium as an interest in real property consisting of separate

interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include, in addition, a separate interest in other portions of such real property. Title to the common areas, including the land, or the appurtenant interests in such areas, may be held by a corporation specially formed for the purpose (condominium corporation) in which the holders of separate interest shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

Any transfer or conveyance of a unit or an apartment, office or store or other space therein, shall include the transfer or conveyance of the undivided interests in the common areas or, in a proper case, the membership or shareholdings in the condominium corporation. Where the common areas in the condominium project are owned by the owners of separate units as co-owners thereof, no condominium unit may be transferred to foreigners or corporations with foreign ownership of more than 40% of the capital stock. T he transfer to aliens of units in a condominium project may be made only up to the point where the concomitant transfer of membership or stockholding in the condominium corporation would not cause the alien interest in such corporation to exceed 40% of its entire capital stock.

A foreign national or corporation may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years, and renewable for another 25 years. Ownership of houses or buildings is allowed, provided that the foreigner does not own the land on which the house is built.

Property Taxation

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. The assessed value of property and improvements vary depending on the location, use and nature of the property. Land is ordinarily assessed at 20.0% to 50.0% of its fair market value; buildings may be assessed at up to 80.0% of their fair market value; and machinery may be assessed at 40.0% to 80.0% of its fair market value. Real property taxes may not exceed 2.0% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1.0% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the LGU where the property is located.

ENVIRONMENTAL LAWS

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("**EIS**") to the EMB while a project in an environmentally critical area are generally required to submit an Initial Environmental Examination ("**IEE**") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandatory.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation

measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("**EGF**") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

FLI believes that it has complied with all applicable Philippine environmental laws and regulations. FLI's compliance with environmental laws is dictated by and in accordance with the environmental laws and regulations applicable to specific and individual projects. Compliance with such laws, in FLI's opinion, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position. The cost of such compliance is not significant and FLI does not keep a separate account thereof.

Legal Framework of Hazardous Waste Management

Presidential Decree No. 1152, also known as "the Philippine Environmental Code," ("**PD 1152**") took effect in 1977, and provides a basis for an integrated waste management regulation starting from waste source to methods of disposal. PD 1152 has further mandated specific guidelines to manage municipal wastes (solid and liquid), sanitary landfill and incineration, and disposal sites in the Philippines.

In 1990, the Philippine Congress enacted the Toxic Substances, Hazardous and Nuclear Wastes Control Act, commonly known as RA 6969, a law designed to respond to increasing problems associated with toxic chemicals and hazardous and nuclear wastes. RA 6969 mandates control and management of import, manufacture, process, distribution, use, transport, treatment, and disposal of toxic substances and hazardous and nuclear wastes in the Philippines. RA 6969 seeks to protect public health and the environment from unreasonable risks posed by these substances in the Philippines.

Apart from the basic policy rules and regulations of RA 6969, hazardous waste management must also comply with the requirements of other specific environmental laws, such as Presidential Decree No. 984 (National Pollution Control Decree of 1976), Presidential Decree No. 1586 (Environmental Impact Statement System Law), RA 8749 (Philippine Clean Air Act of 1999) and RA 9003 (Ecological Solid Waste Management Act of 2000) and their implementing rules and regulations.

Hazardous waste generators are required to register with and pay a registration fee to the EMB Regional Office having jurisdiction over the location of the waste generator.

Waste generators are required to perform the following activities: (1) notify the DENR of the type and quantity of wastes generated in accordance with the form and in a manner approved by the DENR and pay the prescribed fee; (2) provide the DENR, on a quarterly basis, with information to include the type and quantity of the hazardous waste generated, produced or transported outside in a form approved by the DENR; (3) continue to own and be responsible for the hazardous waste generated or produced in the premises until the hazardous waste has been certified by the waste treater as adequately treated, recycled, reprocessed or disposed of; (4) prepare and submit to the DENR comprehensive emergency contingency plans to mitigate spills and accidents involving hazardous wastes. These plans must conform to the guidelines issued by the DENR; (5) train/inform personnel and staff on: (a) the implementationof the plan, and (b) the hazards posed by the improper handling, storage, transport, and use of hazardous wastes and their containers.

Philippine Clean Water Act of 2004

RA 9275 applies to water quality management in all water bodies in the Philippines particularly to the abatement and

control of pollution from land based sources. It provides for water quality standards and regulations and civil and criminal penalties for violations thereof. The DENR, in coordination with the National Water Resources Board ("**NWRB**") must designate certain areas as water quality management areas ("**Management Areas**") which have similar hydrological, hydrogeological, meteorological or geographic conditions which affect the physicochemical, biological and bacteriological reactions and diffusions of pollutants in the water bodies, or otherwise share common interest or face similar development programs, prospects, or problems.

The DENR implements a wastewater charge system in all Management Areas through the collection of wastewater charges/fees. The system is established on the basis of payment to the government for discharging wastewater into the water bodies. Wastewater charges is established taking into consideration the following: (a) to provide strong economic inducement for polluters to modify the production or management processes or to invest in pollution control technology in order to reduce the amount of water pollutants generated; (b) to cover the cost of administering water quality management or improvement programs; (c) reflect damages caused by water pollution on the surrounding environment, including the cost of rehabilitation; (d) type of pollutant; (e) classification of the receiving water body, and (f) other special attributes of the water body.

The DENR requires owners or operators of facilities that discharge regulated effluents pursuant to the law to secure a permit to discharge. The discharge permit is the legal authorization granted by the DENR to discharge wastewater, provided, that the discharge permit must specify, among others, the quantity and quality of effluent that said facilities are allowed to discharge into a particular water body, compliance schedule and monitoring requirement.

As part of the permitting procedure, the DENR must encourage the adoption of waste minimization and waste treatment technologies when such technologies are deemed cost effective. The DENR must also develop procedures to relate the current water quality guideline or the projected water quality guideline of the receiving water body with total pollution loadings from various sources, so that effluent quotas can be properly allocated in the discharge permits. Effluent trading may be allowed per management area.

Fiscal and non-fiscal incentives are provided for compliance with RA 9275 such as: (1) inclusion in the Investment Priorities Plan; and (2) tax and duty exemption of donations, legacies and gifts for the support of the waste management program.

Philippine Clean Air Act of 1999

RA 8749 was enacted to provide for a comprehensive management program for air pollution and enforce a system of accountability for short and long-term adverse environmental impact of a project, program or activity. This includes the setting up of a funding or guarantee mechanism for clean-up and environmental rehabilitation and compensation for personal damages. The DENR, in case of industrial dischargers, and the Department of Transportation and Communications, in case of motor vehicle dischargers, designs, imposes and collects, based on environmental techniques, regular emission fees from said dischargers as part of the emission permitting system or vehicle registration renewal system, as the case may be. The system encourages the industries, and motor vehicles to abate, reduce, or prevent pollution. The basis of the fees include, but is not limited to, the volume and toxicity of any emitted pollutant. Industries, which must install pollution control devices or retrofit their existing facilities with mechanisms that reduce pollution are entitled to tax incentives such as but not limited to tax credits and/or accelerated depreciation deductions. The DENR has the authority to issue permits as it may determine necessary for the prevention and abatement of air pollution. Said permits cover emission limitations for the regulated air pollutants to help attain and maintain the ambient air quality standards. These permits serve as management tools for the LGUs in the development of their action plan. The DENR or its duly accredited entity must, after proper consultation and notice, require any person who owns or operates any emission source or who is subject to any requirement of RA 8749 to: (a) establish and maintain relevant records; (b) make relevant reports; (c) install, use and maintain monitoring equipment or methods; (d) sample emission, in accordance with the methods, locations, intervals, and manner prescribed by the DENR; (e) keep records on control equipment parameters, production variables or other indirect data when direct monitoring of emissions is impractical; and (f) provide such other information as the DENR may reasonably require. The DENR, through its authorized representatives, has the right to (a) enter or access any premises including documents and relevant materials; (b) inspect any pollution or waste source, control device, monitoring equipment or method required; and (c) test any emission. Any record, report or information obtained under RA 8749 must be made available to the public, except upon a satisfactory showing to the DENR by the entity concerned that the record, report, or information, or parts thereof, if made public, would divulge secret methods or processes entitled to protection as intellectual property. Such record, report or information must likewise be incorporated in the DENR's

industrial ratingsystem. RA 8749 provides for civil and criminal penalties for violations thereof.

ANTI-TRUST LAWS

The Philippine Competition Act

RA No. 10667, or the Philippine Competition Act ("**PCA**") was signed into law on July 21, 2015 and took effect on August 8, 2015. This is the first anti-trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "PCC"), an independent quasi-judicial agency with five (5) commissioners. Among its powers are to: conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, however, the PCC must still apply for a warrant with the relevant court.

The PCA prohibits and imposes sanctions on: (a) anti-competitive agreements between or among competitions, (b) mergers and acquisitions which have the object or effect of substantially preventing, restricting or lessening competition, and (c) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to certain exceptions.

On June 3, 2016, the PCC issued the implementing rules and regulations of the PCA ("**IRR**"). Under the IRR, as a general rule, parties to a merger or acquisition are required to notify the PCC when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱1 billion; and (b) the value of the transaction exceeds ₱1 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱1 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱1 billion.

On March 10, 2018, the PCC issued Memorandum Circular No. 1-001 ("**MC No. 18-001**") to amend Section 3, Rule 4 of the IRR to increase the initial thresholds. Under MC No. 18-001, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱5 billion; and (b) the value of the transaction exceeds ₱2 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2 billion. As provided in MC No. 18-001, the thresholds shall be automatically adjusted commencing on March 1, 2019 and on March 1st of every succeeding year, using as index the Philippine Statistics Authority's official estimate of the nominal gross domestic product growth of the previous calendar year rounded up to the nearest hundred million. The revised thresholds, however, shall not apply to mergers or acquisitions pending review by the PCC; notifiable transactions consummated before the effectivity of the memorandum circular; and transactions already subject of a decision by the PCC.

PCC Advisory 2019-001 further adjusted the thresholds such that effective March 1, 2019, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱5.6 billion; and (b) the value of the transaction exceeds ₱2.2 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.2 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.2 billion.

On 11 February 2020, the notification thresholds were further adjusted by PCC Commission Resolution No. 02-2-2020 such that effective 1 March 2020, parties to a merger or acquisition are required to provide notification when:

(a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱6 billion; and (b) the value of the transaction exceeds ₱2.4 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement ifeither (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.4 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.4 billion.

Violations of the PCA and the IRR have severe consequences. Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction. Criminal penalties for entities that enter into anti-competitive agreements, as defined, include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) imprisonment for two (2) to seven (7) years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On September 15, 2017, the PCC published the 2017 Rules of Procedure ("**Rules**") which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. The Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On November 23, 2017, the PCC published the 2017 Rules on Merger Procedures which provides the procedure for the review or investigation of mergers and acquisition pursuant to the IRR. The 2017 Rules on Merger Procedures provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within thirty (30) days from the signing of definitive agreements relating to the notifiable merger.

DATA PRIVACY LAWS

Data Privacy Act

RA No. 10173, otherwise known as the Data Privacy Act of 2012 ("**Data Privacy Act**"), was signed into law on August 15, 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System ("**ICT**"), which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes. It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the Data Privacy Act and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The Data Privacy Act seeks to protect the confidentiality of "personal information", which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors". It also provides for penal and monetary sanctions for violations of its provisions.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists ten (10) members, of which three (3) are independent directors.

The table below sets forth the members of the Company's Board and its executive officers as of the date of this Prospectus.

Jonathan T. Gotianun *Chairman of the Board*	Mr. Gotianun, 68, Filipino, was first elected as a Director of FLI on 17 June 1994. He also serves as the Chairman of the Board of Directors of FDC and EW, both publicly-listed companies. He is also the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and the Chairperson of the Board of Directors of FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.
Lourdes Josephine Gotianun-Yap *Director, President and Chief Executive Officer*	Mrs. Yap, 66, Filipino, was first elected as a Director of FLI on 24 November 1989. Mrs. Yap, who was elected as the President and CEO of FLI on 31 October 2012, is also a Director and the President and CEO of FDC, a publicly-listed company, and a Director in FDCUI, Filinvest Alabang, Inc. ("FAI"), Filinvest REIT Corp and EW, a publicly-listed company. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.
Mercedes T. Gotianun *Chairperson Emerita*	Mrs. Gotianun, 92, Filipino, served as a Director of FLI from 1989 to 2019 and its Chief Executive Officer from 1997 to 2007. She also served as a Director of FDC from 1980 to 2019. She is also a Director EW, a publicly-listed company, and a Director in Filinvest Alabang, Inc. ("FAI"), Pacific Sugar Holdings Corporation ("PSHC"), FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. She obtained her college degree from the University of the Philippines.
Michael Edward T. Gotianun *Director*	Mr. Gotianun, 64, Filipino, was first elected as a Director of FLI on 08 May 2015. He is also a Director of FDC, a publicly-listed company, Filinvest Alabang, Inc. and Festival Supermall, Inc. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979.
Efren C. Gutierrez *Director*	Mr. Gutierrez, 86, Filipino, was a Director of FLI from 1994 to 2001, and was reelected to FLI's Board in 2006. He was first elected as a Director of FLI on 17 June 1994. He served as the President of Filinvest Alabang, Inc. from 1999 to 2005. He is currently the Chairperson of the Board of The Palms Country Club, Inc. ("TPCCI") He is not a Director of any other publicly-listed company. He obtained his Bachelor of Laws degree from the University of the Philippines.
Francis Nathaniel C. Gotianun *Director*	Mr. Gotianun, 38, Filipino, was first elected as a director of FLI on 22 April 2016. He is the Senior Vice President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a director of Filinvest Mimosa, Inc. and as the President and CEO of TPCCI. He is not a Director of any other publicly-listed company. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra

	in 2010.
Nelson M. Bona *Director*	Mr. Bona, 71, Filipino, was first elected as a director of FLI on 11 June 2020. He is also director of FDC. He was formerly the CFO of FLI, Executive Vice President and CFO of FDC, Executive Vice President of EW and Managing Director of Millenia Broadband Communications and Filinvest Capital Inc.
Val Antonio B. Suarez *Lead Independent Director*	Mr. Suarez, 62, Filipino, was first elected as an independent director of FLI on 08 May 2015. He is also an independent director of FDC and Lepanto Consolidated Mining Company, both publicly-listed companies. He is also an independent director of Filinvest REIT Corp. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange. Mr. Suarez is a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University School of Law and a Master of Laws degree from Georgetown University Law Center.
Ernesto S. De Castro *Independent Director*	Mr. De Castro, 75, Filipino, was first elected as an independent director of FLI on 22 April 2019. He is the President of ESCA, Incorporated since July 1993 and a former member consultant of the Dispute Adjudication Agreement of the Millenium Challenge Account. He is not a Director of any other publicly-listed company. He graduated from the University of the Philippines Diliman in 1967 with a bachelor's degree in Civil Engineering and obtained his Masters of Engineering in the same university in 1968. He obtained Doctor of Philosophy in Civil Engineering (Major in Structures) in Lehigh University in 1975.
Gemilo J. San Pedro *Independent Director*	Mr. San Pedro, 66, Filipino, was first elected as an independent director of FLI on 17 July 2019. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on June 30, 2015, he served various leadership roles at SyCip Gorres Velayo & Co. (SGV & Co.). He was a partner in SGV & Co. from 1991 to 2015 and Professional Practice Director and Quality and Risk Management Leader from 2004 to 2015. He is not a Director of any other publicly-listed company. He finished his Bachelor of Science in Commerce-Major in Accounting degree at Rizal Memorial Colleges, Davao City, in 1976. He obtained his Master of Business Administration, concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA, in 1983.
Ana Venus A. Mejia *First Senior Vice President, Treasurer, Chief Finance Officer and Compliance Officer*	Ms. Mejia, 55, Filipino, has been with the Filinvest Company for 25 years and has served the Company in various capacities. She concurrently serves as CFO/Treasurer of Filinvest Alabang, Inc., FSI, FAC, Filinvest REIT Corp. She is a Certified Public Accountant and a magna cum laude graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.
Sharon P. Pagaling-Refuerzo *Corporate Secretary and Corporate Information Officer*	Atty. Pagaling-Refuerzo, 42, Filipino is concurrently Vice President - Corporate Advisory Services and Tax Head of the Legal Department of FLI. She is also the Corporate Secretary of FDC, Filinvest REIT Corp, TPCCI and Timberland Sports and Nature Club, Inc., as well as Corporate Secretary of various companies of the Filinvest Group. Admitted to the Philippine Bar in 2006, she holds an A.B. Philosophy degree, cum laude, from the University of the Philippines and a law degree from San Beda College.
Tristaneil Las Marias *Executive Vice President and Chief Strategy Officer*	Mr. Las Marias, 47, Filipino, is the Executive Vice President and Chief Strategy Officer of FLI. He started in 1997 as Head of Regional Projects and went on to hold a higher position as Senior Vice President and Cluster Head for Visayas and Mindanao projects as well as Southwest and Central Luzon. He obtained his

	Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University.
Vince Lawrence L. Abejo *First Senior Vice President and Chief Sales and Marketing Officer*	Mr. Abejo, 48, Filipino, is the Chief Sales and Marketing Officer of FLI. He has twenty-two (22) years combined experience in sales and marketing, strategy and corporate affairs and general management. He has held various key marketing positions in the real estate industry as well as across different industries – FMCG, telecoms, tobacco and healthcare and geographies (Philippines, Switzerland, Malaysia and Vietnam). He graduated from the University of the Philippines (Diliman), with a degree in BS Administration in 1994 and completed an Advanced Management Program from Harvard Business School in 2012.
Joselito Fontejon Santos *Senior Vice President and Head of Retail and Mixed Use Business*	Mr. Santos, 57, Filipino, is the Head of Retail and Mixed-Use Business. Prior to joining Filinvest, he worked with several property developers such as Ortigas & Co., Ayala Land, Rockwell, Moldex, and a subsidiary of a Malaysian conglomerate. He graduated from De La Salle University with a degree in Bachelor of Science in Mechanical Engineering in 1984 and a Master's degree in Business Management from the Asian Institute of Management in 1990.
Francis V. Ceballos *Senior Vice President and Head of the Industrial/Logistics Business*	Mr. Ceballos, 55, Filipino, joined FLI last 2010 and is currently the Senior Vice President and Head of the Industrial/Logistics Business. He graduated from Ateneo de Manila University with a degree in Management Engineering and obtained his MBA from the Asian Institute of Management.
Winnifred H. Lim *Senior Vice-President and Chief Technical Planning Officer*	Engr. Lim, 57, Filipino, is the Senior Vice President and Chief Technical Planning Officer of FLI. He started as the company's Engineering Head last 2000 and currently leads Engineering, Architecture, Planning and Design, Survey, and Special Projects. He obtained his Master's Degree in Structural Engineering at the University of the Philippines Diliman.

Mrs. Mercedes T. Gotianun is the mother of Messrs. Jonathan T. Gotianun and Michael Edward T. Gotianun, and Mrs. Lourdes Josephine Gotianun-Yap. Francis Nathaniel C Gotianun is the son of Jonathan T. Gotianun.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Except for the following cases, none of the members of FLI's Board nor its executive officers are involved in any major criminal, bankruptcy or insolvency investigations or proceedings for the past five (5) years and up to October 31, 2021, nor have they been found by judgment or decree to have violated securities or commodities laws and enjoined from engaging in any business, securities, commodities or banking activities: (a) criminal cases filed in 2007 before the DOJ in I.S. Nos. 2007- 001 and 2007-011 and which were dismissed by the DOJ on 26 March 2009 and 07 April 2009, respectively; (b) criminal complaints in the Prosecutor's Office (filed against certain FLI officers) arising from alleged unlawful collection and application of subdivision dues and other charges being collected by a homeowners' association which was dismissed on 23 January 2012, and (c) the complaint for estafa filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, which was dismissed, although MPMII filed a Petition for Review before the Secretary of Justice

CORPORATE GOVERNANCE

Compliance with Best Practices on Corporate Governance

For the year 2020, FLI substantially complied with the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) regulatory requirements. It is also in compliance with its Revised Manual for Corporate Governance. In particular, your Company wishes to highlight the following: (a) the election of three (3)

independent directors to the Board; (b) the appointment of members of the Executive Committee, the Audit and Risk Management Oversight Committee, the Nominations Committee, the Compensation Committee, the Technical Committee and the Related-Party Transaction and Corporate Governance Committee; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the adoption of the Related Party Transaction Policy; (e) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (f) FLI's adherence to national and local laws pertaining to its operations; and (g) the observance of applicable accounting standards by FLI.

In order to keep abreast of best practices in Corporate Governance, the members of the Board and top management have attended seminars on corporate governance initiated by duly accredited institutions. FLI constantly reviews its Corporate Governance practices and welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors.

Board of Directors

Leading the practice of good Corporate Governance is the Board of Directors. The Board of Directors is firmly committed to the adoption of and compliance with the best practices in Corporate Governance as well as the observance of all relevant laws, regulations and ethical business practices.

Nominations and Voting for the Board of Directors

The members of the Board are elected during the annual stockholders' meeting. The stockholders of FLI may nominate individuals to be members of the Board of Directors.

The Nomination Committee receives nominations for independent directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Nomination Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in FLI's Revised Manual on Corporate Governance and the Securities Regulation Code. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Nomination Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening. The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of independent directors shall be in accordance with FLI's Manual on Corporate Governance. In 2008, FLI filed with the SEC its application for the amendment of the by-laws to include the procedure that will govern the nomination and election of independent directors. This procedure is consistent with FLI's Revised Manual on Corporate Governance and Rule 38 of the Securities Regulation Code. The approval by the Commission on said application was issued on April 8, 2009. The power of the Board to amend the By-Laws has been delegated by the stockholders representing two-thirds (2/3) of FLI's outstanding capital stock in an annual meeting of said stockholders on May 27, 1994.

It shall be the responsibility of the Chairman of the annual meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of FLI multiplied by the whole number of directors to be elected.

The directors of FLI are elected at the annual stockholders' meeting, to hold office until their respective successors have been duly appointed or elected and qualified. Vacancies in the Board occurring mid-term are filled as provided in the Corporation Code and FLI's Revised Manual on Corporate Governance. Officers and committee members are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

Independent Directors

Before the annual meeting, a stockholder of FLI may nominate individuals to be independent directors, taking into account the following guidelines:

A. "Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

   i. Is not a director or officer or substantial stockholder of FLI or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

   ii. Is not a relative of any director, officer or substantial stockholder of FLI, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

   iii. Is not acting as a nominee or representative of a substantial shareholder of FLI, any of its related companies or any of its substantial shareholders;

   iv. Has not been employed in an executive capacity by FLI, any of its related companies or any of its substantial shareholders within the last two (2) years;

   v. Is not related as a professional adviser of FLI, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm;

   vi. Has not engaged and does not engage in any transaction with FLI or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.

B. When used in relation to FLI, subject to the requirements above:

   i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

   ii. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An independent director of FLI shall have the following qualifications:

   i. He shall have at least one (1) share of stock of FLI;

   ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of FLI for at least five (5) years;

   iii. He shall possess integrity/probity; and

   iv. He shall be assiduous.

D. No person enumerated under Part II, Item A, Par. 8 of the Revised Manual of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

i. He becomes an officer or employee of FLI, or becomes any of the persons enumerated under items (A) hereof:

ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of FLI;

iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member;

iv. If he becomes disqualified under any of the grounds stated in FLI's Revised Manual on Corporate Governance.

E. Pursuant to SEC Memorandum Circular No. 09, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017, the following additional guidelines, amending the rules on the term limit of independent directors, shall be observed in the qualification of individuals to serve as independent directors:

i. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;

ii. An independent director shall serve for a maximum cumulative term of nine (9) years;

iii. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;

iv. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and

v. The reckoning of the cumulative nine-year term is from 2012.

Members of the Board of Directors, Attendance and Committee Memberships

The following table lists down the members of the Board of Directors who were elected during the Annual Stockholders' Meeting held on April 23, 2021.

Board	Name	Date of Election
Chairman	Jonathan T. Gotianun	April 23, 2021
Member	L. Josephine Gotianun-Yap	April 23, 2021
Member	Nelson M. Bona	April 23, 2021
Member	Michael Edward T. Gotianun	April 23, 2021
Member	Efren C. Gutierrez	April 23, 2021
Member	Francis Nathaniel C. Gotianun	April 23, 2021
Independent	Val Antonio B. Suarez	April 23, 2021
Independent	Ernesto S. De Castro	April 23, 2021
Independent	Gemilo J. San Pedro	April 23, 2021

Committee Membership

COMMITTEE	CHAIR AND MEMBERS
Executive Committee	**Chair:** Lourdes Josephine Gotianun-Yap

COMMITTEE	CHAIR AND MEMBERS
	Members:
	Andrew T. Gotianun, Jr.
	Jonathan T. Gotianun
	Michael Edward T. Gotianun
	Francis Nathaniel C. Gotianun
Audit and Risk Management Oversight Committee	**Chair:** Gemilo J. San Pedro (Independent Director)
	Members:
	Val Antonio B. Suarez (Independent Director)
	Jonathan T. Gotianun
	Efren C. Gutierrez (non-executive director)
Compensation Committee	**Chair:** Val Antonio B. Suarez (Independent Director)
	Members:
	Jonathan T. Gotianun
	Lourdes Josephine Gotianun-Yap
	Gemilo J. San Pedro (Independent Director)
Corporate Governance Committee	**Chair:** Val Antonio B. Suarez (Independent Director)
	Members:
	Jonathan T. Gotianun
	Gemilo J. San Pedro (Independent Director)
	Ernesto S. De Castro (Independent Director)
Technical Committee	**Chair:** Ernesto S. De Castro (Independent Director)
	Members:
	Michael Edward T. Gotianun
	Winnifred H. Lim
Related-Party Transaction Committee	**Chair:** Val Antonio B. Suarez (Independent Director)
	Members:
	Gemilo J. San Pedro (Independent Director)
	Efren C. Gutierrez (non-executive director)

Duties and Responsibilities of the Different Board Committees

Executive Committee

Office	Name	Date of Appointment
Chairman	L. Josephine Gotianun-Yap	April 23, 2021
Member (ED)	Andrew T. Gotianun, Jr.	April 23, 2021
Member (ED)	Jonathan T. Gotianun	April 23, 2021
Member (ED)	Michael Edward T. Gotianun	April 23, 2021
Member (ED)	Francis Nathaniel C. Gotianun	April 23, 2021

The functions, duties and responsibilities of the Board of Directors may be delegated, to the fullest extent permitted by law, to an Executive Committee to be established by the Board of Directors. The Executive Committee shall consist of five (5) members, at least three (3) of whom shall be members of the Board of Directors. All members

of the Executive Committee shall be appointed by and under the control of the Board of Directors.

The Executive Committee may act on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority vote of the Board of Directors, except with respect to: (i) approval of any action for which shareholders' approval is also required; (ii) the filing of vacancies in the Board of Directors; (iii) the amendment or repeal of these By-Laws or the adoption of new by-laws; (iv) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and (v) the distribution of cash dividends to shareholders.

The act of the Executive Committee on any matter within its competence shall be valid if (i) it is approved by the majority vote of all its members in attendance at a meeting duly called where a quorum is present and acting throughout, or (ii) it bears the written approval or conformity of all its incumbent members without necessity for a formal meeting.

The Executive Committee shall hold its regular meeting at least once a month or as often as it may determine, in the principal office of the Corporation or at such other place as may be designated in the notice. Any member of the Executive Committee may, likewise, call a meeting of the Executive Committee at any time. Notice of any meeting of the Executive Committee shall be given at least seven (7) business days prior to the meeting or such shorter notice period as may be mutually agreed. The notice shall be accompanied by (i) a proposed agenda or statement of purpose and (ii) where possible, copies of all documents, agreements and information to be considered at such meeting.

Audit & Risk Management Oversight Committee

Office	Name	Date of Appointment
Chairman (ID)	Gemilo J. San Pedro	April 23, 2021
Member (ID)	Val Antonio B. Suarez	April 23, 2021
Member (ED)	Jonathan T. Gotianun	April 23, 2021
Member (NED)	Efren C. Gutierrez	April 23, 2021

The Audit & Risk Management Oversight Committee is composed of at least three (3) Director-members, preferably with accounting and financial background, at least one of whom must be an independent director and another should have related audit experience.

The Chairman of this Committee should be an independent director. He is responsible for inculcating in the minds of the Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The Audit and Risk Management Committee shall have the following duties and responsibilities:

a) Internal Audit

- Recommend the approval of the Internal Audit Charter ("IA Charter"), which formally defines the role of Internal
- Audit and the audit plan as well as oversees the implementation of the IA Charter;
- Provide oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Provide oversight of the Corporation's internal and external auditors;
- Review and approve audit scope and frequency, and the annual internal audit plan;
- Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved;
- Set up an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal;
- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system;

- Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies;
- Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements

- Coordinate, monitor, and facilitate compliance with existing laws, rules and regulations;
- Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report; and
- Establish and identify the reporting line of the CAE so that the reporting level allows the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the audit Committee functionally. The Audit committee shall ensure that the internal auditors shall have free and full access to the Corporation's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

b) Risk Management

- Develop and oversee the Corporation's risk management program;
- Oversee the system of limits to discretionary authority that the Board delegates to the Management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached;
- Advise the Board on its risk appetite levels and risk tolerance limits;
- Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;
- Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;
- Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board; and

Other duties and responsibilities are provided in the Audit and Risk Management Committee Charter.

Compensation Committee

Office	Name	Date of Appointment
Chairman (ID)	Val Antonio B. Suarez	April 23, 2021
Member (ED)	Jonathan T. Gotianun	April 23, 2021
Member (ED)	L. Josephine Gotianun-Yap	April 23, 2021
Member (ID)	Gemilo J. San Pedro	April 23, 2021

The Compensation Committee is composed of at least three (3) Director-members, two (2) of whom must be independent directors.

Duties and Responsibilities:

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.

- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.

- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

- Disallow any director to decide his or her own remuneration.

- Provide in the Corporation's annual reports and information and proxy statements a clear, concise and understandable disclosure of the compensation of its executive officers for the previous fiscal year and ensuing year.

- Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

Corporate Governance Committee

Office	Name	Date of Appointment
Chairman (ID)	Val Antonio B. Suarez	April 23, 2021
Member	Jonathan T. Gotianun	April 23, 2021
Member (NED)	Efren C. Gutierrez	April 23, 2021
Member (ID)	Gemilo J. San Pedro	April 23, 2021
Member (ID)	Ernesto S. De Castro	April 23, 2021

Corporate Governance Committee

The Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of the Chairman of the Board and at least three (3) members of the Board, all of whom shall be independent directors. The Chairman of the Committee shall be an independent director.

The Corporate Governance Committee shall have the following duties and responsibilities:

a. Ensure the effectiveness and due observance of corporate governance principles and guidelines of the Board, its committees' and executive management;

b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

d. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

e. Make recommendations to the Board regarding the continuing education of directors, assignment to Board Committees and succession plan for the Board members and senior officers;

f. Determine the nomination and election process for the Corporation's directors and other positions requiring appointment by the Board, define the general profile of board members that the Corporation may need and ensure that appropriate knowledge, competencies and expertise will complement the existing skills of the Board;

g. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates;

h. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;

i. Review with the Compliance Officer, at least on annual basis, any legal or regulatory matter that could have a significant impact on the Corporation's financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and

j. Obtain an annual report from the Compliance Officer regarding the adequacy of the Corporation's compliance program.

Related Party Transaction Committee

Office	Name	Date of Appointment
Chairman (ID)	Val Antonio B. Suarez	April 23, 2021
Member (NED)	Efren C. Gutierrez	April 23, 2021
Member (ID)	Gemilo J. San Pedro	April 23, 2021

The Related Party Transaction Committee is composed of at least three (3) non-executive directors, two (2) of whom must be independent, including the Chairman of the Committee.

The Related Party Transaction Committee has the following duties and responsibilities:

- Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, related party transactions ("RPTs") are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and the SEC;

- Evaluate all material RPTs to ensure that these are transacted on an arm's length basis and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

In evaluating RPTs, the Committee may take into account the following:

- The related party's relationship to the Corporation and interest in the transaction;
- The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- The benefits to the Corporation of the proposed RPT;
- The availability of other sources of comparable products or services; and

- An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

- Ensure that appropriate disclosure is made to the regulating and supervising authorities relating to the Corporation's RPT exposures and policies on conflicts of interest or potential conflicts of interest;

- Report to the Board, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and in case of merger or consolidation

- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

The Corporate Governance Committee shall also serve as the Nomination Committee. It shall review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board and assess the effectiveness of the Board's process and procedures in the election or replacement of directors available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

Technical Committee

Office	Name	Date of Appointment
Chairman (ID)	Ernesto S. De Castro	April 23, 2021
Member (ED)	Michael Edward T. Gotianun	April 23, 2021
Member	Winnifred H. Lim	April 23, 2021

.

Shareholders' Rights

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as a governance covenant between the Corporation and all its investors:

The Board shall be committed to respect the following rights of the stockholders:

A. Voting Right

1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

2. Cumulative voting is mandatory in the election of directors.

3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

B. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, during business hours and upon prior written notice to the Corporation and for good reason.

All Shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

C. Right to Information

1. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.

2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

3. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

D. Right to Dividends

1. Shareholders shall have the right to receive dividends, subject to the discretion of the Board.

2. The Commission may direct the Corporation to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: i) when justified by definite corporate expansion projects or programs approved by the Board; or ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

E. Appraisal Right

The Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of 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;

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and

- In case of merger or consolidation.

F. Right to Attend and Participate in Shareholders' Meetings

The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the corporation.

- The shareholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

- The result of the votes taken during the most recent annual or special stockholders' meetings shall be made publicly available within the next working day. The minutes of such meetings shall likewise be posted on the Corporation's website within five (5) business days from the date of the meeting.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of

shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person or *in absentia*, as allowed under the Revised Corporation Code. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.

In order to keep itself abreast with the leading practices on corporate governance, FLI encourages the members of top level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions.

FLI welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors, to improve corporate governance.

There is no known material deviation from FLI's Revised Manual on Corporate Governance.

EXECUTIVE COMPENSATION

The aggregate compensation paid or incurred during the last two fiscal years and the estimate for this year are as follows:

(a) Name and Principal Position	(b) Year	(c) Salary (Php)	(d) Bonus (Php)	(e) Other Annual Compensation	TOTAL
Lourdes Josephine Gotianun Yap *(President and Chief Executive Officer)* Tristaneil D. Las Marinas *(Executive Vice President, Chief Strategy Officer)* Ana Venus A. Mejia *(First Senior Vice President, Property Business Chief Finance Officer, Treasurer and Compliance Officer)* Francis V. Ceballos *(Senior Vice President)* Vince Lawrence L. Abejo *(First Senior Vice President, Chief Sales and Marketing Officer)*					
CEO and top four (4) highest compensated officers	2021 - Estimated	26.87Mn	2.05Mn	-	28.92Mn
	2020	26.09Mn	1.99Mn	-	28.08Mn
	2019	23.31Mn	8.38Mn	-	31.69Mn
All officers and directors as a group unnamed	2021 - Estimated	21.80Mn	1.78Mn	-	23.58Mn
	2020	21.17Mn	1.73Mn	-	22.90Mn
	2019	17.23Mn	4.39Mn	-	21.62Mn

Non-executive director and independent directors receive a per diem of Php50,000.00 for every stockholders', Board and Board Committee meeting attended. For the year 2020, the total per diem for each of the non-executive director

and independent directors is as follows:

Name of Director	Amount (in Php)
Jonathan T. Gotianun*	--
Lourdes Josephine Gotianun-Yap*	--
Michael Edward T. Gotianun*	--
Nelson M. Bona*	--
Francis Nathaniel C. Gotianun*	--
Efren C. Gutierrez	800,000
Val Antonio B. Suarez (Independent Director)	900,000
Ernesto S. De Castro (Independent Director)	550,000
Gemilo J. San Pedro (Independent Director)	900,000
Total	**3,150,000**

** These directors do not receive per diem in their capacity as directors of the Company.*

Other than as discussed in the Information Statement, there are no other existing arrangements for the payment of compensation or remuneration to the directors in their capacity as such, but the Company may, without any obligation, grant additional compensation if certain performance driven goals are met, subject to such approvals as may be required by law.

There are no outstanding warrants or options held by the Company's CEO, the above-named executive officers, and all officers and directors as a group which are subject to the approval by the stockholders at the annual stockholders' meeting.

There is no action to be taken at the annual meeting of the stockholders on 23 April 2021 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of FLI will participate. Neither is there any proposed grant or extension to any such persons of any option, warrant or right to purchase any securities of FLI.

Standard arrangements

Other than payment of a per diem of ₱50,000 to each non-executive director for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

Other arrangements

There are no other arrangements pursuant to which any director of FLI was compensated, or is to be compensated, directly or indirectly, for any service provided as a director.

EMPLOYMENT CONTRACTS BETWEEN THE COMPANY AND NAMED EXECUTIVE OFFICERS

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

SIGNIFICANT EMPLOYEES

The Company considers the contribution of every employee important to the fulfillment of its goals.

Security Ownership of Management and Certain Record and Beneficial Owners

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of July 31, 2021:

Title of Class of Securities	Name/ Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Preferred	**Filinvest Development Corporation**[3] The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	8,000,000,000	100%
Common	**Filinvest Development Corporation** The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	15,681,457,022	64.67%
Common	**PCD Nominee Corporation (Filipino)** G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	(No single shareholder owns at least 5% of total shares)	Filipino	4,519,104,924	18.47%
Common	**PCD Nominee Corporation (Non-Filipino)** G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	Invesco Hong Kong Limited (more than 5%)	Non-Filipino	3,612,905,635	14.76%

Total number of shares of all record and beneficial owners as a group is 8,000,000,000 preferred shares representing 100% of the total outstanding preferred shares, and 24,249,759,506 common shares representing 100% of the total outstanding common shares.

Ms. Josephine G. Yap is usually appointed by Filinvest Development Corporation ("FDC") as its representative with authority to vote FDC's shares in stockholders' meetings of FLI.

Security Ownership of Management as of July 31, 2021

Title of Class of Securities	Name	Amount	Nature of Ownership D=Direct; I=Indirect	Citizenship	Percentage of Ownership
Common	Mercedes T. Gotianun	1	D	Filipino	0.0000%
		0	I		0.0000%
Common	Lourdes Josephine Gotianun Yap	7,694,934	D*	Filipino	0.0317%
		24,577,345	I		0.1014%
Common	Jonathan T.	61	D	Filipino	0.0000%

	Gotianun	2,225,376	I		0.0092%
Common	Michael Edward T. Gotianun	11,235,928	D	Filipino	0.0463%
		0	I		0.0000%
Common	Efren C. Gutierrez	13,083	D	Filipino	0.0001%
		0	I		0.0000%
Common	Francis Nathaniel C. Gotianun	32,518	D	Filipino	0.0001%
		0	I		0.0000%
Common	Nelson M. Bona	1	D	Filipino	0.0000%
		0	I		
Common	Val Antonio B. Suarez	1	D	Filipino	0.0000%
		0	I		
Common	Ernesto S. De Castro	1	D	Filipino	0.0000%
		0	I		
Common	Gemilo J. San Pedro	1	D	Filipino	0.0000%
		0	I		
N.A.	Tristaneil D. Las Marias	0	D	Filipino	N.A.
			I		
Common	Ana Venus A. Mejia	0	D	Filipino	0.0000%
		200,000	I		0.0008%
N.A.	Vince Lawrence Abejo	0	D	Filipino	N.A.
			I		
N.A.	Francis V. Ceballos	0	D	Filipino	N.A.
			I		
N.A.	Joselito Fontejon Santos	0	D	Filipino	N.A.
			I		
Common	Winnifred H. Lim	0	D	Filipino	0.0000%
		1,026,563	I		0.0042%
Common	Luis L. Fernandez	4,064,940	D	Filipino	0.0168%
		0	I		0.0000%
N.A.	Reynaldo Juanito S. Nieva II	0	D	Filipino	N.A.
			I		
N.A.	Alexis Avalone Ojeda	0	D	Filipino	N.A.
			I		
N.A.	Harriet C. Ducepec	0	D	Filipino	N.A.
			I		
N.A.	Sharon P. Pagaling-Refuerzo	0	D	Filipino	N.A.
			I		
N.A.	Edgardo C. Raymundo	0	D	Filipino	N.A.
			I		

** Includes shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap*

Total ownership of all directors and officers as a group as of July 31, 2021 is 0.21% of the total issued and outstanding common shares of stock.

No person holds more than 5% of the common stock under a voting trust or similar agreement. There has been no change in control of FLI since the beginning of last year. There were no matters submitted to a vote of the security holders during the fourth quarter of the calendar year covered by this report.

Voting Trust Holders of 5% or More

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

Changes in Control

There are no arrangements that may result in change in control of the Parent Company.

Certain Relationships and Related Transactions

The Parent Company and its subsidiaries, in their normal course of business, have certain related party transactions with affiliates principally consisting of advances and intercompany charges.

Related Party Transactions

FLI is a member of the Filinvest Group. FLI and its subsidiaries, in their ordinary course of business, engage in transactions with FDC and its subsdiaries. The Company's policy with respect to related-party transactions are entered into on terms comparable to those available from unrelated parties.

FLI has a number of related party transactions with affiliated companies. Related parties may be individuals or corporate entities. Significant transactions with related parties are as follows. Outstanding liabilties are unsecured and no impairment loss was recognized on any of the assets.

	As of June 30, 2021 (Unaudited)				
	Amount/ Volume	Due from/ (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱3,029,027	₱3,029,027	0.50% to 4.50%	No impairment	(a)
Interest income	3,167	-			
	₱3,032,194	₱3,029,027			
Accounts Payable and Accrued Expense (Note 16)					
Current Portion	(₱378,968)	(₱378,968)	Non-interest bearing, payable on installment	Unsecured	(a)
Noncurrent Portion		(1,997,206)	Non-interest bearing, payable on installment	Unsecured	(a)
	(₱378,968)	(₱2,376,173)			
Ultimate Parent	₱26	₱127	Non-interest bearing, collectible on demand	Unsecured no impairment	(b)
Associate – Pro-Excel					
Management and Service Fee	14	76,777	Due within 30 days	Unsecured	(d)
Associate - DPI					
Other Income	379	187,193	Due within 30 days	Unsecured	(d)
Associate - FMI					
Other Income	5	64,402	Due within 30 days	Unsecured	(d)
Associate - FAI					
Rent	48,363	(131)	Non-interest bearing, payable on demand	Unsecured	(h)
Share in Other Expenses	(2,836)	3,591	Non-interest bearing, payable on demand	Unsecured	(d)
	45,951	₱331,959			
Affiliates					
Rental Income	3,552	1,776	Non-interest bearing,	Unsecured	(g)
Share in Common Expenses	48,862	139,415	Non-interest bearing, collectible in demand	no impairment	(e)
Due from related parties	₱98,365	₱473,150			
Parent					
Share in Group expenses	64,204	(45,418)	Non-interest bearing, payable on demand	Unsecured	(c)
Short-term advances	1,035,513	(1,035,513)	Interest bearing, due within 3 to 5 months	Unsecured	(c)
Associate - CTI					
Service Fee	20,042	(21,212)	Due within 30 days	Unsecured	(d)

Associate - FAI					
Share in Other Expenses		(53)	Non-interest bearing, payable on demand	Unsecured	(d)
Affiliates	19,205	(21,990)	Non-interest bearing, payable on demand	Unsecured	(e)
Due to related parties	₱1,138,964	(₱1,124,286)			

Notes:

a. Transactions with bank under common control of the ultimate parent (EW)
b. Transactions with Ultimate Parent (ALG)
c. Transactions with Parent Company (FDC)
d. Transactions with Associates
e. Transactions with Affiliates
g. Leases with related parties - Group as lessor
h. Leases with related parties - Group as lessee

	As of December 31, 2020				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱3,264,153	₱3,264,153	0.50% to 4.50%	No impairment	(a)
Interest income	27,148	–			
	₱3,291,301	₱3,264,153			
Accounts payable and accrued expenses					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	(a)
Noncurrent portion	-	(1,993,579)	Noninterest-bearing, payable on installment	Unsecured	(a)
	(₱378,968)	(₱2,372,547)			
Ultimate Parent	₱35	₱128	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate - Pro-excel					
Management and service fees	4,962	80,823	Due within 30 days	Unsecured	(d)
Associate - DPI					
Other Income	10,136	71,034	Collectible on demand	No impairment	(d)
Associate - FMI					
Other Income	21	73,268	Collectible on demand	No impairment	(d)
	15,120	225,125			
Affiliates					
Rental income	7,192	–	Noninterest-bearing	Unsecured	(g)
Share in common expenses	(23,353)	121,868	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties	₱10,199	₱347,121			
Parent					
Share in Group expenses	₱18,873	(₱60,484)	Noninterest-bearing, payable on demand	Unsecured	(c)
Associate - FAI					
Rent	₱115,155	₱131	Noninterest-bearing, payable on demand	Unsecured	(h)
Share in other expenses	-	(3,891)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – CTI					
Service Fee	₱41,203	(₱42,811)	Due within 30 days	Unsecured	(d)
	₱156,359	(₱46,571)			
Affiliates	(29,155)	(4,966)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties	**₱5,778**	**(₱112,021)**			

	As of December 31, 2019				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱2,473,325	₱2,473,325	0.50% to 4.50%	No impairment	(a)
Interest income	49,834	–			
	₱2,523,159	₱2,473,325			
Accounts payable and accrued expenses					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	(a)
Noncurrent portion	–	(2,211,723)	Noninterest-bearing, payable on installment	Unsecured	(a)
	(₱378,968)	(₱2,590,691)			
Ultimate Parent	₱85	₱93	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate - FAI					
Dividends	404,000	404,000	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Share in common expenses	24	83,752	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Associate – Pro-excel					
Management and service fees	15,260	79,529	Due within 30 days	Unsecured	(d)
Due from related parties	419,284	567,281			
Affiliates					
Rental income	7,192	–	Noninterest-bearing	Unsecured	(g)
Share in common expenses	(11,627)	120,293	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties	₱407,742	₱687,667			
Parent					
Share in common expenses	₱8,047	(₱18,068)	Noninterest-bearing, payable on demand	Unsecured	(c)
Associate – FAI					
Rent	106,552	-	Noninterest-bearing, payable on demand	Unsecured	(h)
Management fee	60,465	-	Noninterest-bearing, payable on demand	Unsecured	(d)
Share in other expenses	-	(2,404)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate - CTI					
Service Fees	40,152	(42,373)	Due within 30 days	Unsercured	(d)
	₱207,169	(₱44,777)			
Affiliates	26,726	(37,934)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties	₱241,942	(₱100,779)			

	As of December 31, 2018			
	Amount/ Volume	Due from (Due to)	Terms	Conditions
	(In Thousands)			
Bank under common control of the ultimate parent				
Cash and cash equivalents	3,328,545	3,328,545	0.50% to 4.50%	No impairment
Interest Income	48,860	-		
	3,377,405	**3,328,545**		
Accounts payable and accrued expenses				
Current portion	(378, 965)	(378,965)	Noninterest-bearing, payable in installment	Unsecured
Noncurrent portion	(2,746,823)	(2,746,823)	Noninterest-bearing, payable in installment	Unsecured
	(3,125,788)	(3,125,788)		
Ultimate Parent	(437)	8	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Associate-FAI				
Dividends	678,000	384,000	Noninterest-bearing, collectible on demand	Unsecured,
Share in common expenses	2,929	32,482		no impairment
	680,929	416,482		
Affiliates				
Share in common expenses	15,326	16,797	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Due from related parties	**695,818**	**433,287**		
Parent				
Share in Group expenses	(90,209)	(9,968)	Noninterest-bearing, Payable on demand	Unsecured
Associate - FAI				
Rent	195,151	(23,237)	Noninterest-bearing, Payable on demand	Unsecured
Management Fee	3,340	-	Noninterest-bearing, Payable on demand	Unsecured
Share in other expenses	118,426	(96,220)	Noninterest-bearing, Payable on demand	Unsecured
	316,917	(119,457)		
Affiliates	3,601	(51,846)	Noninterest-bearing, Payable on demand	Unsecured
Due to related parties	**230,309**	**(181,271)**		

	As of December 31, 2017			
	Amount/ Volume	Due from (Due to)	Terms	Conditions
	(In Thousands)			
Bank under common control of the ultimate parent				
Cash and cash equivalents	4,820,471	4,820,471	0.50% to 4.50%	No impairment
Interest Income	5,953	-		
	4,826,424	**4,820,471**		
Ultimate Parent	(1,288)	444	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Associate				
Dividends	200,000	160,000	Noninterest-bearing, collectible on demand	Unsecured,
Share in common expenses	3,411	-		no impairment
	203,411	160,000		
Affiliates				
Share in common expenses	24,778	47,494	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Other income	25,566	25,566		
	50,344	73,060		
Due from related parties	**252,467**	**233,504**		
Parent				
Share in Group expenses	13,162	(88,516)	Noninterest-bearing, Payable on demand	Unsecured
Management and marketing income	2,773	-	Noninterest-bearing, Payable on demand	Unsecured
	15,935	(88,516)		
Associate - FAI				
Rent	136,872	(15,932)	Noninterest-bearing, Payable on demand	Unsecured
Management Fee	4,786	-	Noninterest-bearing, Payable on demand	Unsecured
Share in other expenses	62,554	(46,622)	Noninterest-bearing, Payable on demand	Unsecured
	204,212	(62,554)		
Affiliates	20,075	(48,245)	Noninterest-bearing, Payable on demand	Unsecured
Due to related parties	**240,222**	**(199,315)**		

Philippine Taxation

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership, and disposition of the Bonds. The statements made regarding taxation in the Philippines are based on the laws in force at the date of this Prospectus and are subject to any changes in law occurring after such date. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates or tax incentives under special laws. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the tax consequences of their investment in the Bonds.

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

- *who is an individual who is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*

- *should an income tax treaty be applicable, whose ownership of the Bonds is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax.

Interest income on short-term bonds, with maturities of less than five (5) years derived by Philippine citizens and resident alien individuals from the Bonds is subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident alien individuals engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident alien individuals not engaged in trade or business is subject to a 25% final withholding tax. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a 20% final withholding tax while that received by non-resident foreign corporations is subject to a 25% final withholding tax.

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

Interest income of resident individuals and non-resident aliens engaged in trade or business in the Philippines on long-term bonds, with maturities of five (5) or more years, are generally exempt from final withholding tax. If such long-term bond is pre-terminated before the fifth (5th) year, it shall be subject to a final withholding tax at the rates prescribed to be deducted and withheld from the proceeds based on the length of time that the instrument was held by the taxpayer in accordance with the following schedule:

Holding Period Rate
Four (4) years to less than five (5) years 5%
Three (3) years to less than four (4) years 12%
Less than three (3) years 20%

On March 31, 2021, the BIR issued Revenue Memorandum Order No. 14-2021 ("**RMO 14-2021**"). RMO 14-2021 was issued to streamline the procedures and documents for the availment of the tax treaty benefits. Said issuance will apply to the income derived by the nonresident Bondholder on the interest payments from the Bonds. To avail of the tax treaty relief benefits, the following guidelines and procedures will be observed:

- The nonresident income recipient should submit to the withholding agent or income payor the submitted BIR Form No. 0901-I (Interest Income) or Application Form for Treaty Purposes, Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty on whether to apply a reduced rate of, or exemption from, withholding at source on the income derived by the nonresident income recipient. The documents should be submitted to each withholding agent or income payor prior to the payment of income for the first time. The failure to provide the said documents when requested may lead to the withholding using the regular withholding rates without the tax treaty benefit rate.

- When the preferential tax rates have been applied by the withholding agent, it shall file with the International Tax Affairs Division ("**ITAD**") a request for confirmation on the propriety of the withholding tax rates applied by the withholding agent. On the other hand, if the regular withholding rates have been imposed on the income, the nonresident income recipient shall file a tax treaty relief application ("**TTRA**") with ITAD. In either case, each request for confirmation and TTRA shall be supported by the documentary requirements set out in the issuance.

- The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. On the other hand, the filing of the TTRA may be filed by the nonresident income recipient at any time after the receipt of the income.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the nonresident income recipient is not entitled to treaty benefits, it will issue a BIR Ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the nonresident income recipient's entitlement to the treaty benefits. In this case, the nonresident income recipient may apply for a refund of the excess withholding tax.

The original or certified true copy of the following documents, as may be applicable, shall be submitted to the ITAD when claiming the tax treaty relief:

A. General Requirements
1. Letter-request
2. Application Form duly signed by the nonresident Bondholder or its/his/her authorized representative
3. Tax Residency Certificate for the relevant period, duly issued by the tax authority of the foreign country in which the Bondholder is a resident
4. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the payment/remittance of income
5. Withholding tax return with Alphalist of Payees
6. Proof of payment of withholding tax
7. Notarized Special Power of Attorney issued by the nonresident Bondholder to its/his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or request for confirmation

Additional general requirements for legal persons and arrangements, and individuals:

1. Authenticated copy of the nonresident legal person or arrangement' Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or

incorporation, with an English translation thereof if in foreign language

2. Original copy of the Certificate of Non-Registration of the Bondholder or certified true copy of License to Do Business in the Philippines duly issued by the SEC for legal persons and arrangements, or original copy of the Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry for individuals

Additional general requirements for fiscally transparent entities:

1. A copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity;
2. List of owners/beneficiaries of the foreign entity;
3. Proof of ownership of the foreign entity; and
4. Tax Residency Certificate issued by the concerned foreign tax authority to the owners or beneficiaries of the fiscally transparent entity.

B. Specific Requirements

1. Duly executed contract
2. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the remittance of the loan by the nonresident creditor
3. Proof that the debt-claim in respect of which the interest is paid is not effectively connected with the permanent establishment of the foreign enterprise in the Philippines
4. Proof that the interest rate is arm's length, if the debtor and creditor are related parties

The BIR may require additional documents during the course of its evaluation as it may deem necessary. Upon the confirmation of the entitlement to the tax treaty benefit or confirmation of the correctness of the withholding tax rates applied, the BIR will issue a certification to that effect. Any adverse ruling may be appealed to the Department of Finance within thirty (30) days from receipt.

If the income of the nonresident Bondholder has been subjected to regular withholding rates, the Bondholder may subsequently file a claim for refund with the BIR independently of, or simultaneously with, the TTRA. All claims for refund shall be filed within the two-year prescriptive period provided under Section 229 of the Tax Code.

Early Redemption Option

Under the Terms and Conditions, if any payment of principal or interest due under the Bonds becomes subject to additional or increased taxes other than the taxes and rates of such taxes prevailing as of the Issue Date as a result of any change in, or amendment to, the laws, rules or regulations of the Republic of the Philippines or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, rules or regulations (including but not limited to any decision by a court of competent jurisdiction) which change or amendment becomes effective on or after the Issue Date, and such additional or increased rate of such tax cannot be avoided by the use of reasonable measures available to the Issuer, the Issuer shall have the right (but not the obligation) to pre-terminate and redeem all, but not in part, the Bonds onany Interest Payment Date before Maturity Date at the Early Redemption Price.

We suggest that the investor seek its own tax advisors to determine its tax liabilities or exposures given that the Issuerdoes not have gross-up obligations in case of changes in any applicable law, rule or regulation or in the terms and/or interpretation or administration thereof or a new applicable law should be enacted, issued or promulgated, which shallsubject payments by the Issuer to additional or increased taxes, other than the taxes and rates of such taxes prevailing as of the Issue Date.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

Interest incomeon the Offer Bonds is subject to a final withholding tax at rates between 20% and 25% depending on the tax status ofthe relevant Bondholder under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Company as being sufficient in form and substance: (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by

the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014, including any clarification, supplement or amendment thereto; (ii) with respect to tax treaty relief, a copy of the duly filed request for confirmation or tax treaty relief application, as may be applicable, with the ITAD as required under RMO 14-2021, including any clarification, supplement or amendment thereto and, once available, a BIR-certified certification, ruling or opinion addressed to the relevant Applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty; (iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such Applicant or Bondholder who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (*i.e.,* Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and (iv) such other documentary requirements as may be required by the Issuer and the Registrar under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

If the Issuer withheld taxes, or withheld the regular rate of tax imposed pursuant to the Philippine Tax Code on interest,the concerned Bondholder may file a claim for a refund from the Philippine taxing authorities on the basis of a tax exemption or applicable tax treaty.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the Bonds sold.

Gross Receipts Tax

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

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

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

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

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

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-

banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pretermination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of P1.50 for each P200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

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

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal or extension of the maturity of the Bonds, documentary stamp tax is payable anew.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of the Bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income, which will then be subjected to the graduated regular or ordinary tax rates of 20-35% effective January 1, 2018 until December 31, 2022 and 15%-35% effective January 1, 2023 for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines, 25% final withholding tax for non-resident alien not engaged in trade or business, 25% regular corporate income tax or 20% regular corporate income tax for domestic corporations with net taxable income not exceeding ₱5 million and with total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million, or 1% MCIT (effective July 1, 2020 to June 30, 2023), as the case may be, for domestic and resident foreign corporations, and 25% final withholding tax for non-resident foreign corporations, as the case may be. If the Bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the Bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the seller's gross taxable income.

Further, under the Tax Code, any gain realized from the sale, exchange or retirement of the Bonds with an original maturity date of more than five (5) years (as measured from the date of issuance of such Bonds) shall not be subject to income tax. However, any gains realized by a holder through redemption of the Bonds prior to the lapse of 5 years may be subject to income tax. This is in view of the BIR's ruling that one of the conditions for the exemption is that the maturity period must be more than 5 years.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer from a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bondsshall be subject to an estate tax which is levied on the net estate of the deceased at 6%. A Bondholder shall be

subject to donor's tax of 6% computed on the basis of the total gifts in excess of ₱250,000.00 exempt gifts made during the calendar year.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

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

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the Bonds sold.

Taxation outside the Philippines

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

Philippine Foreign Exchange and Foreign Ownership Controls

REGISTRATION OF FOREIGN INVESTMENTS AND EXCHANGE CONTROLS

Under current BSP regulations, an investment in Philippine securities (such as the Bonds) must be registered with the BSP if the foreign exchange needed to service the repayment of principal and payment of interest derived from such Bonds is to be sourced from the Philippine banking system. The registration with the BSP is evidenced by a Bangko Sentral Registration Document. Under BSP Circular No. 1030 dated February 5, 2019, debt securities, purchase of condominium units, capital expenses incurred by foreign firms pursuant to government approved-service contracts and similar contracts, and Philippine depositary receipts must likewise be registered with the BSP if foreign exchange will be sourced from the Philippine banking system.

If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers, money changers and remittance agents to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration documents in connection with their application to purchase foreign exchange exceeding US$5,000.00 for purposes of capital repatriation and remittance of dividends. BSP Circular No. 942 (Series of 2017) lists minimum documentary requirements that must be submitted by foreign exchange buyers for purposes of capital repatriation and remittance of dividends, regardless of amount.

The foregoing is subject to the power of the BSP, through the Monetary Board and with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee when an exchange crisis is imminent, or in times of national emergency.Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Bonds shall be the responsibility of the foreign investor.

FOREIGN OWNERSHIP CONTROLS

Under the General Banking Law, as clarified by BSP Circular No. 256, the aggregate voting stock in a domestic bank held by foreign individuals and non-bank corporations must not exceed 40% of the outstanding voting stock of such bank. Although the aggregate ceiling on the equity ownership in a domestic bank does not apply to Filipinos and domestic non-bank corporations, their individual ownership is limited to only up to 40% of the voting stock. The percentage of foreign-owned voting stocks in a bank shall be determined by the citizenship of the individual stockholders in that bank. The citizenship of the corporation which is a stockholder in a bank shall follow the citizenship of the controlling stockholders of the corporation, irrespective of the place of incorporation.

On July 15, 2014, Republic Act No. 10641 or An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose Republic Act No. 7721 ("**RA 10641**") became law. Under RA 10641, established, reputable and financially sound foreign banks may be authorized by the Monetary Board to operate in the Philippine banking system through any one of the following modes of entry: (a) by acquiring, purchasing or owning up to one hundred percent (100%) of the voting stock of an existing bank; (b) by investing in up to one hundred percent (100%) of the voting stock of a new banking subsidiary incorporated under the laws of the Philippines; or (c) by establishing branches with full banking authority. In relation thereto, on November 6, 2014, the Monetary Board issued Resolution No. 1794 providing for the implementing rules and regulations of RA 10641 and on November 21, 2014, the BSP issued BSP Circular No. 858, amending the relevant provisions of the BSP Manual of Regulations for Banks, accordingly. The entry into law of RA 10641 did not entirely eliminate the foreign ownership controls under the General Banking Law. While qualified foreign banks may own up to 100% of voting shares in a universal bank, other foreign individuals or non-bank corporations are still subject to the 40% foreign ownership limitation under the General Banking Law.

The Philippine Constitution and related statutes also set forth restrictions on foreign ownership of companies that own land in the Philippines.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 4 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least 60% of whose capital is owned by such citizens.

Republic Act No. 7042, as amended, or the Foreign Investments Act of 1991, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of said law defines a "Philippine National" as:

- A citizen of the Philippines;
- A domestic partnership or association wholly owned by citizens of the Philippines;
- 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 Philippine Nationals;
- 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; and
- A corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of the Philippines of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos.

However, the Foreign Investments Act of 1991 states that where a corporation (and its non-Filipino shareholders) own stock in a Philippine SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

On May 20, 2013, the Philippine SEC issued Memorandum Circular No. 8, Series of 2013 which provided guidelines (the "Guidelines") on compliance with the Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalized or partly nationalized activities (the "Nationalized Corporations"). The Guidelines provide that for purposes of determining compliance with the foreign equity restrictions in Nationalized Corporations, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Considering the foregoing, for so long as the Company and its subsidiaries own land or are engaged in nationalized activities, foreign ownership in the Company is limited to a maximum of 40% of the Company's outstanding capital stock. Accordingly, the Company shall disallow the issuance or the transfer of Shares to persons other than Philippine Nationals and shall not record transfers in the Company's books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not.

Interests of Named Experts

Legal Matters

All legal opinion/matters in connection with the issuance of the Bonds, which are subject to this Offer, shall be passed upon by Picazo, Buyco, Fider, Tan & Santos, for the Joint Lead Underwriters and Bookrunners. Picazo, Buyco, Fider, Tan & Santos has no direct or indirect interest in FLI. Picazo, Buyco, Fider, Tan & Santos may, from time to time be engaged by FLI to advise in its transactions and perform legal services to the same basis that Picazo, Buyco, Fider, Tan & Santos provides such services to other clients.

FLI's Legal Services Division

FLI's legal services division provided the legal opinion/matters with the issuance of the Bonds, which are subject to this Offer for the Company. The members of FLI's legal services division are employed by the Company and as such received salary and benefits from the Company.

Independent Auditors

SGV & Co., independent auditors, audited the Company's consolidated financial statements without qualification as of December 31, 2020 and 2019 and for each of the three (3) years in the period ended December 31, 2020 included in this Prospectus. There has neither been a termination nor change in the said appointment.

The Partner in charge of the audit of the Group's 2020 consolidated financial statements is Wanessa G. Salvador.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

Approval of Policies and Procedures of the Management and/or Audit and Risk Management Oversight Committee for Independent Accountant's Services

In giving its stamp of approval to the audit services rendered by the independent accountant and the rate of the professional fees to be paid, the Audit and Risk Management Oversight Committee, with inputs from the management of FLI, makes a prior independent assessment of the quality of audit services previously rendered by the accountant, the complexity of the transactions subject of the audit, and the consistency of the work output with generally accepted accounting standards. Thereafter, the Audit and Risk Management Oversight Committee makes the appropriate recommendation to the Board of Directors of the Company.

The following table sets out the aggregate fees for each of the last two (2) years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

	2019	2020
	(₱ millions)	
Audit and Audit-Related Fees	2.70	12.89
Tax Fees		1.68
Total	2.70	14.57

There are no other fees billed in each of the last 2 years for products and services provided by SGV & Co., other than the services provided above.

SGV & Co. does not have any direct or indirect interest in the Company. The above-mentioned fees were approved by the Audit Committee.

Audit and Audited-Related Fees refer to the professional services rendered by our independent auditors for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditor's services. Tax Fees refer to professional services rendered by SGV & Co.

Financial Information

The following pages set forth FLI's (1) audited consolidated financial statements as of December 31, 2020 and 2019, and for each of the three (3) years ended December 31, 2020; and (2) unaudited interim consolidated financial statements as of June 30, 2021 and for the six months ended June 30, 2021 and 2020.

ACKNOWLEDGMENT

EMBASSY OF THE PHILIPPINES)
Consular Section) S.S.
Singapore)

BEFORE ME **LAARNI ZORAYDA S. GANDAROSA,** Consul in and for Singapore, duly commissioned and qualified, personally appeared

LOURDES JOSEPHINE GOTIANUN YAP [redacted]

known to me and to me known as the same person(s) who executed the annexed instrument

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

and acknowledged to me that the same was done as a free act and voluntary deed.

This instrument, consisting of 3 pages, including this page on which this acknowledgment is written, has been signed on the left margin of each and every page thereof by the same person(s) and witnesses.

WITNESS MY HAND AND SEAL at the Embassy of the Philippines in Singapore this day of 09 March 2021

LAARNI ZORAYDA S. GANDAROSA
Consul

Doc. No. :2819
Book No. :1
Series of :2021
O.R. No. :0
Fee Paid :GRATIS

NVEST LAND, INC.
DSA, Highway Hills
daluyong City, Metro Manila
nk line: (632) 918-8188
stomer hotline: (632) 588-1688
x number: (632) 918-8189
ww.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC. and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2020, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

LOURDES JOSEPHINE GOTIANUN-YAP
President/CEO

ANA VENUS A. MEJIA
Chief Financial Officer

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAR 15 2021 20___, affiant exhibiting to me his/her ___ as competent evidence of identity.

Signed this 09 day of MAR 2021

JOVEN G. [illegible]LLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-19 VALID UNTIL JUNE 30, 2021
AS PER SC EN BANC RESOLUTION DATED DECEMBER 1, 20[illegible]
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 4581075; 1-4-21; MANDALUYONG
MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

Doc. No. 134;
Page No. 48;
Book No. II;
Series of 2021.


PILIPINAS
PASAPORTE
3
Maka-Diyos,
Maka-Tao,
Makakalikasan
at Makabansa.
REPUBLIKA NG PILIPINAS | REPUBLIC OF THE PHILIPPINES
PASAPORTE/
PASSPORT
P
PHL
YAP
LOURDES JOSEPHINE
GOTIANUN
FILIPINO
F
DFA NCR EAST
P<PHLYAP<<LOURDES<JOSEPHINE<<<<<<<<<<<<<<<<<<<<
PHL5504237F2201063<<<<<<<<<<<<<<<02

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SECRegistrationNumber

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.		A	N	D		S	U	B	S	I
D	I	A	R	I	E	S																							

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

7	9		E	D	S	A	,		B	r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,	
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y														

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,645	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and 2019, and its financial performance and its cash flows for the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Rental Concessions

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges from the lessees of its commercial spaces. The Group assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver. The Group accounted for the rental concessions in the form of negative variable rent which the Group recorded when the concession is granted regardless of the period to which the concession pertains. The Group's accounting of the rental concession under PFRS 16 is significant to our audit because the Group has a high volume of rental concessions granted during the period; the recorded amounts are material to the consolidated financial statements; and accounting for rental concession involves application of significant judgement in determining whether the rental concession will be accounted for as lease modification.

Refer to Notes 2 and 3 to the consolidated financial statements for the disclosures about rental concessions.

Audit Response

We obtained an understanding of the type, extent and periods covered of the rental concessions granted by the Group, including the determination of the population of the lease contracts covered by the rental concession granted by the Group during the period.

We tested the population of lease agreements covered by the rental concession by comparing the lessees in the calculation of the financial impact prepared by the management with the list of lessees granted with rent concession per operations report.

We inspected the communications of the Group in connection with the rental concessions granted to the lessees and, on a test basis, traced these terms and conditions to the calculation of the financial impact of rental concession prepared by the management. We test computed the rental concession impact prepared by management on a sample basis.

We obtained management assessment, and a legal opinion from the Group's internal legal counsel supporting the assessment that the rental concession granted does not qualify as a lease modification. We involved our internal specialist in evaluating the legal basis supporting the management assessment and legal position.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the output method as the measure of progress in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of costs to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers and managers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

Refer to Note 6 to the consolidated financial statements for the disclosures on revenue recognition.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year.

In determining revenue from real estate sales, we obtained an understanding of the Group's processes for determining POC under the output method and performed tests of relevant controls. We obtained certified POC reports prepared by internal project engineers for mid-rise real estate development and third-party project managers for high-rise real estate development. We assessed the competence and objectivity of the project engineers and managers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period, and obtained supporting details of POC reports.

For the cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed, to supporting documents such as project accomplishment reports and progress billings from contractors.

For the recognition of costs to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating sales commission capitalized and portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Recoverability of Goodwill

Under PFRSs, the Group is required to test the amount of goodwill for impairment at least annually. As of December 31, 2020, goodwill attributable to the Festival Supermall structure, Filinvest Asia Corporation and Cyberzone Properties, Inc., which are considered significant, amounted to 4,567.24 million. Management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rates, gross margins, discount rates and terminal growth rates.

Refer to Notes 3 and 4 to the consolidated financial statements for the disclosures about goodwill.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include revenue growth rates, gross margins, discount rates and terminal growth rates.

We compared the key assumptions used, such as revenue growth rates against the historical performance of the cash-generating units and relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Accreditation No. 118546-SEC (Group A),
Valid to cover audit of 2019 to 2023
financial statements of SEC covered institutions
Tax Identification No. 248-679-852
BIR Accreditation No. 08-001998-137-2020,
January 31, 2020, valid until January 30, 2023
PTR No. 8534358, January 4, 2021, Makati City

March 9, 2021

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

Securities and Exchange Commission
Electronic Records Management Division
ICTD MAY 04 2021 38
RECEIVED PURSUANT TO REVIEW OF FORM

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20 and 30)	**₱6,693,557**	₱4,773,621
Contracts receivables (Notes 6, 8 and 30)	**4,156,939**	1,446,192
Contract assets (Notes 6 and 30)	**5,400,329**	5,998,421
Other receivables (Notes 9 and 30)	**3,362,183**	3,175,045
Real estate inventories (Note 10)	**65,544,567**	63,018,436
Other current assets (Notes 6 and 11)	**4,637,141**	4,388,484
Total Current Assets	**89,794,716**	82,800,199
Noncurrent Assets		
Contract assets - net of current portion (Notes 6 and 30)	**3,533,733**	7,117,321
Investments in associates (Note 12)	**4,787,787**	4,170,682
Investment properties (Notes 3 and 13)	**69,264,957**	66,461,060
Property and equipment (Note 14)	**3,348,145**	3,288,718
Deferred income tax assets (Note 28)	**82,405**	52,435
Goodwill (Note 4)	**4,567,242**	4,567,242
Other noncurrent assets (Note 16)	**5,626,161**	5,238,774
Total Noncurrent Assets	**91,210,430**	90,896,232
TOTAL ASSETS	**₱181,005,146**	₱173,696,431
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 17 and 30)	**13,117,027**	₱13,164,864
Contract liabilities (Note 6)	**1,249,050**	972,758
Lease liabilities - current portion (Note 15)	**328,796**	318,119
Due to related parties (Notes 20 and 30)	**112,021**	100,779
Income tax payable	**29,022**	142,736
Current portion of loans payable (Notes 18, 26 and 30)	**8,866,369**	6,887,481
Current portion of bonds payable (Notes 19, 26 and 30)	**5,294,517**	4,294,644
Total Current Liabilities	**28,996,802**	25,881,381

(Forward)

	December 31	
	2020	2019
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18, 26 and 30)	**₱29,238,654**	₱28,640,752
Bonds payable - net of current portion (Notes 19, 26 and 30)	**26,369,011**	23,590,043
Contract liabilities - net of current portion (Note 6)	**767,219**	779,648
Lease liabilities - net of current portion (Note 15)	**5,824,164**	5,551,945
Net retirement liabilities (Notes 3 and 25)	**580,119**	512,442
Deferred income tax liabilities - net (Note 28)	**6,513,036**	6,512,613
Accounts payable and accrued expenses - net of current portion (Notes 17 and 30)	**8,337,198**	10,063,314
Total Noncurrent Liabilities	**77,629,401**	75,650,757
Total Liabilities	**106,626,203**	101,532,138
Equity		
Common stock (Note 26)	**24,470,708**	24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)		
Unappropriated	**38,776,186**	41,661,647
Appropriated	**5,000,000**	–
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Remeasurement losses on retirement plan - net of tax (Note 25)	**(15,136)**	(24,285)
Share in other components of equity of associates (Note 12)	**372,449**	361,794
Equity attributable to equity holders of the parent	**74,072,868**	71,938,525
Noncontrolling interests (Note 2)	**306,075**	225,768
Total Equity	**74,378,943**	72,164,293
TOTAL LIABILITIES AND EQUITY	**₱181,005,146**	₱173,696,431

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Real estate sales (Note 6)	**₱9,837,122**	₱17,013,120	₱14,404,201
Rental and related services (Notes 6, 13, 15 and 16)	**6,386,219**	7,008,742	5,608,258
Total revenue	**16,223,341**	24,021,862	20,012,459
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 12)	**516,450**	401,525	537,017
OTHER INCOME			
Interest income (Notes 7, 8, 20 and 23)	**404,142**	571,701	977,290
Others - net (Notes 20 and 24)	**340,713**	678,222	678,419
	17,484,646	25,673,310	22,205,185
COSTS			
Real estate sales (Note 10)	**5,586,834**	9,853,871	8,339,208
Rental and related services (Notes 13 and 16)	**1,008,333**	1,128,410	1,130,507
OPERATING EXPENSES			
General and administrative expenses (Note 21)	**2,243,604**	2,474,723	2,322,060
Selling and marketing expenses (Note 22)	**1,078,274**	1,448,573	1,442,587
INTEREST AND OTHER FINANCE CHARGES (Notes 18, 19 and 23)	**3,189,462**	2,492,965	1,192,441
	13,106,507	17,398,542	14,426,803
INCOME BEFORE INCOME TAX	**4,378,139**	8,274,768	7,778,382
PROVISION FOR INCOME TAX (Note 28)	**420,389**	1,754,968	1,702,509
NET INCOME	**₱3,957,750**	₱6,519,800	₱6,075,873
Net income attributable to:			
Equity holders of the parent	**₱3,733,443**	₱6,283,634	₱5,894,408
Noncontrolling interest	**224,307**	236,166	181,465
	₱3,957,750	₱6,519,800	₱6,075,873
Basic/Diluted Earnings Per Share (Note 27)	**₱0.15**	₱0.26	₱0.24

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	**₱3,957,750**	₱6,519,800	₱6,075,873
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss			
Remeasurement gains on retirement plan, net of tax (Notes 25 and 28)	**9,149**	124,296	6,755
Remeasurement gain from an associates investment	**10,655**	–	–
	19,804	124,296	6,755
TOTAL COMPREHENSIVE INCOME	**₱3,977,554**	₱6,644,096	₱6,082,628
Total comprehensive income attributable to:			
Equity holders of the parent	**₱3,753,247**	₱6,407,930	₱5,901,163
Noncontrolling interest	**224,307**	236,166	181,465
	₱3,977,554	₱6,644,096	₱6,082,628

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Losses on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest	Total Equity
	For the Year Ended December 31, 2020											
Balances as at January 1, 2020	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱41,661,647**	**₱–**	**(₱2,619)**	**(₱24,285)**	**₱361,794**	**₱71,938,525**	**₱225,768**	**₱72,164,293**
Net income	**–**	**–**	**–**	**–**	**3,733,443**	**–**	**–**	**–**	**–**	**3,733,443**	**224,307**	**3,957,750**
Other comprehensive income	**–**	**–**	**–**	**–**		**–**	**–**	**9,149**	**10,655**	**19,804**	**–**	**19,804**
Total comprehensive income	**–**	**–**	**–**	**–**	**3,733,443**	**–**	**–**	**9,149**	**10,655**	**3,753,247**	**224,307**	**3,977,554**
Dividends declared (Note 26)	**–**	**–**	**–**	**–**	**(1,618,904)**	**–**	**–**	**–**	**–**	**(1,618,904)**	**–**	**(1,618,904)**
Dividend distribution to noncontrolling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(144,000)**	**(144,000)**
Appropriation (Note 26)	**–**	**–**	**–**	**–**	**(5,000,000)**	**5,000,000**	**–**	**–**	**–**	**–**	**–**	**–**
Balances as at December 31, 2020	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱38,776,186**	**₱5,000,000**	**(₱2,619)**	**(₱15,136)**	**₱372,449**	**₱74,072,868**	**₱306,075**	**₱74,378,943**
	For the Year Ended December 31, 2019											
Balances as at January 1, 2019	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱36,882,343	₱–	(₱2,619)	(₱148,581)	₱361,794	₱67,034,925	₱236,697	₱67,271,622
Effect of adoption of new accounting standard (Note 2)	–	–	–	–	11,502	–	–	–	–	11,502	445	11,947
Balance as at January 1, 2019, as restated	24,470,708	80,000	5,612,321	(221,041)	36,893,845	–	(2,619)	(148,581)	361,794	67,046,427	237,142	67,283,569
Net income	–	–	–	–	6,283,634	–	–	–	–	6,283,634	236,166	6,519,800
Other comprehensive income	–	–	–	–	–	–	–	124,296	–	124,296	–	124,296
Total comprehensive income	–	–	–	–	6,283,634	–	–	124,296	–	6,407,930	236,166	6,644,096
Dividends declared (Note 26)	–	–	–	–	(1,501,060)	–	–	–	–	(1,501,060)	–	(1,501,060)
Dividend distribution to noncontrolling interest	443	–	–	–	–	–	–	–	–	–	(218,000)	(218,000)
Deconsolidation from loss of control (Note 2)	–	–	–	–	(14,772)	–	–	–	–	(14,772)	(29,540)	(44,312)
Balances as at December 31, 2019	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱41,661,647	₱–	(₱2,619)	(₱24,285)	₱361,794	₱71,938,525	₱225,768	₱72,164,293

	Attributable to Equity Holders of the Parent										
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Losses on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest	Total Equity
	For the Year Ended December 31, 2018										
Balances as of January 1, 2018	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱33,099,891	(₱2,619)	(₱155,336)	₱361,794	₱63,245,718	₱255,325	₱63,501,043
Effect of adoption of new accounting standard	–	–	–	–	(613,321)	–	–	–	(613,321)	–	(613,321)
Balance as at January 1, 2018, as restated	24,470,708	80,000	5,612,321	(221,041)	32,486,570	(2,619)	(155,336)	361,794	62,632,397	255,325	62,887,722
Net income	–	–	–	–	5,894,408				5,894,408	181,465	6,075,873
Other comprehensive income	–	–	–	–	–	–	6,755	–	6,755	–	6,755
Total comprehensive income	–	–	–	–	5,894,408	–	6,755	–	5,894,408	181,465	6,082,628
Dividends declared (Note 26)	–	–	–	–	(1,498,635)	–	–	–	(1,498,635)	–	(1,498,635)
Dividend distribution to noncontrolling interest	–	–	–	–	–	–	–	–	–	(184,000)	(184,000)
Investment from noncontrolling interest	–	–	–	–	–	–	–	–	–	–	–
Acquisition of noncontrolling interest (Note 2)	–	–	–	–	–	–	–	–	–	(16,093)	(16,093)
Balances as of December 31, 2018	24,470,708	80,000	5,612,321	(221,041)	36,882,343	(2,619)	(148,581)	361,794	67,034,925	236,697	67,271,622

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,378,139**	₱8,274,768	₱7,778,382
Adjustments for:			
Interest income (Note 23)	**(404,142)**	(571,701)	(977,290)
Gain on sale of investment property	**(65,308)**	–	–
Interest expense and amortization of transaction costs (Note 23)	**3,137,791**	2,442,483	1,168,531
Depreciation and amortization (Notes 13, 14 and 16)	**1,594,368**	1,320,598	810,629
Equity in net earnings of associates (Note 12)	**(516,450)**	(401,525)	(537,017)
Pension expense, net of contribution and benefits paid (Note 25)	**47,174**	91,605	90,124
Operating income before changes in operating assets and liabilities	**8,171,572**	11,156,228	8,333,359
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**(2,710,747)**	(645,342)	16,425,142
Contract assets	**4,181,680**	(3,073,636)	(10,042,105)
Other receivables	**(187,138)**	(422,684)	(465,945)
Real estate inventories	**(2,010,336)**	6,736,824	(10,699,331)
Other assets	**(282,510)**	(536,688)	420,112
Increase (decrease) in:			
Accounts payable and accrued expense	**172,068**	(1,767,272)	69,281
Contract liabilities	**263,863**	(1,457,770)	3,210,176
Cash generated from operations	**7,598,453**	9,989,660	7,250,689
Income taxes paid, including creditable withholding taxes	**(710,244)**	(1,387,147)	(1,198,192)
Interest received	**404,142**	571,701	977,290
Net cash provided by operating activities	**7,292,351**	9,174,214	7,029,787
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment properties and property and equipment (Notes 13 and 14)	**(5,641,194)**	(8,792,995)	(5,558,464)
Dividends received (Note 12)	–	–	678,000
Proceeds from sale of investment property	**737,840**	–	–
Increase in BTO rights (Note 16)	**(717,809)**	(249,090)	(115,324)
Redemption of financial asset at FVOCI (Note 16)	–	–	48
Net cash used in investing activities	**(5,621,163)**	(9,042,085)	(4,995,740)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES (Note 34)			
Proceeds from availment of:			
Loans payable (Notes 18 and 30)	**₱10,680,000**	₱15,400,000	₱5,500,000
Bonds payable (Notes 19 and 30)	**8,057,682**	–	–
Payments of:			
Loans payable (Note 18)	**(8,219,965)**	(4,840,663)	(3,841,338)
Bonds payable (Note 19)	**(4,300,000)**	(7,000,000)	–
Cash dividend (Note 26)	**(1,588,558)**	(1,482,405)	(1,498,635)
Interest and transaction costs	**(3,917,635)**	(3,260,571)	(3,132,467)
Lease liabilities (Note 15)	**(317,948)**	(295,937)	–
Dividends paid to noncontrolling interest	**(144,000)**	(218,000)	(184,000)
Increase in amounts due to related parties	**(828)**	(80,492)	(18,044)
Acquisition of noncontrolling interest (Note 2)	–	–	(16,093)
Net cash provided by (used in) financing activities	**248,748**	(1,778,068)	(3,190,577)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,919,936**	(1,645,939)	(1,156,530)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,773,621**	6,419,560	7,576,090
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱6,693,557**	₱4,773,621	**₱6,419,560**

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On January 20, 2021, FLI announced, through a Philippine Stock Exchange (PSE) disclosure, that its BOD has approved the transition of Cyberzone Properties, Inc. (CPI) into a REIT Company. CPI is intended to be listed on the PSE in compliance with the minimum public ownership requirements under Philippine securities regulations and the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations and under such terms and conditions as FLI's BOD may subsequently approve.

On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of Php1.00 per share amounting ₱110 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and deconsolidation by the Group (see Notes 12 and 24). As a result of the dilution, the investment in DPI is accounted as investment in associate under the equity method.

On December 16, 2020, FLI subscribed to 382,500 shares of stock of Nature Specialists, Inc. (NSI) consisting of 120,000 common shares and 262,500 preferred shares, all with a par value of ₱100 per share with total consideration of ₱47.25 million, equivalent to 75% shareholding. NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc.. NSI has not started its commercial operations in as of December 31, 2020.

On December 26, 2019, CPI and Filinvest Cyberparks, Inc. (FCI), wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell its ownership in Pro-Excel Property Managers, Inc. (Pro-Excel) to Filinvest Alabang, Inc. (FAI). The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Group. The remaining ownership of the Parent Company in Pro-Excel is 33% (see Notes 2 and 12). Subsequently after disposal, the investment in Pro-excel is accounted as investment in associate under the equity method.



On October 11, 2019, ProMixers Aggregates Corp. (PMAC), a wholly owned subsidiary of DPI, was incorporated mainly to operate concrete batching plant, manufacture and supply of pre-cast and construction equipment and rental. PMAC has not started commercial operations as of December 31, 2020.

On March 18, 2019, ProOffice Works Services, Inc. (ProOffice), a wholly owned subsidiary of FLI, was incorporated to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019. On December 23, 2020, CPI entered into a Deed of Assignment to sell its 60% interest in ProOffice to FLI for a total consideration of ₱17.16 million. Accordingly, ProOffice became a direct subsidiary of FLI. The transaction has no impact to the consolidated financial statements.

On July 18, 2018, the Securities and Exchange Commission (SEC) approved Timberland Sports and Nature Club, Inc.'s (TSNC or the "Club") application for voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, TSNC's Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) conversion of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive non-profit association; and (e) removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application on voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation.

Approval of the Consolidated Financial Statements
The consolidated financial statements as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were approved and authorized for issue by the BOD on March 9, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (Peso), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand Pesos except as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), which include the availment of relief granted by the SEC under Memorandum Circular (MC) Nos. 3-2019 and 14-2018 to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry.

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry:

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
b. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
c. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The consolidated financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the section below under Changes in Accounting Policies and Disclosures and Significant Accounting Policies.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2020, 2019 and 2018 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**2020**	2019	2018
Filinvest All Philippines, Inc. (FAPI)	Real estate developer	100%	100%	100%
Filinvest BCDA Clark, Inc. (FBCI) [1]	Real estate developer	55%	55%	55%
FCGC Corporation (FCGCC)	Real estate developer	100%	100%	100%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	100%	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	100%	100%	100%
Cyberzone Properties, Inc. (CPI)	Leasing	100%	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	60%	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	100%	100%	100%
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Leasing	100%	100%	100%
Festival Supermall, Inc. (FSI)	Property management	100%	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	100%	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	100%	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	100%	100%	100%
Pro-Excel Property Managers, Inc. (Pro-Excel) [2]	Property management	33%	33%	74%
ProOffice Works Services, Inc. (ProOffice)[3]	Property management	100%	100%	–
Property Specialist Resources, Inc. (Prosper)	Property management	100%	100%	100%

(Forward)

Subsidiaries	Nature of Business	**2020**	2019	2018
FSM Cinemas, Inc. (FSM Cinemas) [4]	Theater operator	60%	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	60%	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC) [5]	Recreational Sports and Natures Club	98%	98%	98%
Dreambuilders Pro, Inc. (DPI) [6]	Construction	45%	100%	100%
ProMixers Aggregates Corp. (PMAC) [7]	Construction	45%	100%	–
Leisurepro, Inc. (Leisurepro)	Marketing	100%	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	100%	100%	100%
Property Leaders International Limited (PLIL)	Marketing	100%	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	100%	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	100%	100%	100%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	75%	–	–

1. *FBCI is owned indirectly through FCGCC.*
2. *Deconsolidated in 2019. CPI and FCI sold its ownership in Pro-Excel to FAI (see Note 1). The effective ownership interest of the Parent Company was reduced to 33%.*
3. *100% direct ownership in 2020 after the assignment of CPI to FLI; 50% direct ownership and 60% indirect ownership through CPI in 2019.*
4. *FSM Cinemas is owned indirectly through FSI.*
5. *In 2018 and 2017, the Parent Company acquired noncontrolling interest in TSNC representing additional 1% and 5% ownership interest, respectively, for a total consideration of ₱16.09 million and ₱138.85 million, respectively.*
6. *Deconsolidated in 2020.*
7. *PMAC is a wholly-owned subsidiary of DPI.*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this report), purchased or sold a significant amount of assets outside the ordinary course of business.

A subsidiary is an entity which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of

during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus of deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

Business Combinations Involving Entities under Common Control

A business combination involving entities under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group. Common control business combinations are outside the scope of PFRS 3, *Business Combination*. The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is

recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2020.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

- Amendments to PFRS 7, *Financial Instruments: Disclosures and* PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.



The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The Group adopted the amendments beginning January 1, 2020. These amendments had no impact on the Group as there are no rent concessions granted to the Group as a lessee.

Future Changes in Accounting Policy

The Group will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of these standards to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:
  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition



The amendments are effective for annual reporting periods beginning on or after 1 January 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

- 'Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's



behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.



The new standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group is currently assessing the impact of adopting these amendments.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c.	Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d.	Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.

c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.

b. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferrals will impact the Group's financial reporting during the period of deferral as follows:

a. The financial statements as not considered to be in accordance with PFRS and should specify in the "Basis of Preparation of the Financial Statements" section of the financial statements that the accounting framework is *PFRS, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic*:

    1. Assessing if the transaction price includes a significant financing component (asamended by PIC Q&A 2020-04)
    2. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23

b. The Auditor's report will:

    1. Reflect in the Opinion paragraph that the financial statements are prepared in accordance with the compliance framework described in the notes to the financial statements; and
    2. Include an Emphasis of Matter paragraph to draw attention to the basus of accounting that has been used in the preparation of the financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The Group intends to adopt the additional deferrals of the adoption of the PIC Q&A's above as allowed under SEC MC No. 34-2020.

- *Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Group availed of the SEC relief to defer the adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at an amount equal to the outstanding balance of the contracts receivables at the date of repossession. The Group is still evaluating the approach to be availed among the existing options. Had the relief not been adopted and the current practice would be different from the approach to be implemented, this could have impacted the recording of revenue, cost of sales, valuation of repossessed inventory and gain or loss from repossession in 2020.

Significant Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in its statement of financial position based on a current and noncurrent classification. An asset is current when it is:

a. expected to be realized or intended to be sold or consumed in normal operating cycle;
b. held primarily for the purpose of trading;
c. expected to be realized within twelve (12) months after the reporting period; or
d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

a. it is expected to be settled in normal operating cycle;
b. it is held primarily for the purpose of trading;
c. it is due to be settled within twelve (12) months after the reporting period, or
d. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.
Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a

significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest test' and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of December 31, 2020 and 2019, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of income.

The Group classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (see Note 16).

Dividends earned on holding these equity instruments are recognized in the consolidated statement of income when the Group's right to receive the dividends is established in accordance with PFRS 15, unless the dividends clearly represent recovery of a part of the cost of the investment.

Reclassification of financial assets
The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVPL at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of December 31, 2020 and 2019, loans and borrowings consist primarily of accounts payable and accrued expenses excluding deposit from tenants and other payables, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 15, 17, 18, 19 and 20).

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

Impairment of Financial Assets and Contract Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development

Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates

The Group's investment in associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.



After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5-20
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

The useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include goodwill, and build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets including construction materials and supplies are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the consolidated statement of financial position.

Impairment of Nonfinancial Assets

The carrying values of investment in associates, property and equipment, investment properties, right-of-use assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue Recognition

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces and office leasing activities, wherein it is acting as agent.

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (ie, measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Theater and snack bar sales (included as part of 'Rental and related services')
Revenue from theater sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contracts receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expense" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same



principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental Income

Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

Costs and expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable.

Retirement Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).



The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC MC 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2020. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity

Common and Preferred Stock

The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.



Income Tax

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Leases effective January 1, 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Lease Modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 15).

Group as Lessee
Except for short-term leases and lease of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20- to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.



In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

As of January 1, 2019, the net effect of the initial adoption of PFRS 16 amounting to ₱11.9 million was adjusted directly in equity.

Leases prior to January 1, 2019
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or,
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as Lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a variable payment.

Group as Lessee
Operating lease payments are recognized as an expense on a straight line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be



aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Any post year-end event up to the date of the auditor's report that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the consolidated financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

Collectability is also assessed by considering factors such as historical experience with customers, and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

b. Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

If such indicators are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount.

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.



The carrying values of the Group's nonfinancial assets (excluding goodwill) as of December 31 follow:

	2020	2019
	(In Thousands)	
Other current assets - net of short-term deposits (Note 11)	**₱4,627,186**	₱4,340,799
Investments in associates (Note 12)	**4,787,787**	4,170,682
Investment properties (Note 13)	**69,264,957**	66,461,060
Property and equipment (Note 14)	**3,348,145**	3,288,718
Other noncurrent assets - net of financial assets at FVOCI (Note 16)	**5,610,539**	5,223,152

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges from the lessees of its commercial spaces.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16. In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rental concessions granted by the Group for the year ended December 31, 2020 amounted to ₱625.37 million (see Notes 6 and 15).

Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements
The Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 31).

Use of Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue Recognition and Measure of Progress for Real Estate Sales

The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g. commission), is determined using the percentage of completion. In view of the continuing community quarantines and restricted mobility, the progress of the Group's performance obligation is adversely affected which resulted to lower percentage-of-completion in 2020.

For the years ended December 31, 2020, 2019 and 2018, real estate sales amounted to ₱9.84 billion, ₱17.01 billion and ₱14.40 billion, respectively (see Note 6).

Evaluation of Impairment of Contract Receivables and Contract Assets

The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the Group's allowance for ECL.

The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 8.

The carrying values of contract receivables and contract assets are as follows:

	2020	2019
	(In Thousands)	
Contracts receivables (Note 8)	**₱4,156,939**	₱1,446,192
Contract assets (Note 6)	**8,934,062**	13,115,742

Leases - Estimating the incremental borrowing rate to measure lease liabilities
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The incremental borrowing rate used by the Group to measure lease liabilities range from 8.18% to 8.54% in 2020 and 2019.

The Group's lease liabilities amounted to ₱6.15 billion and ₱5.87 billion as of December 31, 2020 and 2019, respectively (see Note 15).

Estimating NRV of Real Estate Inventories
The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In line with the impact of COVID-19, the Group experienced limited selling activities that resulted in lower sales in 2020. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2020 and 2019, the carrying amount of real estate inventories amounted to ₱65.54 billion and ₱63.08 billion, respectively (see Note 10). No impairment adjustments were recognized in 2020 and 2019 since the costs are lower than NRV.

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of CPI, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of 5 years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The Group has adjusted the cash flows forecast and assumptions in 2020 to consider the impact associated with the COVID 19 pandemic. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used in 2020 and 2019 was 9% to10.85% and 10%, respectively. The growth rates used beyond the forecast period for different cash-generating units is 3% to 12%.

As of December 31, 2020 and 2019, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2020 and 2019 (see Note 4).

Recognition of Deferred Income Tax Assets
The Group reviewtohs the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱2,186.24 million and ₱1,559.07 million as of December 31, 2020 and 2019, respectively (see Note 28). The tax effect of the Group's carryforward benefits of NOLCO for which no deferred income tax assets were recognized amounted to ₱96.71 million and ₱95.75 million as of December 31, 2020 and 2019, respectively (see Note 28).

Fair Values of Financial Instruments
The preparation of consolidated financial statements in compliance with PFRS requires certain financial assets and financial liabilities to be measured at fair value and fair value disclosure of financial instruments, the determination of which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these financial assets and financial liabilities would affect directly the Group's consolidated statement of income and other comprehensive income (see Note 29).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2020 and 2019 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in CPI from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in CPI from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in CPI becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted to recognition of goodwill amounting to ₱326.55 million.

As of December 31, 2020 and 2019, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall, Fora Tagaytay, Centro Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2020, 2019 and 2018, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The information about the financial position and results of operations of these business segments for the years ended December 31, 2020, 2019 and 2018 are summarized below (amounts in thousands).

	2020				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱9,775,978	₱6,447,363	₱16,223,341	₱–	₱16,223,341
Inter-segment	61,144	–	61,144	(61,144)	–
	9,837,122	6,447,363	16,284,485	(61,144)	16,223,341
Equity in net earnings of associates	516,450	–	516,450	–	516,450
Other income	9,291,622	484,270	9,775,892	(9,031,037)	744,855
	₱19,645,194	₱6,931,633	₱26,576,827	(₱9,092,181)	₱17,484,646
Net income	₱10,535,014	₱1,979,406	₱12,514,420	(₱8,556,670)	₱3,957,750
Adjusted EBITDA	₱11,650,307	₱5,371,478	₱17,021,785	(₱8,376,266)	₱8,645,519
Segment assets	₱127,394,893	₱63,510,274	₱190,905,167	(₱9,900,021)	181,005,146
Less net deferred tax assets	–	82,405	82,405	–	82,405
Net segment assets	₱127,394,893	₱63,427,869	₱190,822,762	(₱9,900,021)	180,922,741
Segment liabilities	₱53,922,142	₱55,825,136	₱109,747,278	(₱3,121,075)	₱106,626,203
Less net deferred tax liabilities	6,339,213	(20,489)	6,318,724	194,312	6,513,036
Net segment liabilities	₱47,582,929	₱55,845,625	₱103,428,554	(₱3,315,387)	₱100,113,167

(Forward)

	2020				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Cash flows provided by (used in):					
Operating activities	**(₱4,821,733)**	**₱ 13,760,967**	**₱8,939,234**	**(₱1,646,883)**	**₱7,292,351**
Investing activities	**(322,843)**	**(5,298,320)**	**(5,621,163)**	**–**	**(5,621,163)**
Financing activities	**912,263**	**(455,230)**	**457,033**	**(208,285)**	**248,748**

	2019				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱17,013,120	₱7,008,742	₱24,021,862	₱–	₱24,021,862
Inter-segment	34,362	–	34,362	(34,362)	–
	17,047,482	7,008,742	24,056,224	(34,362)	24,021,862
Equity in net earnings of associates	401,525	–	401,525	–	401,525
Other income	1,935,747	632,521	2,568,268	(1,318,345)	1,249,923
	₱19,384,754	₱7,641,263	₱27,026,017	(₱1,352,707)	₱25,673,310
Net income	₱4,760,397	₱2,342,253	₱7,102,650	(₱582,850)	₱6,519,800
Adjusted EBITDA	₱6,003,896	₱6,203,684	₱12,207,580	(₱520,774)	₱11,686,806
Segment assets	₱130,313,658	₱49,609,668	₱179,923,326	(₱6,226,895)	₱173,696,431
Less net deferred tax assets	3,019	49,416	52,435	–	52,435
Net segment assets	₱130,310,639	₱49,560,252	₱179,870,891	(₱6,226,895)	₱173,643,996
Segment liabilities	₱70,604,255	₱31,548,256	₱102,152,511	(₱620,373)	₱101,532,138
Less net deferred tax liabilities	6,057,332	361,238	6,418,570	94,043	6,512,613
Net segment liabilities	₱64,546,923	₱31,187,018	₱95,733,941	(₱714,416)	₱95,019,525
Cash flows provided by (used in):					
Operating activities	₱4,646,540	₱5,753,086	₱10,399,626	(₱1,225,412)	₱9,174,214
Investing activities	(2,769,256)	(6,272,829)	(9,042,085)	–	(9,042,085)
Financing activities	(1,591,008)	(208,412)	(1,799,420)	21,352	(1,778,068)

	2018				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱14,404,201	₱5,608,258	₱20,012,459	₱–	₱20,012,459
Inter-segment	181,464	–	181,464	(181,464)	–
	14,585,665	5,608,258	20,193,923	(181,464)	20,012,459
Equity in net earnings of associates	537,017	–	537,017	–	537,017
Other income	3,185,166	467,407	3,652,573	(1,996,864)	1,655,709
	₱18,307,848	₱6,075,665	₱24,383,513	(₱2,178,328)	₱22,205,185
Net income	₱4,221,922	₱2,781,968	₱7,003,890	(₱928,017)	₱6,075,873
Adjusted EBITDA	₱5,889,623	₱4,365,338	₱10,254,961	(₱1,010,526)	₱9,244,435
Segment assets	₱123,063,731	₱40,146,945	₱163,210,676	(₱4,350,193)	₱158,860,483
Less net deferred tax assets	–	85,979	85,979	–	85,979
Net segment assets	₱123,063,731	₱40,060,966	₱163,124,697	(₱4,350,193)	₱158,774,504
Segment liabilities	₱67,607,723	₱24,020,736	₱91,628,459	(₱39,598)	₱91,588,861
Less net deferred tax liabilities	5,712,303	208,272	5,920,575	91,099	6,011,674
Net segment liabilities	₱61,895,420	₱23,812,464	₱85,707,884	(₱130,697)	₱85,577,187
Cash flows provided by (used in):					
Operating activities	₱3,121,748	₱5,055,342	₱8,177,090	(₱1,147,303)	₱7,029,787
Investing activities	(1,175,318)	(3,820,422)	(4,995,740)	–	(4,995,740)
Financing activities	1,266,481	(4,499,650)	(3,233,169)	42,592	(3,190,577)

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statement of income. Adjusted EBITDA is the Group's EBITDA adjusted by the equity in net earnings from associates for the year:

	2020	2019	2018
		(In Thousands)	
Adjusted EBITDA	**₱8,645,519**	₱11,686,806	₱9,244,435
Depreciation and amortization (Notes 13, 14 and 16)	**(1,594,368)**	(1,320,598)	(810,629)
Operating profit	**7,051,151**	10,366,208	8,433,806
Interest and other finance charges (Note 23)	**(3,189,462)**	(2,492,965)	(1,192,441)
Equity in net earnings of an associate (Note 12)	**516,450**	401,525	537,017
Income before income tax	**₱4,378,139**	₱8,274,768	₱7,778,382

6. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue is presented below:

	2020	2019	2018
		(In Thousands)	
Real estate sales by market segment			
Medium income	**₱7,332,043**	₱9,480,551	₱8,014,917
High-end	**1,027,486**	1,771,683	1,344,593
Low affordable	**769,438**	1,924,766	1,490,456
Affordable	**605,847**	3,490,925	3,280,057
Socialized	**102,308**	345,195	274,178
	₱9,837,122	₱17,013,120	₱14,404,201
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater sales	**18,821**	150,565	129,333
Snack bar sales	**1,920**	22,526	16,201
	20,741	173,091	145,534
Total revenue from contracts with customers	**9,857,863**	17,186,211	14,549,735
Rental and related services			
Office leasing	**5,558,845**	5,170,892	3,858,191
Mall operations	**806,633**	1,664,759	1,604,533
	6,365,478	6,835,651	5,462,724
Total Revenue	**₱16,223,341**	₱24,021,862	₱20,012,459

The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time.

As of December 31, 2020, contract balances are as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱4,156,939**	**₱–**	**₱4,156,939**
Contract assets	**5,400,329**	**3,533,733**	**8,934,062**
Contract liabilities	**1,249,050**	**767,219**	**2,016,269**

As of December 31, 2019, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱1,446,192	₱–	₱1,446,192
Contract assets	5,998,421	7,117,321	13,115,742
Contract liabilities	972,758	779,648	1,752,406

Contracts receivable from real estate sales are collectible in equal monthly principal installments in varying periods of two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

In 2020 and 2019, the Parent Company entered into an Agreement for Purchase of Contract Assets with a local bank. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. Total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱900.54 million and ₱1.50 billion in 2020 and 2019, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

Performance Obligation

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either (a) a lot; (b) house and lot and (c) condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2020 and 2019 amounted to ₱3.75 billion and ₱1.79 billion, respectively. Performance obligation for the transaction price amounting to ₱2.73 billion and ₱1.23 billion will be satisfied within one year as of December 31, 2020 and 2019, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee. Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets

The rollforward of the cost to obtain contract included in the other current assets is as follows:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱467,807**	₱278,122
Additions	**835,535**	908,319
Amortization (Note 22)	**(526,547)**	(718,634)
Balance at end of year (Note 11)	**₱776,795**	₱467,807

Amortization of cost to obtain contract is recognized in the statements of comprehensive income under selling and marketing expenses.

For the years ended December 31, 2020 and 2019, additions of contract fulfillment costs amounted to ₱921.86 million and ₱281.19 million, respectively. Amortization of contract fulfillment costs amounted to ₱312.73 million and ₱530.23 million for the years ended December 31, 2020 and 2019, respectively. Contract fulfillment assets is included as part of real estate inventories.

The Group reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

In determining estimated amount of consideration, the Group uses the same principles in determining contract transaction price.

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

7. Cash and Cash Equivalents

This account consists of:

	2020	2019
	(In Thousands)	
Cash	**₱3,886,911**	₱2,321,835
Cash equivalents	**2,806,646**	2,451,786
	₱6,693,557	₱4,773,621

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱34.53 million, ₱18.96 million and ₱64.44 million in 2020, 2019 and 2018, respectively (see Note 23).

There is no restriction on the Group's cash and cash equivalents as at December 31, 2020 and 2019.

8. Contracts Receivable

This account consists of:

	2020	2019
	(In Thousands)	
Contracts receivable	**₱3,963,551**	₱1,253,612
Receivables from government and financial institutions	**193,388**	192,580
	₱4,156,939	₱1,446,192

Contracts receivable are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 6).

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, the Group, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms.

Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱347.22 million, ₱403.85 million and ₱809.51 million in 2020, 2019 and 2018, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2020 and 2019, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱460.3 million and ₱799.9 million respectively. As of December 31, 2020 and 2019, the remaining unutilized guaranty line amounted to ₱2.04 billion and ₱2.06 billion, respectively.

As of December 31, 2020 and 2019, no impairment losses were recognized from contracts receivables.

9. Other Receivables

	2020	2019
	(In Thousands)	
Receivables from tenants	**₱2,456,106**	₱1,742,836
Due from related parties (Notes 12 and 20)	**347,121**	451,472
Advances to officers and employees	**303,460**	687,667
Receivables from homeowners' associations	**230,189**	155,226
Receivables from buyers	**43,174**	139,875
Others	**23,126**	38,962
	3,403,176	3,216,038
Less: Allowance for expected credit losses	**40,993**	40,993
	₱3,362,183	₱3,175,045

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within a year. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱25.13 million as of December 31, 2020 and 2019. Provision for expected credit losses recorded is nil for all periods presented.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2020 and 2019. Reversal of provision for expected credit losses amounted to ₱21.40 million in 2018 and nil for 2020 and 2019.

"Receivables from buyers" mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.



10. Real Estate Inventories

This account consists of:

	2020	2019
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱41,659,064**	₱38,851,977
Land and land development	**23,885,503**	24,166,459
	₱65,544,567	₱63,018,436

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱38,851,977**	₱42,244,626
Land costs transferred from land and land development	**1,194,483**	1,510,868
Net transfer to investment properties and property and equipment (Notes 13 and 14)	**(40,831)**	–
Construction/development costs incurred	**6,576,586**	4,079,159
Capitalized borrowing costs	**663,683**	871,195
Cost of real estate sales	**(5,586,834)**	(9,853,871)
	₱41,659,064	₱38,851,977

Capitalization rate for the capitalized borrowing costs is 1%, 1.5% and 2% in 2020, 2019 and 2018, respectively.

A summary of the movement in land and land development is set out below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	**₱24,166,459**	₱25,608,402
Land acquisitions	**450,018**	1,955,859
Land costs transferred to real estate inventories	**(1,194,483)**	(1,510,868)
Net transfers and others (Notes 13 and 16)	**(222,994)**	(1,965,794)
Site development and incidental costs	**686,503**	78,860
	₱23,885,503	₱24,166,459

As of December 31, 2020 and 2019, on account additions to land and land development during the year which remain outstanding amounted to ₱2.90 million and ₱70.72 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱113.48 million, ₱102.37 million and ₱126.19 million for the years ended December 31, 2020, 2019 and 2018, respectively. Capitalization rate is 2.4%, 4.5% and 3.4% in 2020, 2019 and 2018, respectively.

Acquisition of land and land development included under cash flows used in operating activities amounted to ₱1.02 billion, ₱2.62 billion and ₱2.01 billion for the years ended December 31, 2020, 2019 and 2018, respectively.

In 2015, the Parent Company, CPI and FAI acquired additional 19.2 hectares of South Road Properties from Cebu City Government for a total consideration of ₱3.38 billion plus interest (including ₱1.69 billion attributable to lots assigned to FAI). Of this amount, ₱2.35 billion has been paid as of December 31, 2017. The purchase transaction was completed upon full payment of the purchase price on December 17, 2019.

In 2019, lots amounting ₱1.97 billion were transferred from real estate inventories to investment properties as a result of the change in use of these lots (see Note 13). Lots under CPI are included as part of investment properties as of December 31, 2020 and 2019 (see Notes 13, 17 and 34).

In 2020, deposits previously held in escrow amounted to ₱281.85 million for the purchase of a parcel of land in Manila has been transferred to land and land development (see Note 16).

11. Other Current Assets

This account consists of:

	2020	2019
		(In Thousands)
Input taxes	**₱2,054,956**	₱2,283,008
Cost to obtain contracts (Note 6)	**776,795**	467,807
Creditable withholding taxes	**928,110**	850,441
Prepaid expenses	**570,337**	427,695
Advances to contractors and suppliers	**191,397**	257,465
Construction materials and supplies	**105,591**	54,383
Short-term deposits (Note 31)	**9,955**	47,685
	₱4,637,141	₱4,388,484

"Input taxes" pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

"Cost to obtain contract" includes commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Prepaid expenses" consist of prepayments for commissions on leases, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts of real estate inventories.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

12. Investments in Associates

This account consists of:

	2020	2019
	(In Thousands)	
At equity:		
Acquisition cost		
Balance at the beginning and end of year	**₱906,619**	₱837,829
Corporate Technologies, Inc. (CTI)	**–**	51,300
Pro-Excel	**–**	17,490
DPI	**90,000**	–
Balance at end of year	**996,619**	906,619
Accumulated equity in net earnings:		
Balance at the beginning of year, as previously stated	**1,025,847**	979,974
Impact of adoption of PFRS 16	**–**	48,348
Balance at the beginning of year, as restated	**1,025,847**	1,028,322
Equity in net earnings for the year	**516,450**	401,525
Dividend declaration	**–**	(404,000)
Balance at end of year	**1,542,297**	1,025,847
Share in revaluation increment on land at deemed cost*	**1,876,422**	1,876,422
Share in other components of equity	**372,449**	361,794
	₱4,787,787	₱4,170,682

**Presented as part of retained earnings in the consolidated statement of changes in equity.*

As of December 31, the carrying value of the Group's investments in associates follows:

	2020	2019
	(In Thousands)	
FAI	**₱4,552,473**	₱4,030,474
DPI	**87,702**	–
FMI	**74,022**	70,902
CTI	**52,146**	51,816
Pro-excel	**21,444**	17,490
	₱4,787,787	₱4,170,682

FAI

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

Dividends declared by FAI for the years ended December 31, 2019 and 2018, and the corresponding share of the Group are as follows (nil for the year ended December 31, 2020):

Year	Total Dividends Declared	Share in Dividends	Dividend Receivable
	(In Thousands)		
2019	₱2,020,000	₱404,000	₱404,000
2018	3,390,000	678,000	384,000

Summarized financial information and reconciliation of investment in FAI is as follows:

	2020	2019
	(In Thousands)	
Current assets	**₱13,528,951**	₱14,619,142
Noncurrent assets	**23,262,765**	23,377,928
Total assets	**36,791,716**	37,997,070
Current liabilities	**3,963,286**	5,086,846
Noncurrent liabilities	**6,991,632**	9,587,647
Total liabilities	**10,954,918**	14,674,493
Equity	**₱25,836,798**	₱23,322,577
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱5,167,360**	₱4,664,515
Less upstream sales	**615,745**	634,041
Carrying amount of the investment	**4,551,615**	₱4,030,474
Revenue and other income	**₱4,926,052**	₱6,164,284
Cost and other expenses	**(1,920,348)**	(2,917,065)
Depreciation	**(242,019)**	(217,802)
Interest expense	**(177,689)**	(211,063)
Interest income	**55,488**	39,060
Income before tax	**2,641,484**	2,857,414
Income tax expense	**84,766**	856,226
Net income for the year	**2,556,718**	₱2,001,188
Group's equity in net earnings of associate	**₱511,344**	₱400,238

DPI

On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of ₱1.00 per share amounting ₱110.00 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and deconsolidation by the Group (see Note 1). As a result of the dilution, the investment in DPI is accounted as investment in associate under the equity method. Gain on deconsolidation amounted to ₱131.17 million (see Note 24). Share in net loss of DPI between the date of sale and reporting date amounted to ₱2.30 million.

FMI

In 2016, FMI was incorporated and operating in the Philippines and handles the lease of the Mimosa Leisure Estate. The Parent Company subscribed for 47.5% of FMI's capital stock amounting to ₱37.83 million. For the years ended December 31, 2020, 2019 and 2018, share in net earnings of FMI amounted to ₱3.12 million, ₱0.77 million and ₱3.75 million, respectively.

On January 1, 2019, FMI adopted PFRS 16, *Leases*, resulting in a transition adjustment in FMI's retained earnings which resulted in the restatement in the beginning investment in FMI amounting to ₱48.35 million.

CTI

In 2019, the 30% interest in CTI of the Parent Company was classified as an investment in associate. CTI is primarily involved in information technology service management. Share in net earnings of CTI amounted ₱0.33 million and ₱0.52 million for the years ended December 31, 2020 and 2019, respectively.

Pro-Excel

On December 26, 2019, CPI and FCI, wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell ownership in Pro-Excel to FAI. The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Group. As of December 31, 2020, the remaining ownership of the Parent Company in Pro-Excel is 33%. Share in net earnings of Pro-Excel amounted to ₱3.96 million for the year ended December 31, 2020.

Aggregate financial information on the associates with immaterial interest (FMI, CTI, Proexcel and DPI) follows:

	2020	2019
	(In Thousands)	
Carrying Amount	**₱236,172**	₱140,208
Share in net income	**5,106**	1,287
Share in total comprehensive income	**5,106**	1,287

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2020 and 2019.

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2020					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 15)	**Total**
			(In Thousands)			
Cost						
Balances at beginning of year	**₱15,771,312**	**₱28,669,503**	**₱164,814**	**₱22,649,397**	**₱5,279,966**	**₱72,534,992**
Additions	**12,270**	**205,738**	**91,320**	**4,225,885**	**96,170**	**4,631,383**
Disposals	**(672,802)**	**–**	**–**	**–**	**–**	**(672,802)**
Transfers (Notes 10 and 14)	**(311,880)**	**284,183**	**(39,714)**	**(35,155)**	**–**	**(101,836)**
Balances at end of year	**14,798,900**	**29,160,153**	**216,420**	**26,840,127**	**5,376,136**	**76,391,736**
Accumulated Depreciation						
Balances at beginning of year	**–**	**5,786,881**	**146,960**	**–**	**140,091**	**6,073,932**
Depreciation (Note 21)	**–**	**837,056**	**103,517**	**–**	**148,031**	**1,088,605**
Transfers (Notes 10 and 14)	**–**	**–**	**(35,757)**	**–**	**–**	**(35,757)**
Balances at end of year	**–**	**6,623,937**	**214,720**	**–**	**288,122**	**7,126,779**
Net Book Value	**₱14,798,900**	**₱22,536,216**	**₱1,700**	**₱26,840,127**	**₱5,088,014**	**₱69,264,957**

	2019					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱13,462,960	₱27,804,861	₱98,061	₱14,272,872	₱–	₱54,918,754
Effect of adoption of PFRS 16	–	–	–	–	5,279,966	5,279,966
Balance at beginning of year as restated	13,462,960	27,084,861	98,061	14,272,872	5,279,966	60,198,720
Additions	16,598	984,853	10,832	8,376,525	–	9,388,808
Transfers (Notes 10 and 14)	2,291,754	599,789	55,921	–	–	2,947,464
Balances at end of year	15,771,312	28,669,503	164,814	22,649,397	5,279,966	72,534,992
Accumulated Depreciation						
Balances at beginning of year	–	4,839,921	60,462	–	–	4,931,902
Effect of adoption of PFRS 16	–	31,159	–	–	–	31,159
Balance at beginning of year as restated	–	4,871,440	60,462	–	–	4,900,383
Depreciation (Note 21)	–	767,317	34,575	–	140,091	941,983
Transfers (Notes 10 and 14)	–	148,124	51,923	–	–	200,047
Balances at end of year	–	5,786,881	146,960	–	140,091	6,073,932
Net Book Value	₱15,771,312	₱22,882,622	₱17,854	₱22,649,397	₱5,139,875	₱66,461,060

As of December 31, 2020 and 2019, land includes South Road Properties acquired from Cebu City Government in 2015 (see Notes 10 and 31). Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On October 7, 2020, CPI sold a portion of its South Road Properties with a carrying value of ₱672.8 million for a consideration of ₱737.8 million. The gain on sale amounting ₱65.3 million is presented as gain on sale of investment property under "Other income" in the consolidated statement of comprehensive income (Note 24).

Borrowing costs capitalized as part of investment properties amounted to ₱645.27 million, ₱404.10 million and ₱983.75 million, in 2020, 2019 and 2018, respectively. Capitalization rate used is 1.00% to 6.14%, 2.43% to 6.47%, and 1.46% to 7.65% in 2020, 2019 and 2018.

As of December 31, 2020 and 2019, on account additions to investment properties which remain outstanding amounted to ₱1.66 billion and ₱2.92 billion, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

The aggregate fair value of the Group's investment properties amounted to ₱134.54 billion and based on third party appraisals performed in 2020 by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for buildings and Market approach for land.

Under the Income Approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value. The significant unobservable inputs to valuation of the land is the price per square meter ranging from ₱46,000 to ₱275,000.

Rental income from investment properties amounted to ₱6.15 billion, ₱6.64 billion and ₱5.32 billion in 2020, 2019 and 2018, respectively (see Note 6). Cost of rental services arising from investment properties is as follows:

	2020	2019	2018
		(In Thousands)	
Depreciation	**₱779,223**	₱600,409	₱568,228
Mall operations	**147,463**	347,525	400,135
Others	**3,719**	110,923	110,392
	₱930,405	₱1,058,857	₱1,078,755

"Others" pertain to cost of ticket sales and snack bar sales. The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants. In 2020, 2019 and 2018, depreciation expense recognized as part of "Rental and related services" revenue amounted to ₱161.35 million, ₱201.48 million and ₱55.69 million, respectively.

Deed of Sale on Installment of the 19.2-hectare South Road Properties (SRP)
In July 2015, FLI, CPI and FAI (collectively referred to as Filinvest Consortium) won the bidding for a 19.20-hectare lot in Cebu's SRP (see Notes 10 and 13). Thereafter, on August 7, 2015, Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer's discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

The 19.2-hectare property mentioned above is a separate property from the other two properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to FLI Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to restitute the Filinvest Consortiun of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020 with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019 the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.

The carrying value of the property amounted to ₱1.20 billion and ₱1.86 billion as of December 31, 2020 and 2019, respectively.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2020						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱2,118,313	₱1,227,672	₱153,222	₱102,306	₱92,761	₱453,675	₱4,147,949
Additions	42,281	341,846	21,354	11,464	106,703	9,549	533,197
Transfers (Note 13)	–	263,844	–	–	–	(279,780)	(15,936)
Deconsolidation (Note 12)	–	(29,346)	(6,788)	(1,247)	(7,728)	–	(45,109)
Balances at end of year	2,160,594	1,804,016	167,788	112,523	191,736	183,444	4,620,101
Accumulated Depreciation and Amortization							
Balances at beginning of year	278,285	336,137	102,659	63,123	79,027	–	859,231
Depreciation and amortization (Note 21)	49,696	288,860	27,703	13,670	43,409	–	423,338
Deconsolidation (Note 12)	–	(5,096)	(1,922)	(504)	(3,091)	–	(10,613)
Balances at end of year	327,981	619,901	128,440	76,289	119,345	–	1,271,956
Net Book Value	₱1,832,613	₱1,184,115	₱39,348	₱36,234	₱72,391	₱183,444	₱3,348,145

	2019						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱2,974,591	₱878,418	₱140,859	₱112,224	₱91,610	₱474,345	₱4,672,047
Additions	69,471	421,463	17,581	5,947	1,151	26,171	541,784
Disposals	(925,749)	(72,209)	(5,218)	(15,865)	–	(46,841)	(1,065,882)
Balances at end of year	2,118,313	1,227,672	153,222	102,306	92,761	453,675	4,147,949
Accumulated Depreciation and Amortization							
Balances at beginning of year	290,582	326,718	82,479	71,193	67,955	–	838,927
Depreciation and amortization (Note 21)	188,373	77,632	22,980	4,164	11,416	–	304,565
Disposals	(200,670)	(68,213)	(2,800)	(12,234)	(344)	–	(284,261)
Balances at end of year	278,285	336,137	102,659	63,123	79,027	–	859,231
Net Book Value	₱1,840,028	₱891,535	₱50,563	₱39,183	₱13,734	₱453,675	₱3,288,718

On August 1, 2019, Timberland Sports and Nature Club, Inc. (TSNC) is undergoing replanning and renovation due to change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development company. As the use of these assets were changed for leasing purposes, property and equipment amounting to ₱981.67 million, gross of accumulated depreciation of ₱200.05 million, were transferred to investment properties (see Note 13).

As of December 31, 2020 and 2019, on account additions to property and equipment which remain outstanding amounted to ₱2.18 million and ₱2.38 million, respectively, and these are recognized as part of "Accounts payable and accrued expenses" (see Note 17).

15. Leases

Group as lessee
The Group has lease contracts for land as of January 1, 2020. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

As at December 31, 2020 and 2019, the rollforward analysis of right-of-use assets on land follows:

	2020		
	Investment Properties (Note 13)	**Other Noncurrent assets** (Note 16)	**Total**
		(In Thousands)	
Cost			
At January 1	**₱5,279,966**	**₱112,424**	**₱5,392,390**
Additions	**96,170**	**–**	**96,170**
As at December 31	**5,376,136**	**112,424**	**5,488,560**
Accumulated Depreciation			
At January 1	**140,091**	**4,497**	**144,588**
Depreciation (Note 21)	**148,031**	**4,497**	**152,528**
As at December 31	**288,122**	**8,994**	**297,116**
Net Book Value	**₱5,088,014**	**₱103,430**	**₱5,191,144**

	2019		
	Investment Properties (Note 13)	Other Noncurrent assets (Note 16)	Total
		(In Thousands)	
Cost			
At January 1	₱–	₱–	₱–
Effect of adoption of PFRS 16	5,279,966	112,424	5,392,390
At January 1, as restated	5,279,966	112,424	5,392,390
Additions	–	–	–
As at December 31	5,279,966	112,424	5,392,390
Accumulated Depreciation			
At January 1	–	–	–
Depreciation (Note 21)	140,091	4,497	144,588
As at December 31	140,091	4,497	144,588
Net Book Value	₱5,139,875	₱107,927	₱5,247,802

The Group reclassified righ-of-use assets in 2019 to conform to the 2020 financial statement presentation. Right-of-use assets presented separately were reclassified to investment properties and other noncurrent assets. The statement of financial position as at the beginning of the earliest presented is not presented as the reclassifications have no impact on total noncurrent assets as of December 31, 2019 and January 1, 2019.

The following are the amounts recognized in the consolidated statement of income for the years ended December 31:

	2020	2019
	(In Thousands)	
Depreciation expense of right-of-use assets (included in general and administrative expenses) (Note 21)	**₱152,528**	₱144,588
Interest expense on lease liabilities (included in interest and other finance charges) (Note 23)	**504,674**	488,732
Total amount recognized in statement of income	**₱657,202**	₱633,320

Interest expense capitalized as part of investment properties amounted to ₱108.14 million in 2020.

As at December 31, 2020 and 2019, the rollforward analysis of lease liabilities follows:

	2020	2019
	(In Thousands)	
At January 1,	**₱5,870,064**	₱5,677,269
Additions	**96,170**	–
Interest expense (Note 23)	**504,674**	488,732
Payments	**(317,948)**	(295,937)
As at December 31	**6,152,960**	5,870,064
Lease liabilities - current portion	**328,796**	318,119
Lease liabilities - net of current portion	**₱5,824,164**	₱5,551,945

The Group also has certain lease of land with variable rental payments and lease of office space considered as 'low-value assets'. The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in statement of income for the years ended December 31:

	2020	2019
	(In Thousands)	
Variable lease payments (included in general and administrative expenses) (Note 23)	**₱9,677**	₱8,586
Expenses relating to leases of low-value assets (included in general and administrative expenses) (Note 23)	**2,973**	7,022
Total	**₱12,650**	₱15,608

Shown below is the maturity analysis of the undiscounted lease payments:

	2020	2019
	(In Thousands)	
1 year	**₱345,345**	₱318,119
more than 1 years to 2 years	**362,161**	327,406
more than 2 years to 3 years	**375,283**	343,323
more than 3 years to 4 years	**394,731**	355,504
more than 5 years	**28,698,182**	28,150,175

Group as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2020 and 2019 are as follows:

	2020	2019
	(In Thousands)	
Within one year	**₱5,318,158**	₱5,889,642
After one year but not more than five years	**11,450,935**	18,318,129
After five years	**5,826,570**	9,255,399
	₱22,595,663	₱33,463,170

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental and related services" account in the consolidated statement of income amounted to ₱292.56 million, ₱334.40 million and ₱289.57 million in 2020, 2019 and 2018, respectively. In 2020, the Group granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱625.37 million. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2020 (see Note 3).

16. Other Noncurrent Assets

This account consists of:

	2020	2019
	(In Thousands)	
BTO rights (Note 31)	**₱3,576,269**	₱2,858,460
Advances to contractors and suppliers (Note 11)	**1,579,205**	1,467,249
Advances to joint venture partners	**401,890**	408,833
Right-of-use assets (Note 15)	**112,424**	112,424
Deposits (Note 10)	**15,200**	325,544
Financial assets at FVOCI (Notes 30 and 31)	**15,622**	15,622
Other assets (Note 31)	**205,418**	248,084
	5,906,028	5,436,216
Less accumulated amortization	**279,867**	197,442
	₱5,626,161	₱5,238,774

On March 26, 2012, FLI entered into a BTO agreement with Cebu Province. This was subsequently assigned to the Parent Company in August 2012 (see Note 3).

"BTO rights" relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2020, and 2019, cost of completed portion pertaining to Cebu Towers 1 and 2 of the BTO project amounted to ₱2.6 billion. Construction of Cebu Towers 3 and 4 are still on-going and are expected to be completed in 2021 and 2022, respectively.

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

The rollforward analysis of BTO rights and right-of-use assets as of December 31 follows:

	2020		
	BTO Rights	**Right-of-Use Assets** (Note 15)	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱2,858,460**	**₱112,424**	**₱2,970,884**
Additions	**717,809**	**–**	**717,809**
Balance at end of year	**3,576,269**	**112,424**	**3,688,693**
Accumulated Amortization			
Balance at beginning of year	**192,945**	**4,497**	**197,442**
Depreciation	**77,928**	**4,497**	**82,425**
Balance at end of year	**270,873**	**8,994**	**279,867**
Net Book Value	**₱3,305,396**	**₱103,430**	**₱3,408,826**

	2019		
	BTO Rights	Right-of-Use Assets (Note 15)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱2,609,370	₱–	₱2,609,370
Effect of adoption of PFRS 16	–	112,424	112,424
Balance at beginning of year, as restated	2,609,370	112,424	2,721,794
Additions	249,090	–	249,090
Balance at end of year	2,858,460	112,424	2,970,884
Accumulated Depreciation			
Balance at beginning of year	123,392	–	123,392
Depreciation	69,553	4,497	74,050
Balance at end of year	192,945	4,497	197,442
Net Book Value	₱2,665,515	₱107,927	₱2,773,442

In 2020, 2019 and 2018, related amortization recognized as part of "Cost of rental and related services" amounted to ₱77.93 million, ₱69.55 million and ₱52.75 million, respectively. Rental income amounting to ₱215.5 million and ₱193.3 million and ₱142.7 million in 2020, 2019 and 2018, respectively, was recognized as part of "Revenue from rental and related services".

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts of investment properties and property and equipment.

"Deposits" include utility and security deposits. In 2020, deposits previously held in escrow amounted to ₱281.85 million for the purchase of a parcel of land in Manila has been transferred to land and land development (see Note 10).

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in consolidated statements of financial position.

"Financial assets at FVOCI" consist of quoted and unquoted shares of stock (see Note 30).

Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects.

Redemption of the Group's unquoted shares of stock amounted to nil in 2020 and 2019, respectively. The Group did not receive dividends from unquoted shares in 2020, 2019 and 2018.

"Other assets" includes the fee paid by the Parent Company to a third party for the assignment of the developmental rights for another BTO project in Cebu amounting ₱200 million (see Note 31).

17. Accounts Payable and Accrued Expenses

This account consists of:

	2020			2019		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
			(In Thousands)			
Accounts payable (Note 20)	**₱7,298,674**	**₱4,930,111**	**₱12,228,785**	₱8,076,588	₱5,455,570	₱13,532,158
Deposits from tenants	**1,981,658**	**1,381,945**	**3,363,603**	1,645,442	2,563,162	4,208,604
Retention fees payable	**1,495,682**	**902,347**	**2,398,029**	1,512,275	912,358	2,424,633
Accrued expenses	**1,009,473**	–	**1,009,473**	881,043	–	881,043
Deposits for registration	**155,870**	**1,122,795**	**1,278,665**	157,179	1,132,224	1,289,403
Accrued interest on bonds and loans (Notes 18 and 19)	**674,060**	–	**674,060**	358,754	–	358,754
Other payables	**501,609**	–	**501,609**	533,583	–	533,583
	₱13,117,027	**₱8,337,198**	**₱21,454,225**	₱13,164,864	₱10,063,314	₱23,228,178

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 10, 13 and 14). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others.

Accrued expenses account consists of:

	2020	2019
	(In Thousands)	
Suppliers and contractors	**₱937,183**	₱785,930
Professional fees	**40,848**	52,562
Payroll	**12,721**	20,065
Interest	**12,131**	12,897
Utilities	**4,423**	5,233
Other accruals	**2,167**	4,356
	₱1,009,473	₱881,043

"Other payables" pertain mainly to withholding taxes, output VAT payables and deferred income.

18. Loans Payable

This account consists of:

	2020	2019
	(In Thousands)	
Developmental loans from local banks	**₱38,233,885**	₱35,646,167
Less unamortized transaction costs	**128,862**	117,934
	38,105,023	35,528,233
Less current portion of loans payable	**8,866,369**	6,887,481
Long-term portion of loans payable	**₱29,238,654**	₱28,640,752

Developmental loans from local banks will mature on various dates up to 2025. These Peso-denominated loans bear floating interest rates equal to 91-day PDST-F rate and or PDST-R2 rate and or 3 months BVAL rate plus a spread, or fixed interest rates of 2.75% to 6.51% per annum. Additional loans availed by the Group in 2020, 2019 and 2018 amounted to ₱10.68 billion, ₱15.4 billion and ₱5.50 billion, respectively. These include availment of short term loans payable amounting to ₱1.5 billion and ₱500 million in 2020 and 2019, respectively. Principal payments made in 2020, 2019 and 2018 amounted to ₱8.22 billion, ₱4.84 billion and ₱3.84 billion, respectively. As of December 31, 2020 and 2019, short term loans payable, presented under current portion of loans payable amounted to ₱500.00 million.

As of December 31, 2020 and 2019, short term loans payable, presented under current portion of loans payable amounted to ₱500.00 million.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱2.59 billion, ₱1.59 billion and ₱1.25 billion for the years ended December 31, 2020, 2019, and 2018, respectively.

In 2020, transactions costs capitalized amounted to ₱40.05 million. Amortization of transaction costs amounted to ₱91.63 million, ₱26.85 million and ₱18.75 million in 2020, 2019 and 2018, respectively, and included under "Interest and other finance charges" (see Note 23).

The Group's loans payable is unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest. As of December 31, 2020 and 2019, the Group is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

19. Bonds Payable

This account consists of:

	2020	2019
	(In Thousands)	
Bonds payable	**₱31,800,000**	₱28,000,000
Less unamortized transaction costs	**136,472**	115,313
	31,663,528	27,884,687
Less current portion of bonds payable	**5,294,517**	4,294,644
Long-term portion of bonds payable	**₱26,369,011**	₱23,590,043

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2020, ₱4.30 billion of the related bonds payable was paid.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.43 million and ₱15.68 million of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of 'Interest and other finance charges' amounted to ₱8.25 million, ₱9.58 million and ₱10.07 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱12.77 million and ₱22.10 million as of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of "Interest and other finance charges" amounted to ₱9.33 million, ₱9.81 million and ₱10.36 million, respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of 8.00 billion comprising of 7.00 billion, 7-year fixed rate bonds due in 2022 and 1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum.



Unamortized debt issuance cost on bonds payable amounted to ₱26.37 million and ₱39.09 million as of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of "Interest and other finance charges" amounted to ₱13.83 million, ₱11.98 million and ₱11.33 million, respectively (see Note 23).

d. On July 7, 2017, CPI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017.

   Unamortized debt issuance cost on bonds payable amounted to ₱25.83 million and ₱38.45 million as of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of "Interest and other finance charges" amounted to ₱12.70 million, ₱12.61 million, and ₱12.77 million respectively (see Note 23).

e. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱64.07 million as of December 31, 2020. Accretion in 2020 included as part of "Interest and other finance charges" amounted to ₱2.20 million (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.43 billion, ₱1.67 billion and 1.93 billion for the years ended December 31, 2020, 2019 and 2018, respectively. Payments made on these bonds amounted to ₱4.3 billion, ₱7.0 billion and nil in 2020, 2019 and 2018, respectively.

The Group's loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.5x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for CPI bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2020 and 2019, the Group is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the the Policy.

In the event whrein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed aupon by the parties. As of December 31, 2020 and 2019, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2020				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱3,264,153	₱3,264,153	0.50% to 4.50%	No impairment	19 (a)
Interest income	27,148	–			
	₱3,291,301	₱3,264,153			
Accounts payable and accrued expenses (Note 17)					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
Noncurrent portion	-	(1,993,579)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
	(₱378,968)	(₱2,372,547)			
Ultimate Parent	₱35	₱128	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate - Pro-excel					
Management and service fees	4,962	80,823	Due within 30 days	Unsecured	(d)
Associate - DPI					
Other Income	10,136	71,034	Collectible on demand	No impairment	(d)
Associate - FMI					
Other Income	21	73,268	Collectible on demand	No impairment	(d)
	15,120	225,125			
Affiliates					
Rental income	7,192	–	Noninterest-bearing	Unsecured	(g)
Share in common expenses	(23,353)	121,868	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)	₱10,199	₱347,121			
Parent					
Share in Group expenses	₱18,873	(₱60,484)	Noninterest-bearing, payable on demand	Unsecured	(c)
Associate - FAI					
Rent	₱115,155	₱131	Noninterest-bearing, payable on demand	Unsecured	(h)
Share in other expenses	-	(3,891)	Noninterest-bearing, payable on demand	Unsecured	(d)

(Forward)

	2020				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Associate – CTI					
Service Fee	**₱41,203**	**(₱42,811)**	Due within 30 days	Unsecured	(d)
	₱156,359	**(₱46,571)**			
Affiliates	**(29,155)**	**(4,966)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties	**₱5,778**	**(₱112,021)**			

	2019				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱2,473,325	₱2,473,325	0.50% to 4.50%	No impairment	19 (a)
Interest income	49,834	–			
	₱2,523,159	₱2,473,325			
Accounts payable and accrued expenses (Note 17)					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
Noncurrent portion	–	(2,211,723)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
	(₱378,968)	(₱2,590,691)			
Ultimate Parent	₱85	₱93	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate - FAI					
Dividends (Note 12)	404,000	404,000	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Share in common expenses	24	83,752	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Associate – Pro-excel					
Management and service fees	15,260	79,529	Due within 30 days	Unsecured	(d)
Due from related parties	419,284	567,281			
Affiliates					
Rental income	7,192	–	Noninterest-bearing	Unsecured	(g)
Share in common expenses	(11,627)	120,293	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties	₱407,742	₱687,667			
Parent					
Share in common expenses	₱8,047	(₱18,068)	Noninterest-bearing, payable on demand	Unsecured	(c)
Associate – FAI					
Rent	106,552	-	Noninterest-bearing, payable on demand	Unsecured	(h)
Management fee	60,465	-	Noninterest-bearing, payable on demand	Unsecured	(d)
Share in other expenses	-	(2,404)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate - CTI					
Service Fees	40,152	(42,373)	Due within 30 days	Unsercured	(d)
	₱207,169	(₱44,777)			
Affiliates	26,726	(37,934)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties	₱241,942	(₱100,779)			

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, the same will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱38.29 million and ₱70.86 million as of December 31, 2020 and 2019, respectively, are maintained with EW (see Note 25). The Group also maintains cash and cash equivalents with EW.

On September 20, 2018, the Parent Company acquired a lot from a third party seller. Total consideration is payable on installment basis until 2022 (presented as "Accounts payable and accrued expenses"). On September 21, 2018, the third party seller entered into a Receivable Purchase Agreement with EW for the purchase of the remaining amounts receivable from the Parent Company amounting to ₱3.79 billion, on a without recourse basis. The amounts receivable from the Parent Company was sold to EW for a total consideration of ₱3.13 billion.

As of December 31, 2020 and 2019, the amounts payable to EW related to the above purchase of land amounted to ₱2.33 billion and ₱2.59 billion, respectively, and are presented as part of Accounts Payable under accounts payable and accrued expenses in the consolidated statement of financial position (see Note 17).

b. *Transactions with Ultimate Parent (ALG)*
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. *Transactions with Parent Company (FDC)*
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

In 2020, certain employees of FLI were transferred to FDC. The related retirement benefits of these employees amounting to ₱12.07 million as of December 31, 2020 was also transferred with a corresponding payable to the FDC (see Note 25).

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 23).



d. *Transactions with Associates*
Filinvest Alabang, Inc (FAI)
'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges. The account also includes dividend receivable amounting to nil and ₱404.00 million as of December 31, 2020 and 2019, respectively, declared by FAI both years 2020 and 2019 (see Note 12).

Pro-excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances

FMI
Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses.

CTI
Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

e. *Transactions with Affiliates*
Transactions with affiliate relates to sharing of common expenses paid by the Parent Company on their behalf.

CPI enterted into a service agreement with FDC Retail Electricity Sales whereby CPI shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

CPI also entered into a service agreement with Professional Operations Maintenance Experts Incorporated. whereby CPI shall engage and pay the services rendered by the latter to operate and maintain its equipment and premises.

CPI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the CPI's parking facilities.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱28.08 million, ₱34.17 million and ₱32.83 million in 2020, 2019 and 2018, respectively. Post-employment benefits of key management personnel amounted to ₱18.77 million, ₱22.41 million and ₱21.00 million in 2020, 2019 and 2018, respectively.

g. *Leases with related parties - Group as lessor*
Chroma Hospitality, Inc. (CHI) office lease with CPI
CHI leases the office space from CPI. The lease term is 10 years, renewable by another 5 years upon mutual agreement by the parties.

h. *Leases with related parties - Group as lessee*
The Group has several land lease transactions with related parties:
1. Mall lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

2. Land lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. . The lease term will expire on December 31, 2034.

3. FCMI lease with FMI
   FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

4. PDDC lease with FAI
   PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2020 and 2019, the amount included in lease liabilities payable to related parties is ₱5,566.3 million and ₱5,293.5 million, respectively (see Note 15).

21. General and Administrative Expenses

The account consists of:

	2020	2019	2018
		(In Thousands)	
Salaries, wages and employee benefits	**₱660,858**	₱743,321	₱755,603
Depreciation and amortization (Notes 13, 14, 15 and 16)	**440,796**	453,930	259,229
Taxes and licenses	**347,223**	355,007	359,340
Repairs and maintenance	**145,832**	147,475	150,709
Outside services	**158,808**	169,798	195,170
Electronic data processing charges	**87,230**	89,696	72,166
Entertainment, amusement and recreation	**81,024**	84,060	87,011
Transportation and travel	**75,503**	89,279	112,283
Retirement costs (Note 25)	**44,551**	82,541	66,744
Communications, light and water	**42,914**	44,573	52,884
Insurance	**33,487**	39,680	19,834
Dues and subscriptions	**19,824**	20,494	20,287
Parking operations	**16,209**	17,180	27,825
Rent (Note 20)	**14,229**	56,996	77,192
Office supplies	**11,749**	14,170	19,989
Reversal of expected credit losses	–	–	(21,400)
Others	**63,367**	66,523	67,194
	₱2,243,604	₱2,474,723	₱2,322,060

"Others" mainly consists of postage and freight charges, and other miscellaneous expenses.

22. Selling and Marketing Expenses

The account consists of:

	2020	2019	2018
		(In Thousands)	
Brokers' commissions	**₱618,337**	₱808,437	₱722,030
Selling, advertising and promotions	**279,249**	336,579	475,672
Service fees	**87,506**	190,826	136,722
Sales office direct costs	**85,222**	92,791	89,733
Salaries and wages	**5,360**	6,057	7,441
Corporate advertisements	**–**	1,967	1,279
Others	**2,600**	11,916	9,710
	₱1,078,274	₱1,448,573	₱1,442,587

23. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2020	2019	2018
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱347,224**	₱403,850	₱809,513
Cash and cash equivalents (Note 7)	**34,533**	18,955	64,438
Others (Note 25)	**22,385**	148,896	103,339
	₱404,142	₱571,701	₱977,290
Interest and other finance charges:			
Interest expense on loans and bonds payable, net of interest capitalized (Notes 18 and 19)	**2,603,346**	1,882,916	1,091,181
Interest expense on lease liabilities, net of interest capitalized (Note 15)	**396,531**	488,732	–
Amortization of transaction costs of loans and bonds (Notes 18 and 19)	**137,914**	70,835	77,350
Other finance charges (Note 25)	**51,671**	50,482	23,910
	₱3,189,462	₱2,492,965	₱1,192,441

24. Other Income

The account consists of:

	2020	2019	2018
		(In Thousands)	
Gain on deconsolidation (Notes 1 and 12)	**₱131,171**	₱–	₱–
Forfeited reservations and collections	**66,822**	367,151	326,853
Gain on sale of investment property (Note 13)	**65,308**	–	–
Service fees (Note 20)	**27,629**	104,577	133,823

(Forward)

	2020	2019	2018
		(In Thousands)	
Processing fees	₱25,054	₱67,271	₱62,634
Management, leasing and other fees (Notes 16 and 20)	9,423	83,556	105,777
Foreign currency exchange gain (loss) - net	1,010	2,554	465
Others (Note 20)	14,296	53,113	48,867
	₱340,713	₱678,222	₱678,419

25. Retirement Costs

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2020		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at January 1, 2020	₱583,298	₱70,856	₱512,442
Net benefit costs in profit or loss			
Current service cost (Note 21)	44,551	–	44,551
Net interest (Note 23)	24,411	2,285	22,126
	68,962	2,285	66,677
Benefits paid	(19,503)	(19,503)	–
Transfer out	(12,070)	–	(12,070)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(₱37,533)	(₱217)	(₱37,316)
Changes in financial assumptions	35,261	–	35,261
Return on plan assets, excluding amounts included in interest income	–	(15,125)	15,125
	(2,272)	(15,342)	13,070
	₱618,415	₱38,296	₱580,119

	2019		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
	(In Thousands)		
Balance as at January 1, 2019	₱653,475	₱55,072	₱598,403
Net benefit costs in profit or loss			
Current service cost (Note 21)	82,541	–	82,541
Net interest (Note 23)	25,046	1,982	23,064
	107,587	1,982	105,605
Benefits paid	(198)	(198)	–
Contribution	–	14,000	(14,000)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(₱177,566)	₱–	(₱177,566)
	₱583,298	₱70,856	₱512,442

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2020 and 2019, these placements are with EW (see Note 20). As of December 31, 2020 and 2019, the carrying amount of the plan assets approximates its fair value.

In 2020, certain employees of FLI were transferred to the Parent Company. The related retirement benefits of these employees amounting to ₱12.07 million as of December 31, 2020 was also transferred with a corresponding payable to the Parent Company (see Note 20).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2020	2019	2018
Discount rate	**3.70% - 4.10%**	5.19% - 8.00%	7.50% - 8.00%
Future salary increases	**3.00% - 8.00%**	5.00% - 8.00%	5.00% - 8.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

	Increase (Decrease)		Impact on DBO Increase (Decrease)	
	2020	2019	**2020**	2019
Salary rate	**13%**	1%	**65,113**	30,039
	(10%)	(1%)	**(50,672)**	(43,743)

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2020	2019
	(In Thousands)	
Less than one year	**₱60,089**	₱18,179
More than one year and up to five years	**113,477**	118,131
More than five years and up to 10 years	**217,869**	225,315

The Group does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

26. Equity

The details of the Parent Company's common and preferred shares as of December 31, 2020 and 2019 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	₱33,000,000	₱8,000,000
Par value per share	1	0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	–

In 2020, 2019 and 2018, there was no issuance of additional common shares.

Preferred Shares

As stated in the Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (PhP0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2020, 2019 and 2018. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.06544 per share or total of ₱1.57 billion for all common shareholders of record as of July 10, 2020. The Group has remaining unpaid cash dividend amounting to ₱49.0 million as of December 31, 2020.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.0006 per share or a total of ₱5.10 million for all preferred shareholders of record as of July 10, 2020. The Group also paid dividends amounting ₱42.4 million for dividends in arears for preferred shareholders.

On April 22, 2019, the BOD approved the declaration and payment of cash dividend of ₱0.0619 per share or total of ₱1.50 billion for all shareholders of record as of May 22, 2019. The Group has remaining unpaid cash dividend amounting to ₱18.65 million as of December 31, 2019.

On April 20,2018, the BOD approved the declaration and payment of cash dividend of ₱0.0618 per share or total of ₱1.50 billion for all shareholders of record as of May 20, 2018.

Retained Earnings

Retained earnings include undistributed earnings amounting to ₱10.56 billion and ₱8.17 billion as of December 31, 2020 and 2019, respectively, representing accumulated equity in net earnings of subsidiaries, which are not available for dividend declaration until declared as dividends by the subsidiaries.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2020 and 2019.

After reconciling items, the Parent Company's retained earnings available for dividend declaration as of December 31, 2020 and 2019 amounted to to ₱31.82 billion and ₱29.76 billion, respectively.

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, FLI's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019. The appropriation will cover the capital expenditure of the following projects:

Project	Location	Description	Amount	Estimated Completion Date
			(In Thousands)	
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

Capital Management

The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2020, 2019 and 2018.

The Group monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable, bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its debt-to-equity ratio:

	2020	2019
	(In Thousands)	
Loans payable (Note 18)	**₱38,105,023**	₱35,528,233
Bonds payable (Note 19)	**31,663,528**	27,884,687
Total long-term debt	**69,768,551**	63,412,920
Total equity	**74,378,943**	72,164,293
Debt-to-equity ratio	**0.94 : 1:00**	0.88 : 1:00

The Group is subject to externally imposed capital requirements due to loan covenants (see Notes 18 and 19).

On August 12, 1993, SEC approved the registration of ₱2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of ₱3.7 billion common shares with issue price of ₱1.60 per share.



Below is the summary of the outstanding number of common shares and holders of security as of December 31, 2020:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2019	24,249,759	5,699
Add/(deduct) movement	–	(9)
December 31, 2019	24,249,759	5,690
Add/(deduct) movement	–	(20)
December 31, 2020	**24,249,759**	**5,670**

**Exclusive of 220,949 treasury shares as of December 31, 2020 and 2019.*

27. Earnings Per Share

	2020	2019	2018
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent*	**₱3,728,343**	₱6,278,834	₱5,889,608
b. Weighted average number of outstanding common shares (after considering treasury shares)	**24,249,759**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.15**	₱0.26	₱0.24

**After deducting the dividends for preferred shareholders (Note 26)- 2020: ₱5.1 million, 2019: ₱4.8 million, 2018: ₱4.8 million*

There were no potential dilutive shares in 2020, 2019 and 2018.

28. Income Tax

Provision for income tax consists of:

	2020	2019	2018
	(In Thousands)		
Current	**₱596,530**	₱1,273,754	₱1,029,494
Deferred	**(176,141)**	481,214	673,015
	₱420,389	₱1,754,968	₱1,702,509

The components of the Group's deferred income tax assets follow:

	2020	2019
	(In Thousands)	
Advance rentals	**₱48,596**	₱41,729
Accrued retirement benefits	**21,945**	2,318
NOLCO	**11,864**	8,388
	₱82,405	₱52,435



The components of the Group's net deferred income tax liabilities follow:

	2020	2019
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱4,420,767**	₱4,328,205
Right-of-use-assets	**1,278,261**	1,278,683
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**2,917,843**	2,412,356
	8,616,871	8,019,244
Deferred income tax assets on:		
Lease liabilities	**(1,456,532)**	(1,358,056)
NOLCO	**(285,488)**	–
MCIT	**(111,947)**	–
Advance rentals	**(66,779)**	(84,994)
Accrued retirement benefits - charged to profit or loss	**(141,335)**	(24,005)
Remeasurement losses on retirement plan	**(15,876)**	(10,408)
Allowance for expected credit losses	**(9,835)**	(15,864)
Others	**(16,043)**	(13,304)
	(2,103,835)	(1,506,631)
	₱6,513,036	₱6,512,613

Provision for deferred income tax charged directly to other comprehensive income in 2020, 2019 and 2018 relating to remeasurement gain on defined benefit obligation amounted to ₱3.90 million and ₱53.27 million and ₱2.90 million, respectively.

The Group did not recognize deferred income tax assets on NOLCO of certain subsidiaries amounting to ₱322.36 million and ₱319.18 million as of December 31, 2020 and 2019, respectively, since management believes that their carryforward benefits may not be realized before they expire.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The MCIT recognized for the period ended December 31, 2020 amounting to ₱111.95 million can be claimed as deduction from income tax due until December 31, 2023.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2020	**₱1,103,515**	**December 31, 2025**
2019	95,495	December 31, 2022
2018	153,790	December 31, 2021
	₱1,352,800	

The following are the movements in NOLCO:

	2020	2019
	(In Thousands)	
At January 1	**₱347,141**	₱307,749
Addition	**1,103,515**	95,495
Applied/expired	**(97,856)**	(56,103)
At December 31	**₱1,352,800**	₱347,141

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2020	2019	2018
		(In Thousands)	
Income tax at statutory tax rate	**₱1,313,442**	₱2,482,430	₱2,333,515
Adjustments for:			
Income tax holiday incentive on sales of BOI-registered projects (Note 33)	**(147,751)**	(144,466)	(166,622)
Income covered by PEZA (Note 32)	**(436,779)**	(446,960)	(307,634)
Equity in net earnings of associates	**(154,935)**	(120,458)	(161,105)
Deductible expense - Optional Standard Deduction	**(166,919)**	(37,864)	(25,078)
Tax-exempt net income on socialized housing units	**(8,549)**	(14,292)	(2,314)
Income subjected to final tax	**(13,143)**	(23,968)	(23,470)
Interest on HGC-enrolled contracts receivables	**(1,936)**	(2,524)	(3 ,572)
Change in unrecognized deferred tax	**5,017**	7,577	6,249
Nondeductible interest expense	**23,446**	5,137	4,582
Other nondeductible expenses	**8,496**	50,356	47,958
	₱420,389	₱1,754,968	₱1,702,509

As of December 31, 2020, the proposed "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" is being reviewed by the House of Representatives and the Senate. The said act aims to:

a. Improve the equity and efficiency of the corporate tax system by lowering the rate, widening the tax base, and reducing tax distortions and leakages;
b. Develop, subject to the provisions of this Act, a more responsive and globally-competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent;
c. Provide support to businesses in their recovery from unforeseen events such as an outbreak of communicable diseases or a global pandemic and strengthen the nation's capability for similar circumstances in the future; and
d. Create a more equitable tax incentive system that will allow for inclusive growth and generation of jobs and opportunities in all the regions of the country and ensure access and ease in the grant of these incentives especially for applicants in least developed areas.



As of December 31, 2020, the Group is still evaluating the potential impact of the CREATE bill in its consolidated financial statements.

29. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2020				
			Fair Value		
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱9,425	₱9,425	₱9,425	₱–	₱–
Unquoted	6,197	6,197	–	–	6,197
	₱15,622	₱15,622	₱9,425	₱–	₱6,197
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses (Note 17)					
Accounts payable	₱12,228,785	₱11,705,923	₱–	₱–	₱11,705,923
Retention fee payable	2,398,029	2,295,498	–	–	2,295,498
Deposits for registration	1,278,665	1,223,994	–	–	1,223,994
	15,905,475	15,225,416	–	–	15,225,416
Lease liabilities (Note 15)	6,152,960	8,723,939	–	–	8,723,939
Loans payable (Note 18)	38,105,023	41,329,195	–	–	41,329,195
Bonds payable (Note 19)	31,663,528	32,125,459	–	–	32,125,459
	₱91,826,991	₱97,404,009	₱–	₱–	₱97,404,009

	2019				
			Fair Value		
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱6,545	₱6,545	₱6,545	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	₱15,622	₱15,622	₱6,545	₱–	₱9,077
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses (Note 17)					
Accounts payable	₱13,532,158	₱12,953,559	₱–	₱–	₱12,953,559
Retention fee payable	2,424,633	2,320,965			2,320,965
Deposits for registration	1,289,403	1,234,272	–	–	1,234,272
	17,246,194	16,508,796	–	–	16,508,796
Lease liabilities (Note 15)	5,870,064	8,322,837	–	–	8,322,837
Loans payable (Note 18)	35,528,233	33,564,399	–	–	33,564,399
Bonds payable (Note 19)	27,884,687	25,463,323	–	–	25,463,323
	₱86,529,178	₱83,859,355	₱–	₱–	₱83,859,355

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rates used was 11.5% - 19% in 2020 and 2019.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used was 4.28% in 2020 and 2019.

- *Long-term debt (lease liabilities, loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

  Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 2.88% to 6.51% and 3.80% to 6.50% as of December 31, 2020 and 2019, respectively.

During the years ended December 31, 2020, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:
- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. In order to cover its financing requirements, the Group uses both internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2020 and 2010, the Group has undrawn short-term credit lines amounting ₱4.82 billion and ₱1.53 billion, respectively, and undrawn long-term credit facilities amounting ₱5.20 billion and ₱28.31 billion, respectively.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2020 and 2019 based on contractual undiscounted payments.

	2020						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱4,615,670	₱1,734,055	₱948,949	₱2,452,914	₱2,477,197	₱–	₱12,228,785
Retention fees payable	675,435	675,048	145,199	12,425	567,191	322,731	2,398,029
Deposits for registration	–	378	155,492	569,341	224,251	329,203	1,278,665
Accrued expenses	1,009,473	–	–	–	–	–	1,009,473
Accrued interest on bonds and loans	674,060	–	–	–	–	–	674,060
	6,974,638	2,409,481	1,249,640	3,034,680	3,268,639	651,934	17,589,012
Due to Related Parties	112,021	–	–	–	–	–	112,021
Loans Payable	–	2,571,907	7,715,721	14,660,280	17,001,920	–	41,949,828
Bonds Payable	–	1,650,901	4,952,702	23,367,717	3,030,174	1,786,543	34,788,037
Lease liabilities	–	84,290	261,232	1,132,762	844,363	27,399,979	29,722,627
	₱7,086,659	₱6,732,090	₱14,217,465	₱41,885,007	₱23,724,749	₱32,832,140	₱126,478,111

	2019						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱5,107,625	₱1,918,874	₱1,050,089	₱2,714,349	₱2,741,221	₱–	₱13,532,158
Retention fees payable	682,928	682,537	146,810	12,563	573,484	326,311	2,424,633
Deposits for registration	-	381	156,798	574,121	226,135	331,968	1,289,403
Accrued expenses	881,043	–	–	–	–	–	881,043
Accrued interest on bonds and loans	358,754	–	–	–	–	–	358,754
	7,030,350	2,601,792	1,353,697	3,301,033	3,540,840	658,279	18,485,991
Due to Related Parties	100,779	–	–	–	–	–	100,779
Loans Payable	–	2,309,609	6,928,828	11,356,672	18,219,873	–	38,814,982
Bonds Payable	–	1,373,912	4,121,735	13,768,052	10,830,625	1,031,903	31,126,226
Lease liabilities	–	81,331	247,182	1,083,348	809,348	27,829,931	30,051,139
	₱7,131,129	₱6,377,635	₱12,681,226	₱29,216,238	₱32,507,151	₱32,475,248	₱120,935,767

The tables below summarize the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31, 2020 and 2019:

	2020						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱3,886,911**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,886,911**
Cash equivalents	**–**	**2,806,646**	**–**	**–**	**–**	**–**	**2,806,646**
Contracts receivable							
Contracts receivable	**3,963,551**	**–**	**–**	**–**	**–**	**–**	**3,963,551**
Receivables from government and financial institutions	**193,388**	**–**	**–**	**–**	**–**	**–**	**193,388**
Other receivables							
Receivable from tenants – net	**2,456,107**	**–**	**–**	**–**	**–**	**–**	**2,456,107**
Due from related parties	**347,121**	**–**	**–**	**–**	**–**	**–**	**347,121**
Receivable from homeowners' associations - net	**230,189**	**–**	**–**	**–**	**–**	**–**	**230,189**
Receivable from buyers	**43,174**	**–**	**–**	**–**	**–**	**–**	**43,174**
Others	**23,125**	**–**	**–**	**–**	**–**	**–**	**23,125**
Short-term deposits	**–**	**–**	**9,955**	**–**	**–**	**–**	**9,955**
	11,143,566	**2,806,646**	**9,955**	**–**	**–**	**–**	**13,960,167**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	**–**	**9,425**	**–**	**–**	**–**	**–**	**9,425**
Unquoted	**–**	**6,197**	**–**	**–**	**–**	**–**	**6,197**
	–	**15,622**	**–**	**–**	**–**	**–**	**15,622**
Total financial assets	**11,143,566**	**2,822,268**	**9,955**	**–**	**–**	**–**	**13,975,789**
Contract Assets	**–**	**1,254,899**	**4,145,430**	**1,363,970**	**935,151**	**1,234,612**	**8,934,062**
	₱11,143,566	**₱4,077,167**	**₱4,155,385**	**₱1,363,970**	**₱935,151**	**₱1,234,612**	**₱22,909,851**

	2019						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,321,835	₱–	₱–	₱–	₱–	₱–	₱2,321,835
Cash equivalents	–	2,451,786	–	–	–	–	2,451,786
Contracts receivable							
Contracts receivable	1,253,612	–	–	–	–	–	1,253,612
Receivables from government and financial institutions	192,580	–	–	–	–	–	192,580
Other receivables							
Receivable from tenants - net	1,742,836	–	–	–	–	–	1,742,836
Due from related parties	687,667	–	–	–	–	–	687,667
Receivable from homeowners' associations - net	155,226	–	–	–	–	–	155,226
Receivable from buyers	139,875	–	–	–	–	–	139,875
Others	38,893	–	–	–	–	–	38,893
Short-term deposits	–	–	47,685	–	–	–	47,685
	6,532,524	2,451,786	47,685	–	–	–	9,031,995
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,545	–	–	–	–	6,545
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,622	–	–	–	–	15,622
Total financial assets	6,532,524	2,467,408	47,685	–	–	–	9,047,617
Contract Assets	–	1,330,175	4,668,246	3,702,194	1,440,424	1,974,703	13,115,742
	₱6,532,524	₱3,797,583	₱4,715,931	₱3,702,194	₱1,440,424	₱1,974,703	₱22,163,359

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract receivables and contract assets using a provision matrix:

		2020				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
			(In Thousands)			
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱13,091,002**	**₱442,089**	**₱1,800,133**	**₱2,688,198**	**₱6,770,394**	**₱1,390,188**

		2019				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
			(In Thousands)			
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱10,842,955	₱232,838	₱1,544,481	₱1,888,517	₱5,738,541	₱1,438,578

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2020 and 2019. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2020 and 2019, the analysis of contracts receivable that were past due but not impaired is as follows:

	Past due but not impaired					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2020	**₱440,937**	**₱397,852**	**₱370,753**	**₱255,163**	**₱2,498,846**	**₱3,963,551**
2019	–	218,222	474,478	560,912	–	1,253,612

There is no concentration risk on the Group's financial assets as of December 31, 2020 and 2019.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's financial instruments affected by market risk include loans payable and cash and cash equivalents.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2020	**+200**	**₱119,591**
	-200	**(119,591)**
2019	+200	49,734
	-200	(49,734)

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a two hundred basis point upward or downward fluctuation. The Group, used as basis of these assumptions, the annual percentage change of three-month PDST-F rate for the past five years as obtained from Philippine Dealing and Exchange Corp. (PDEx). Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2020 and 2019

The following tables set out the carrying amount, by maturity, of the Group's loans payable that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	Below 1 Year	1-2 Years	>2 years but <3 years	3 years to 4 years	Over 4 years	Total
As of December 31, 2020	**₱1,743,021**	**₱1,092,034**	**₱455,569**	**₱1,442,390**	**₱1,246,550**	**₱5,979,564**
As of December 31, 2019	–	–	–	1,986,764	500,000	2,486,764

31. Contingencies and Commitments

Contingencies
The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Build, Transfer and Operate (BTO) Agreement with Cebu Province
In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 16).

Capital Commitments and Obligations
The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱5,765.02 million and ₱4,783.44 million as of December 31, 2020 and 2019, respectively. These will be recognized as liabilities in the Group's consolidated financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. As of December 31, 2020 and 2019, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the consolidated statement of financial position (see Note 16).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the Clark Green City Project (see Note 1). The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 13).

On March 16, 2016, FCGC and BCDA incorporated Filinvest BCDA Clark Inc. (FBCI) with an initial authorized capital stock of One Million Pesos (₱1,000,000) divided into One Million (1,000,000) common shares with par value of One Peso per share.

On March 29, 2017 and May 17, 2017, FBCI's Board of Directors (BOD) and stockholders, respectively, approved the Company's application for the increase in the authorized capital stock. On September 28, 2018, the SEC approved the increase in the authorized capital stock of FBCI from ₱ 1,000,000 divided into 1,000,000 shares at ₱1.00 par value per share to ₱1,000,000,000 divided into 1,000,000,000 shares at ₱1.00 par value per share. FCGC subscribed 282,880,000 shares at par value amounting to ₱282,880,000, out of which ₱267,330,000 shares at is still unpaid. On the other hand, BCDA subscribed 231,000,000 shares amounting ₱231,000,000 and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the CGC project will be developed. The value of the DUR approved by the SEC amounted to ₱231,000,000, which is equal to BCDA's subscription on the increase in authorized capital stock. FCGCC and BCDA subscribed pro rata on the increase in authorized capital stock based on their existing ownership interest. The DUR was recorded in FBCI's books as of December 31, 2020 and 2019 under investment properties.



32. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and CPI were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, CPI was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

33. Registration with the Board of Investments (BOI)

The Group has registered the following New Developer of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) and are un-expired as of December 31, 2020:

Name	Reg. No.	Date Registered
Ventura Real Ph 01	2017-298	11/08/2017
New Fields	2018-016	01/22/2018
Futura Homes Palm Estates Ph 1	2018-156	07/20/2018
Futura Homes Zamboanga Ph1A	2018-200	09/24/2018
New Leaf	2019-054	03/20/2019
Sandia Homes 2	2019-136	07/25/2019
8 Spatial Davao Bldg 5	2019-182	09/26/2019
Marina Spatial Bldg 2	2019-259	12/02/2019



As a registered enterprise, the Group is entitled to certain tax and nontax incentives, subject to certain conditions.

34. Notes to Statements of Cash Flows

The Group's noncash activities are as follows:

a) Land and land developments previously presented under inventories were reclassified to investment property amounting to ₱0.07 million (see Notes 10 and 13).
b) Lots, condominium and residential units for sale presented under inventories were reclassified to investment property amounting to ₱249.76 million (see Notes 10 and 13).
c) Addition to investment in associate due to loss of control amounting to ₱90.0 million (see Note 12).
d) Reclassification from investment property to property, plant and equipment amounting to ₱39.71 million (see Notes 13 and 14).
e) Reclassification from investment property to real estate inventories amounting to ₱153.28 million (see Notes 10 and 13).
f) Reclassification of property, plant and equipment to real estate inventories amounting to ₱55.65 million (see Notes 10 and 14)
g) Purchases of inventories, investment properties and property and equipment for the year which remain unpaid amounted to ₱2.9 million, ₱1.64 billion and ₱2.18 million, respectively (see Notes 10, 13 and 14).
h) Additions to right-of-use assets and lease liability for a contract between FLI and FAI on December 2020 amounting to ₱96.17 million. (See Notes 13 and 20).
i) Decrease in property, plant and equipment amounting to ₱34.45 million due to the deconsolidation of DPI. (see Notes 12 and 14).
j) Increase in due to related party and decrease in retirement liabilities amounting to ₱12.07 million due to transfers of certain employess to FDC (see Note 25).
k) The Group has remaining unpaid cash dividend amounting to ₱49 million out of the ₱1.76 billion declared in 2020 (see Note 26).
l) Total accretion of interest in 2020 for loans and bonds payable amounted to ₱91.6 million and ₱46.2 million, respectively (see Notes 18 and 19).
m) In 2020, deposits previously held in escrow amounting to ₱281.9 million for the purchase of a parcel of land has been transferred to land and land development costs (see Notes 10 and 16)

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2020			
	January 1, 2020	Cash flows	Noncash movement	December 31, 2020
		(In Thousands)		
Loans payable	₱35,528,233	₱2,460,035	₱116,755	₱38,105,023
Bonds payable	27,884,687	3,757,682	21,159	31,663,528
Accrued interest	358,754	(3,917,635)	4,244,961	686,080
Dividends payable	18,655	(1,588,558)	1,618,904	49,001
Lease liabilities	5,870,064	(317,948)	600,844	6,152,960
Due to related parties	100,779	(828)	12,070	112,021
	₱69,761,172	₱392,748	₱6,614,693	₱76,768,613

	2019			
	January 1, 2019	Cash flows	Noncash movement	December 31, 2019
		(In Thousands)		
Loans payable	₱24,948,473	₱10,559,337	₱20,423	₱35,528,233
Bonds payable	34,834,266	(7,000,000)	50,421	27,884,687
Accrued interest	358,433	(3,260,571)	3,260,892	358,754
Dividends payable	–	(1,482,405)	1,501,060	18,655
Lease liabilities	–	(295,937)	6,166,001	5,870,064
Due to related parties	181,271	(80,492)	–	100,779
	₱60,322,443	(₱1,560,068)	₱10,998,797	₱69,761,172

'Noncash movement' column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable, dividend declaration and share in the net income of noncontrolling interest.

35. Events after the Reporting Date

On March 9, 2021, the Parent Company's BOD has approved the initial public offering of the common shares of CPI (the Issuer), subject to the registration requirements of the SEC, the listing requirements of the PSE and requirments of the revised implementing rules and regulations of the REIT Act of 2009, under the following terms:

a. The offer and sale of up to 1,630,762,905 common shares of the Issuer owned by FLI (the "Secondary Offer Shares") to be offered by way of a secondary offer at an offer price of up to ₱8.30 per share which represent at least one third of the outstanding capital stock of the Issuer after the increase in its authorized capital stock to seven billion one hundred thirty one million eight hundred forty nine thousand pesos (₱7,131,849,000) divided into fourteen billion two hundred sixty three million six hundred ninety eight thousand (14,263,698,000) common shares with a par value of fifty centavos (Php0.50) per share;

b. The grant by FLI of an over-allotment option pursuant to which a stabilizing agent or its relevant affiliate has the right to purchase up to 163,076,291 common shares of the Issuer owned by FLI (the "Option Shares") under the same terms and conditions as the Secondary Offer Shares (the Secondary Offer Shares and the Option Shares are collectively the "Offer Shares").

The Group considers this event as a non-adjusting subsequent event, accordingly, no adjustments have been made to the consolidated financial statements as of and for the year ended December 31, 2020.

36. Other Matters

COVID-19 Pandemic

In a move to contain the COVID-19 pandemic in the Philippines, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an ECQ throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to

May 15, 2020. The ECQ shifted to modified enhanced community quarantine (MECQ) until May 31, 2020 and to general community quarantine (GCQ) for NCR and certain provinces until the first part of the third quarter. Subsequently, MECQ was once again imposed on select areas including Metro Manila and a few other provinces in the National Capital Region from August 4 to 18, 2020 then back again to GCQ until December 31, 2020. On January 1, 2021, the Office of the President issued a Memorandum from the Executive Secretary placing the NCR and other highly urbanized cities and independence component cities under GCQ and MGCQ until January 31, 2021, which was further extended until February 28, 2021 and March 31, 2021 for certain parts of the country, including the NCR.

The Group continues to abide by and comply with all rules and regulations issued by the government in relation to the COVID-19 pandemic. In line with applicable rules and regulations, the said risks are mitigated by business continuity strategies set in place by the Group. Measures currently undertaken by the Group to mitigate the risks of COVID-19 pandemic on its operations include workfrom-home arrangements, proper and frequent sanitation of office premises, cancellation of large group meetings in person, an internal ban on foreign business travel, and the practice of social distancing through remote communication, among others.

The quarantine restrictions and recent social distancing guidelines limit the operations of malls and construction completion. Despite the challenges, the Group prioritized easing the burden of its customers by providing payment grace periods or rental relief. Past efforts in process improvement and digitalization allowed the company to operate efficiently and effectively to continue to serve customers. Operations have adjusted to the pandemic from digital marketing and online selling processes to the continued communication with the buyers and homeowners through the online service desk. As of date, estimate of the impact cannot be made.

The Group is taking a two-pronged strategy of (i) expanding the investment property portfolio and (ii) prudent residential development focusing on the end-user, affordable and middle-income markets. The company is concentrating on the completion of its key projects, particularly office buildings which continue to be in demand and selected residential developments across the country.



SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 9, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Accreditation No. 118546-SEC (Group A),
Valid to cover audit of 2019 to 2023
financial statements of SEC covered institutions
Tax Identification No. 248-679-852
BIR Accreditation No. 08-001998-137-2020,
January 31, 2020, valid until January 30, 2023
PTR No. 8534358, January 4, 2021, Makati City

March 9, 2021

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (other than related parties)
C	Amounts Receivables (Payables) from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Asset - Other Assets
E	Long-term debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Capital Stock
I	Retained Earnings Available for Dividend Distribution
J	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries

SCHEDULE A

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2020

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2020:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVOCI				
Quoted:				
Philippine Long Distance Telephone Company	26,100	₱348	₱348	₱–
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	–
		6,545	6,545	–
Unquoted:				
The Palms Country Club, Inc.	1,000	₱3,060	₱3,060	₱–
Cebu Country Club	1	6,017	6,017	–
		9,077	9,077	–
		₱15,622	₱15,622	₱–

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

SCHEDULE B

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2020

As of December 31, 2020, there were no advances to employees of the Group with balances above ₱1.0 million.

Related Party Transactions

Due from related parties

Below is the list of outstanding receivables from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2020 (amounts in thousands):

	Relationship	Nature	Balance as of December 31, 2020
FOR A Services, Inc.	Affiliate	A	₱90,314
Pro-excel Property Management, Inc.	Associate	A	80,823
Filinvest Mimosa, Inc.	Associate	A, C	73,268
Dreambuilders Pro, Inc.	Associate	A	71,034
East West Banking Corporation	Affiliate	A	20,714
Davao Sugar Central Corp.	Affiliate	A	5,802
Countrywide Water Services, Inc.	Affiliate	A	1,766
Princesa Seascapes, Inc.	Affiliate	A	1,246
Filinvest Hospitality Corporation	Affiliate	A	991
AG Foundation, Inc.	Affiliate	A	572
GCK Realty	Affiliate	C	235
ALG Holdings, Corp	Ultimate Parent	A	128
FDC Utilities, Inc.	Affiliate	A	102
Mimosa Cityscapes, Inc.	Affiliate	A	63
Propel Realty Corp	Affiliate	A	29
FDC – Misamis Power Corp.	Affiliate	A	13
FDC Forex Corp.	Affiliate	A	6
Seascape Residence Club, Inc.	Affiliate	A	5
Boracay Seascapes Resort, Inc.	Affiliate	A	4
Duawon Seascapes Resort Inc.	Affiliate	A	3
Dumaguete Cityscapes, Inc.	Affiliate	A	1
Dauin Seascapes, Inc.	Affiliate	A	1
Princesa Seascapes	Affiliate	A	1
			₱347,121

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

a. Expenses – these pertain to the share of the related parties in various common selling and marketing and general and administrative expenses.
b. Management and marketing fee
c. Reimbursable commission expense

SCHEDULE C

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE (PAYABLES) FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS DECEMBER 31, 2020

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2020. All are noninterest-bearing and to be settled within the year (amounts in thousands):

		Volume of Transactions	Receivable (Payable)
Property Maximizer Professional Corporation	Share in Expenses	(₱36,931)	₱113,917
	Marketing Fee Expenses	21,084	
Filinvest AII Philippines, Inc.	Share in expenses	99,283	15,665
Homepro Realty Marketing, Inc.	Share in expenses	4,013	795,354
Leisurepro, Inc.	Share in expenses	31	6,454
Property Leaders International, Ltd.	Share in expenses	-	111
Proleads Philippines, Inc.	Share in expenses	7,861	25,958
Realpros Philippines, Inc.	Share in expenses	4,486	14,908
Dreambuilders Pro, Inc.	Share in expenses	(35,603)	71,239
Property Specialist Resources, Inc.	Share in expenses	7,842	7,865
Festival Supermall, Inc. (Management)	Share in expenses	6,891	(3,610)
FSM Cinemas, Inc.	Share in expenses	12,933	239
Filinvest Lifemalls Corporation	Share in expenses	(49,995)	(49,993)
Filinvest Lifemalls Tagaytay, Inc.	Share in expenses	(736,743)	542,747
Timberland Sports and Nature Club	Share in expenses	(13,626)	2,875
Cyberzone Properties, Inc.	Share in Expenses	914,257	9,493,865
	Sale of Asset	234,891	
	Dividend Income	7,627,713	
	Rental Income	304,191	
Filinvest Cyberparks, Inc.	Share in expenses	984,360	13,824
Filinvest Clark Green City Corporation	Share in expenses	(18,509)	–
Filinvest BCDA Clark, Inc.	Share in expenses	8,413	11,576
Filinvest Lifemalls Mimosa, Inc.	Share in expenses	–	210
Filinvest Cyberzone Mimosa, Inc.	Share in expenses	184,800	2,877,436
Filinvest Asia Corporation	Share in expenses	8	(5)
Philippine DCS Development Corporation	Share in expenses	(1,905)	118
Gintong Parisukat Realty & Devt Corp.	Share in expenses	5,026	12,247
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	1	2
		₱9,534,772	₱13,953,002

The table below shows the movement of the receivables (payables) from related parties:

Name	Balance at beginning of year	Additions	Collections	Balance as of December 31, 2020
Property Maximizer Professional Corporation	₱129,764	₱–	(₱15,847)	₱113,917
Filinvest AII Philippines, Inc.	(83,618)	(20,000)	119,283	15,665
Homepro Realty Marketing, Inc.	791,341	4,013	–	795,354
Leisurepro, Inc.	6,423	31	–	6,454
Property Leaders International, Ltd.	111	–	–	111
Proleads Philippines, Inc.	18,097	7,916	(55)	25,958
Realpros Philippines, Inc.	10,422	4,486	–	14,908
Dreambuilders Pro, Inc.	106,842	100,245	(135,848)	71,239
Property Specialist Resources, Inc.	23	8,017	(175)	7,865
Festival Supermall, Inc. (Management)	(10,501)	–	6,891	(3,610)
FSM Cinemas, Inc.	(12,694)	–	12,933	239
Filinvest Lifemalls Corporation	2	–	(49,995)	(49,993)
Filinvest Lifemalls Tagaytay, Inc.	1,279,490	–	(736,743)	542,747
Timberland Sports and Nature Club	16,501	–	(13,626)	2,875
Cyberzone Properties, Inc.	412,813	9,081,052	–	9,493,865
Filinvest Cyberparks, Inc.	(970,536)	(4,049)	988,409	13,824
Filinvest Clark Green City Corporation	18,509	206,115	(224,624)	-
Filinvest BCDA Clark, Inc.	3,163	8,413	–	11,576
Filinvest Lifemalls Mimosa, Inc.	210	–	–	210
Filinvest Cyberzone Mimosa, Inc.	2,692,636	184,800	–	2,877,436
Filinvest Asia Corporation	(13)	8	–	(5)
Philippine DCS Development Corporation	2,023	83	(1,988)	118
Gintong Parisukat Realty & Devt Corp.	7,221	5,026	–	12,247
ProOffice Works Services, Inc. (ProOffice)	1	1	–	2
	₱4,418,230	₱9,586,157	(₱51,385)	₱13,953,002

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

SCHEDULE D

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2020

As of December 31, 2020, the Group's intangible assets consist of Goodwill. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of two major assets consisting of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	₱4,567,242

SCHEDULE E

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2020

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
Developmental loans			
Short Term Loan (90 days) obtain in November 25, 2020 with interest of 4.3819% payable in quarterly in arrears. The principal in payable at maturity on February 23, 2021	998,767	998,767	–
Short term loan obtained in August 2020 with interest rate equal to 3.7050% per annum, payable quarterly in arrears. The principal is payable at maturity in August 2021.	497,661	497,661	–
Unsecured loan obtained in July 2020 with interest rate equal 5.4101% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in October 2025.	993,332	–	993,332
Unsecured loan obtained in July 2020 with interest rate equal 5.4898% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in October 2025.	993,163	–	993,163
Unsecured loan obtained in July 2020 with interest rate equal 5.4121% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in October 2025.	198,631	–	198,631
Unsecured loan obtained in May 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in May 2025.	278,136	–	278,136
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	198,700	–	198,700
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in July 2022 and 50% is payable at maturity in April 2025.	298,088	–	298,088
Unsecured loan obtained in April 2020 with interest rate equal to 4.91% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	500,000	–	500,000
Unsecured loan obtained in February 2020 with interest rate equal to 5.02% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in February 2025.	298,098	–	298,098
Unsecured loan obtained in March 2020 with interest rate equal to 5.55% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	198,704	–	198,704
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	372,735	–	372,735
Unsecured loan obtained in March 2020 with interest rate equal to 5.5072% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	496,746	–	496,746

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
Unsecured loan obtained in March 2020 with interest rate equal to 5.5470% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	496,759	–	496,759
Unsecured loan obtained in March 2020 with interest rate equal to 5.5470% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	198,725	–	198,725
Unsecured loan obtained in January 2020 with interpoted rate of 5.08% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in October 23 2024.	993,875	–	993,875
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	422,397	–	422,397
Unsecured loan obtained in January 2020 with interest rate equal to 5.32% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting April 2022 and the reamining 50% balance is payable in January 2025.	500,000	–	500,000
Unsecured loan obtained in June 2016 with interest rate equal 3.91% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting September 2018 and the remaining 50% balance is payable in June 2021.	291,667	291,667	–
Unsecured loan obtained in July 2016 with interest rate equal to 3.81% per annum (fixed for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortization to commence in October 2018 and 50% is payable at maturity in July 2021.	218,750	218,750	–
Unsecured loan obtained in July 2014 with interest rate equal to 4.88% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in October 2016 and 50% is payable at maturity in July 2021.	402,500	402,500	–
Unsecured loan obtained in June 2019 with interest rate equal to 91-day Bloomberg Valuation Service Rate (BVAL Rate) plus margins, payable quarterly in arrears. The 50% principal is payable in 12 equal quarterly amortizations to commence on September 2021 and 50% payable at maturity on June 2024.	500,000	83,333	416,667
Unsecured loan obtained in November 2016 with interest rate equal to 4.75% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	350,000	50,000	300,000
Unsecured loan obtained in December 2019 with interest rate equal to 5.06% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting March 2022 and the reamining 50% balance is payable in December 2024.	300,000	–	300,000
Unsecured loan obtained in October 2019 with interest rate equal to 5.18% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting January 2022 and the reamining 50% balance is payable in October 2024.	500,000	–	500,000
Unsecured loan obtained in September 2019 with interest rate equal to 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal	300,000	–	300,000

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
installments starting December 2021 and the reamining 50% balance is payable in September 2024.			
Unsecured loan obtained in July 2014 with interest rate equal to 4.88% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in October 2016 and 50% is payable at maturity in July 2021.	345,000	345,000	–
Unsecured loan obtained in February 2016 with interest rate equal to 5.10% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in May 2018 and 50% is payable at maturity in February 2021.	108,317	108,317	–
Unsecured loan obtained in March 2017 with interest rate equal to 5.00% per annum (fixed rate for 5 years). The 50% principal is payable in 12 equal amortization to commence in June 2019 and 50% is payable at maturity in March 2022.	353,542	82,833	270,708
Unsecured loan obtained in May 2016 with interest rate equal to 4.35% per annum (fixed rate for 5 years). The 50% of principal is payable in 12 equal amortization to commence in August 2018 and 50% is payable at maturity in May 2021.	233,200	233,200	–
Unsecured loan obtained in December 2016 with interest rate equal to 5.45% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% principal is payable in 16 equal amortizations to commence in March 2020 and 50% is payable at maturity in December 2023.	174,619	24,857	149,762
Unsecured loan obtained in December 2017 with interest rate equal to 5.46% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in March 2020 and 50% is payable at maturity in December 2022.	332,533	66,267	266,267
Unsecured loan obtained in June 2018 with interest rate equal to 6.37% per annum (fixed rate for 5 years). 6% of the principal balance is payable at 12 equal quarterly amortization to commence on September 2020 and 94% is payable maturity on June 2023.	493,188	9,250	483,938
Unsecured loan obtained in October 2016 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2021.	999,160	999,160	–
Unsecured loan obtained in June 2019 with interpolated rate of 5.05%, payable quarterly in arrears. The principal is payable at maturity on June 2024.	1,989,181	2,907	1,986,274
Unsecured loan obtained in October 2016 with interest rate equal to 4.47% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	559,782	69,913	489,869
Unsecured loan obtained in September 2016 with interest rate equal to 3.87% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortizations to commence in December 2018 and 50% is payable at maturity in September 2021.	499,592	499,592	–
Unsecured loan obtained in October 2016 with interest rate equal to 4.21% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	1,039,502	129,801	909,700
Unsecured loan obtained in June 2017 with interest rate equal to 5.76% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 15 equal quarterly amortizations to commence in September 2020 and 50% is payable at maturity in June 2024.	465,545	66,285	399,260

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
Unsecured loan obtained in November 2016 with interest rate equal to 5.20% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	437,347	62,440	374,908
Unsecured loan obtained in June 2016 with interest rate equal to 3.90% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in June 2021.	999,500	999,500	–
Unsecured loan obtained in June 2019 with interpoted rate of 4.99% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,990,078	163,258	1,826,820
Unsecured loan obtained in December 2016 with interest rate equal to 4.94% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	149,841	149,841	–
Unsecured loan obtained in May 2016 with interest rate equal to 4.29% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in May 2021.	999,605	999,605	–
Unsecured loan obtained in June 2019 with interpoted rate of 4.84% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	2,985,103	244,875	2,740,228
Unsecured loan obtained in December 2016 with interest rate equal to 4.94% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	499,457	499,457	–
Unsecured loan obtained in June 2017 with interest rate equal to 5.07% per annum (fixed rate for 5 years), payable quarterly in arrears. The 3% principal is payable in three (3) annual amortizations to commence in June 2019 and 97% is payable at maturity in June 2022.	978,432	8,930	969,502
Unsecured loan obtained in June 2019 with interpoted rate of 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,990,036	163,260	1,826,777
Unsecured loan obtained in July 2018 with interest rate equal to 6.51% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in October 2020 and 50% is payable at maturity in July 2023.	1,433,108	247,874	1,185,234
Unsecured loan obtained in June 2018 with interest rate equal to 6.20% per annum (fixed rate for 5 years). The principal is payable at maturity in June 2023.	1,494,040	2,431	1,491,608
Unsecured loan obtained in October 2019 with interest rate equal to 4.98% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2024.	497,052	715	496,338
Unsecured loan obtained in September 2019 with interest rate equal to 5.30% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	994,238	1,445	992,793
Unsecured loan obtained in September 2019 with interest rate equal to 5.11% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	994,269	1,446	992,823

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
Unsecured loan obtained in March 2016 with interest rate equal to 5.74% per annum (fixed rate for 7 years). The 50% of principal balance is payable in 20 equal quarterly amortizations to commence in June 2018 and 50% is payable at maturity in March 2023.	144,690	19,857	124,833
Unsecured loan obtained in September 2016 with interest rate equal to 3.80% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in December 2018 and 50% is payable at maturity in September 2021.	46,825	46,825	–
Unsecured loan obtained in February 2017 with interest rate equal to 4.65% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in May 2019 and 50% is payable at maturity in February 2022.	70,725	16,567	54,158
Unsecured loan obtained in July 2017 with interest rate equal to 4.78% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in October 2019 and 50% is payable at maturity in July 2022.	138,279	28,992	109,288
Unsecured loan obtained in March 2017 with interest rate equal to 4.86% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in June 2019 and 50% is payable at maturity in March 2022.	176,792	28,992	147,800
Unsecured loan obtained in November 2019 with interest rate equal to 5.01% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in November 2024.	1,000,000	–	1,000,000
Unsecured loan obtained in October 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in January 2023 and 50% is payable at maturity in October 2025.	695,012	–	695,012
Sub Total - Developmental Loans	**38,105,023**	**8,866,369**	**29,238,654**

Bonds

Fixed rate bonds with aggregate principal amount of P8.00 billion issued by the Group on August 20, 2015. This comprised of P7.00 billion, 7-year fixed rate bonds due in August 2022 with a fixed interest rate of 5.36% per annum, and P1.00 billion, 10-year fixed rate bonds due in August 2025 with a fixed interest rate of 5.71% per annum.	7,973,628	1,105	7,972,523
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on November 8, 2013. This comprised of P4.30 billion 7-year fixed rate bonds due in November 2020 with a fixed interest rate of 4.86% per annum, and P2.70 billion 10-year fixed rate bonds due in November 2023 with a fixed interest rate of 5.43% per annum.	2,692,570	–	2,692,570
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on December 4, 2014. This comprised of P5.30 billion, 7-year fixed rate bonds due in December 2021 with a fixed interest rate of 5.40% per annum, and P1.70 billion, 10-year fixed rate bonds due in December 2024 with a fixed interest rate of 5.64% per annum.	6,987,226	5,293,412	1,693,814
Fixed rate bonds with principal amount of P6.00 billion and term of 5.5 years from the issue date was issued by the Company on July	5,974,169	–	5,974,169

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
7, 2017 to mature in January 2023 with fixed interest rate is 5.05% per annum.			
Fixed rate bonds with principal amount of P6.33 billion and term of 3.0 years from the issue date was issued by the Company on November 18, 2020 to mature in November 18, 2023 with fixed interest rate is 3.33% per annum.	6,285,497	–	6,285,497
Fixed rate bonds with principal amount of P1.76 billion and term of 5.5 years from the issue date was issued by the Company on November 18, 2020 to mature in November 18, 2026 with fixed interest rate is 4.18% per annum.	1,750,437	–	1,750,437
Sub Total - Bonds	**31,663,528**	**5,294,517**	**26,369,011**
Total	**69,768,551**	**14,160,886**	**55,607,665**

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for CPI bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2020.

SCHEDULE F

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2020

Below is the list of outstanding payables to related parties of the Group presented in the consolidated statements of financial position as of December 31, 2020:

	Relationship	Nature	Balance at beginning of period	Balance at end of period
			(In Thousands)	
Filinvest Development Corp.	Parent Company	A, C	₱18,068	₱60,484
Corporate Technologies, Inc.	Associate	A	42,373	42,810
Filinvest Alabang, Inc	Associate	A	–	3,760
Entrata Hotel Services, Inc.	Affiliate	A	–	2,757
Chroma Hospitality, Inc.	Affiliate	A	–	1,491
Palms Country Club, Inc	Affiliate	A	1	355
Crimson Mactan	Affiliate	A	–	193
Filinvest Corporate City	Affiliate	A	–	66
Crimson Alabang	Affiliate	A	–	61
Pacific Sugar Holdings, Corp.	Affiliate	A	14,032	15
Manila Waldorf School	Affiliate	A	–	12
Mactan Seascapes Services, Inc.	Affiliate	A	873	9
Seascapes Resort, Inc.	Affiliate	A	–	5
Quest Pampanga	Affiliate	A	–	3
Quest Restaurants Inc.	Affiliate	A	21,773	–
Entrata Hotel Services, Inc.	Affiliate	A	2,404	–
Countrywide Water Services, Inc.	Affiliate	A	455	–
The Palms Country Club	Affiliate	A	392	–
Filinvest Hospitality Corporation	Affiliate	A	295	–
AG Foundation, Inc.	Affiliate	A	56	–
Crimson Hotel	Affiliate	A	47	–
ParkingPro, Inc.	Affiliate	A	10	–
			₱100,779	**₱112,021**

Nature of intercompany transactions
The nature of the intercompany transactions with the related parties is described below:

a. Expenses - these pertain to the share of the Group in various common selling and marketing and general and administrative expenses.
b. Management and marketing fee
c. Dividends

SCHEDULE G

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2020

The Group does not have guarantees of securities of other issuers as of December 31, 2020.

SCHEDULE H

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2020

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
			(In Thousands)			
Common Shares	33,000,000	24,470,708	–	16,146,182	49,071	None
Preferred Shares	8,000,000	8,000,000	–	8,000,000	–	None

SCHEDULE I

FILINVEST LAND, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

(Amounts in Thousands of Pesos)

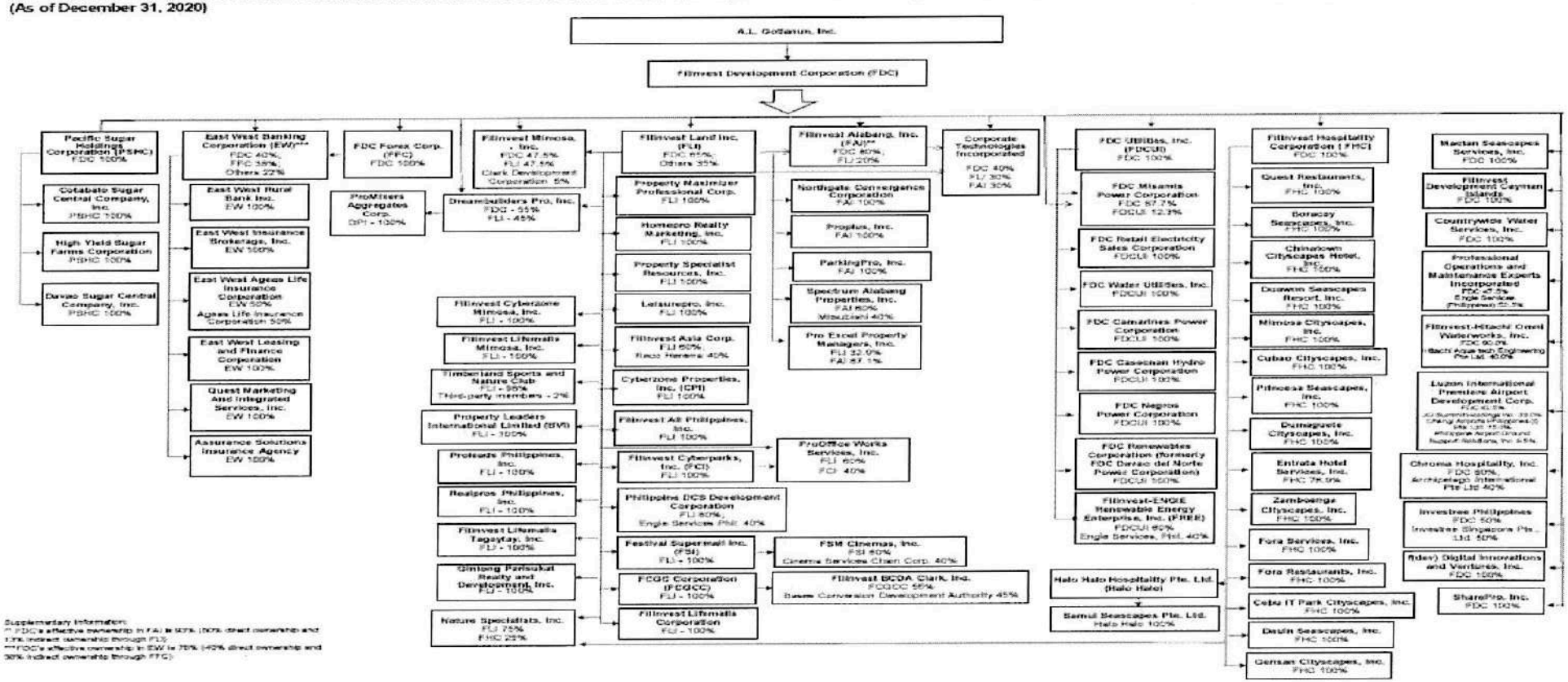
Unappropriated Retained Earnings of Parent Company, beginning			₱31,084,739
Adjustments:			
Impact of adoption of new accounting standards			–
Deferred tax assets recognized in prior year			(1,325,906)
Unappropriated Retained Earnings of Parent Company, as adjusted, January 1, 2020			29,758,833
Net income based on the face of audited financial statements of Parent Company		9,155,336	
Less:	Non-actual/unrealized income net of tax		
	Equity in net income of subsidiaries and an associate	–	
	Unrealized foreign exchange gain – net	–	
	Unrealized actuarial gain	–	
	Fair value adjustment (marked-to-market gains)	–	
	Fair value adjustment of Investment Property resulting to gain	–	
	Adjustment due to deviation from PFRS/GAAP gain	–	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
	Movement in deferred tax assets of the Parent Company	(474,873)	
Add:	Non-actual/unrealized losses net of tax		
	Depreciation on revaluation increment	–	
	Adjustment due to deviation from PFRS/GAAP loss	–	
	Loss on fair value adjustment of Investment Property	–	
Net income actual/realized			8,680,463
Less:	Dividend declarations during the year		(1,618,904)
	Appropriations for business expansion		(5,000,000)
Unappropriated Retained Earnings, as adjusted, December 31, 2020			₱31,820,393

SCHEDULE J

FILINVEST LAND, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2020

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of December 31, 2020)



Supplementary Information:
* FDC's effective ownership in FAI is 80% (60% direct ownership and 13% indirect ownership through FLI)
** FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FFC)

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 9, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Accreditation No. 118546-SEC (Group A),
Valid to cover audit of 2019 to 2023
financial statements of SEC covered institutions
Tax Identification No. 248-679-852
BIR Accreditation No. 08-001998-137-2020,
January 31, 2020, valid until January 30, 2023
PTR No. 8534358, January 4, 2021, Makati City

March 9, 2021

FILINVEST LAND, INC. AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2020

(Amounts in Thousands of Pesos)

Ratio	Formula		2020	2019
Current Ratio [1]	Total Current Assets divided by Total Current Liabilities		**3.10**	3.20
	Total Current Assets	₱89,794,716		
	Divide by: Total Current Liabilities	28,996,802		
	Current Ratio	3.10		
Long-term Debt-to-Equity ratio	Long-term Debt (*Sum of Loans Payable and Bonds Payable)* divided by Equity		**0.94**	0.88
	Long-term Debt	₱69,768,551		
	Divide by: Equity	74,378,943		
	Long-term Debt-to-Equity Ratio	0.94		
Debt Ratio	Total Liabilities divided by Total Assets		**0.59**	0.58
	Total Liabilities	₱106,626,203		
	Divide by: Total Assets	181,005,146		
	Debt Ratio	0.59		
EBITDA to Total Interest Paid	Earnings before Interests and Other Charges, Income Tax, Depreciation and Amortization - EBITDA *(net income plus interest and other charges, income tax, depreciation and amortization*) divided by Total Interest Paid		**2.34**	3.71
	EBITDA	₱9,161,969		
	Divide by: Total Interest Paid	3,917,635		
	EBITDA to Total Interest Paid	2.34		
Price Earnings Ratio	Closing price divided by Earnings per share		**7.47**	5.77
	Closing price [2]	₱1.12		
	Divide by: Earnings per share	0.15		
	Price Earnings Ratio	7.47		
Quick Asset Ratio	Quick Assets *(total current assets less inventories)* divided by Current Liabilities		**0.84**	0.76
	Total Current Assets	₱89,794,716		
	Less: Inventories	65,544,567		
	Quick Assets	₱24,250,149		
	Divide by: Total Current Liabilities	28,996,802		
	Quick Asset Ratio	0.84		
(Forward)				

Ratio	Formula		2020	2019
Solvency Ratio	Net Income before Depreciation *(net income plus depreciation)* divided by Total Liabilities		**0.05**	0.08
	Net Income	₱3,957,750		
	Add: Depreciation	1,594,368		
	Net Income before Depreciation	5,552,117		
	Divide by: Total Liabilities	106,626,203		
	Solvency Ratio	0.05		
Interest Coverage Ratio	Earnings before Interest and Other Charges and Income Tax (EBIT) divided by Interest Expense		**2.37**	4.32
	EBIT	₱7,567,601		
	Divide by: Interest Expense	3,189,462		
	Interest Coverage Ratio	2.37		
Net Profit Margin	Net Income divided by Revenue		**0.24**	0.27
	Net Income	₱3,957,750		
	Divide by: Revenue	16,223,341		
	Net Profit Margin	0.24		
Return on Equity	Net Income divided by Total Equity		**0.05**	0.09
	Net Income	₱3,957,750		
	Divide by: Total Equity	74,378,943		
	Return on Equity	0.05		
Asset-to-Equity Ratio	Total Assets divided by Total Equity		**2.43**	2.41
	Total Assets	₱181,005,146		
	Divide by: Total Equity	74,378,943		
	Return on Equity	2.43		

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, contract assets, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and current portion of loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at December 31, 2020 and December 31, 2019 is ₱1.12 and ₱1.50, respectively.

Filinvest Land, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
June 30, 2021 and For the Six Months ended
June 30, 2021 and 2020

FILINVEST LAND, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021 WITH COMPARATIVE AUDITED FIGURES AS AT DECEMBER 31, 2020

(Amounts in Thousands of Pesos)

	Notes	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	6	**₱4,673,292**	₱6,693,557
Contracts receivable	7	**5,273,083**	4,156,939
Contract assets	5	**4,096,058**	5,400,329
Other receivables	8	**2,524,894**	3,362,183
Real estate inventories	9	**68,158,495**	65,544,567
Other current assets	10	**4,671,143**	4,637,141
Total Current Assets		**89,396,965**	89,794,716
Noncurrent Assets			
Contract asset - net of current portion	5	**2,834,631**	3,533,733
Investment in associates	11	**4,824,872**	4,787,787
Investment properties	13	**70,002,946**	69,264,957
Property and equipment	14	**4,560,357**	3,348,145
Deferred income tax assets		**26,876**	82,405
Goodwill	3	**4,567,242**	4,567,242
Other noncurrent assets	15	**5,459,826**	5,626,161
Total Noncurrent Assets		**92,276,750**	91,210,430
TOTAL ASSETS		**₱181,673,715**	₱181,005,146
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	16	**₱11,831,401**	₱13,117,027
Contract liabilities		**1,259,749**	1,249,050
Lease liabilities - current portion	12	**248,590**	328,796
Due to related parties	26	**1,124,186**	112,021
Income tax payable		**20,936**	29,022
Loans payable - current portion	17	**11,298,043**	8,866,369
Bonds payable - current portion	18	**5,296,980**	5,294,517
Total Current Liabilities		**31,079,885**	28,996,802
Noncurrent Liabilities			
Loans payable - net of current portion	17	**26,638,381**	29,238,654
Bonds payable - net of current portion	18	**26,394,691**	26,369,011
Contract liabilities - net of current portion		**557,280**	767,219
Lease liabilities - net of current portion	12	**5,923,492**	5,824,164
Net retirement liabilities		**584,611**	580,119
Deferred income tax liabilities - net	23	**5,324,106**	6,513,036
Accounts payable and accrued expenses – net of current portion	16	**8,866,739**	8,337,198
Total Noncurrent Liabilities		**74,289,300**	77,629,401
Total Liabilities		**₱105,369,185**	₱106,626,203

(Forward)

	Notes	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Equity			
Common stock	19	**₱24,470,708**	₱24,470,708
Preferred stock	19	**80,000**	80,000
Additional paid-in capital		**5,612,321**	5,612,321
Treasury stock	19	**(221,041)**	(221,041)
Retained earnings	19	**45,639,696**	43,776,186
Revaluation reserve on financial assets at fair value through other comprehensive income		**(2,619)**	(2,619)
Remeasurement losses on retirement plan		**(5,724)**	(15,136)
Share in other components of equity of an associate		**372,449**	372,449
Equity attributable to equity holders of the parent		**75,945,790**	74,072,868
Noncontrolling Interest		**358,740**	306,075
Total Equity		**76,304,530**	74,378,943
TOTAL LIABILITIES AND EQUITY		**₱181,673,715**	₱181,005,146

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED 30 JUNE

(Amounts in Thousands of Pesos; Except Earnings per share figures)

	Notes	Quarter Ended June 30		Six Months Period Ended June 30	
		2021	2020 (As restated)	**2021**	2020 (As restated, see Note 2)
		(Unaudited)		**(Unaudited)**	
REVENUE					
Real estate sales	4, 5	**₱2,846,820**	₱1,462,904	**₱5,311,698**	₱4,556,235
Rental and related services	4, 5	**1,171,820**	1,881,567	**2,865,245**	3,916,670
Total revenue		**4,018,640**	3,344,471	**8,176,943**	8,472,905
EQUITY IN NET EARNINGS OF AN ASSOCIATE		**24,988**	512,408	**37,085**	533,422
OTHER INCOME					
Interest income	22	**98,688**	40,027	**203,902**	191,006
Others		**104,031**	12,897	**173,480**	111,240
		4,246,347	3,909,803	**8,591,410**	9,308,573
COSTS					
Real estate sales	4	**1,686,474**	856,947	**3,133,037**	2,684,177
Rental and related services	4	**687,462**	557,859	**1,288,293**	1,178,901
OPERATING EXPENSES					
Selling and marketing expenses	21	**228,879**	230,798	**482,726**	485,080
General and administrative expenses	20	**434,728**	427,806	**871,806**	864,613
INTEREST AND OTHER FINANCE CHARGES	22	**460,669**	919,176	**1,187,114**	1,415,811
		3,498,212	2,992,586	**6,962,976**	6,628,582
INCOME BEFORE INCOME TAX		**748,135**	917,217	**1,628,434**	2,679,991

(Forward)

	Notes	Quarter Ended June 30		Six Months Period Ended June 30	
		2021	2020 (As restated)	**2021**	2020 (As restated, see Note 2)
		(Unaudited)		**(Unaudited)**	
PROVISION FOR (BENEFIT FROM) INCOME TAX					
Current	23	**₱38,991**	₱116,137	**₱58,334**	₱388,640
Deferred	23	**(176,364)**	(204,801)	**(1,100,298)**	(125,653)
		(137,373)	(88,664)	**(1,041,964)**	262,987
NET INCOME		**₱885,508**	₱1,005,881	**₱2,670,398**	₱2,417,004
NET INCOME ATTRIBUTABLE TO:					
Equity holders of the parent		**₱868,107**	₱952,220	**₱2,617,733**	₱2,301,109
Noncontrolling interest		**17,401**	53,661	**52,665**	115,895
		₱885,508	₱1,005,881	**₱2,670,398**	₱2,417,004
Earnings Per Share					
Basic		**₱0.04**	₱0.04	**₱0.11**	₱0.09
Diluted		**₱0.04**	₱0.04	**₱0.11**	₱0.09

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE

(Amounts in Thousands of Pesos)

	Six Months Period Ended June 30	
	2021 (Unaudited)	2020 (Unaudited)
NET INCOME FOR THE PERIOD	**₱2,670,398**	₱2,417,004
OTHER COMPREHENSIVE INCOME (LOSS)		
Remeasurement gain from an associate's investment	**–**	–
Remeasurement gain (losses) on retirement plan, net of tax	**9,412**	(813)
TOTAL COMPREHENSIVE INCOME	**₱2,679,810**	₱2,416,191
Total comprehensive income attributable to:		
Equity holders of the parent	**₱2,627,145**	₱2,300,296
Noncontrolling interest	**52,665**	115,895
	₱2,679,810	₱2,416,191

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent											
	Common Stock	Preferred Stock	Additional Paid-in Capital	Treasury Stock	Unappropriated Retained Earnings	Appropriated Retained Earnings	Revaluation Reserve on Financial Assets at FVOCI	Remeasurement Losses on Retirement Plan	Share in Other Components of Equity of an Associate	Total	Noncontrolling Interest	Total Equity
	For the Six Months Ended June 30, 2021											
Balances as at January 1, 2021	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱38,776,186**	**₱5,000,000**	**(₱2,619)**	**(₱15,136)**	**₱372,449**	**₱74,072,868**	**₱306,075**	**₱74,378,943**
Net income	**–**	**–**	**–**	**–**	**2,617,733**	**–**	**–**	**–**	**–**	**2,617,733**	**52,665**	**2,670,398**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,412**	**–**	**9,412**	**–**	**9,412**
Total comprehensive income	**–**	**–**	**–**	**–**	**2,617,733**	**–**	**–**	**9,412**	**–**	**2,627,145**	**52,665**	**2,679,810**
Dividends declared (Note 19)	**–**	**–**	**–**	**–**	**(754,223)**	**–**	**–**	**–**	**–**	**(754,223)**	**–**	**(754,223)**
Balances as at June 30 2021	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱40,639,696**	**₱5,000,000**	**(₱2,619)**	**(₱5,724)**	**₱372,449**	**₱75,945,790**	**₱358,740**	**₱76,304,530**
	For the Six Months Ended June 30, 2020											
Balances as at January 1, 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱41,661,647	₱-₱0	(₱2,619)	(₱24,285)	₱361,794	₱71,938,525	₱225,768	₱72,164,293
Net income					2,301,109					2,301,109	115,895	2,417,004
Other comprehensive income								(813)		(813)		(813)
Total comprehensive income					2,301,109			(813)		2,300,296	115,895	2,416,191
Dividends declared					(1,618,584)					(1,618,584)		(1,618,584)
Dividend distribution to noncontrolling interest										0	(64,000)	(64,000)
Balances as at June 30 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱42,344,172	₱-₱0	(₱2,619)	(₱25,098)	₱361,794	₱72,620,237	₱277,663	₱72,897,900

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Six Months Period Ended June 30	
	2021 (Unaudited)	2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,628,434**	₱2,679,991
Adjustments for:		
Interest income	**(203,902)**	(191,006)
Interest expense and amortization of transaction costs	**1,185,580**	1,405,002
Depreciation and amortization	**697,277**	642,642
Equity in net earnings of associates	**(37,085)**	(533,422)
Net pension expense, net of contribution and benefits paid	**24,938**	53,140
Operating income before changes in operating assets and liabilities	**3,295,242**	4,056,347
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivables	**(1,116,144)**	(277,933)
Contract assets	**2,003,372**	800,512
Other receivables	**837,289**	(825,130)
Real estate inventories	**(2,190,297)**	(2,663,696)
Other assets	**160,136**	154,130
Increase (decrease) in:		
Accounts payable and accrued expenses	**(1,065,224)**	333,198
Contracts liabilities	**(199,240)**	431,735
Net cash generated from operations	**1,725,134**	2,009,163
Income taxes paid, including creditable withholding taxes	**(110,557)**	(438,894)
Interest received	**203,902**	191,006
Net cash provided by operating activities	**1,818,479**	1,761,275
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of investment properties and property and equipment	**(2,163,797)**	(2,440,555)
Increase in BTO rights	**(67,610)**	-
Cash used in investing activities	**(2,231,407)**	(2,440,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availments of loans payable	**3,085,000**	5,280,000
Payments of:		
Loans payable	**(3,298,108)**	(3,622,133)
Cash dividend	**(405,872)**	-
Interest and transaction costs	**(1,769,107)**	(1,689,584)
Lease liabilities	**(231,415)**	(109,125)
Dividends paid to noncontrolling interest	**-**	(64,000)
Proceeds of advances from Filinvest Development Corporation (Note 26)	**1,035,513**	
Decrease in amounts due to related parties	**(23,348)**	(35,198)
Net cash used in financing activities	**(1,607,337)**	(240,040)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,020,265)**	(919,320)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**6,693,557**	4,773,621
CASH AND CASH EQUIVALENTS, END OF PERIOD	**₱4,673,292**	₱3,854,301

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989, after the expiration of its corporate life of 50 years, and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, as its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The interim condensed consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (Peso), which is also the functional currency of the Parent Company, its subsidiaries, and associates. Amounts are in thousand Pesos except as otherwise indicated.

The interim condensed consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The unaudited interim consolidated financial statements of the Group for the six months ended June 30, 2021 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*, as modified by the application of the following reporting reliefs issued and approved by the SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).

The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include the availment of relief granted by the SEC under Memorandum Circular (MC) Nos. 3-2019 and 14-2018 to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry.

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry:

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
b. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
c. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The consolidated financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provision (a) above of *PIC Q&A 2018-12* and the IFRIC Agenda Decision on Borrowing Cost, for another 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the section below under Changes in Accounting Policies and Disclosures and Significant Accounting Policies.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as of June 30, 2021 and December 31, 2020 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**June 30, 2021**	December 31, 2020
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	100%	100%
Filinvest BCDA Clark, Inc. (FBCI) [1]	Real estate developer	55%	55%
FCGC Corporation (FCGCC)	Real estate developer	100%	100%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	100%	100%
Cyberzone Properties, Inc. (CPI)	Leasing	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	100%	100%
Filinvest Clark Mimosa Inc.[4]	Leasing	100%	100%
Festival Supermall, Inc. (FSI)	Property management	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	100%	100%

Subsidiaries	Nature of Business	**June 30, 2021**	December 31, 2020
ProOffice Works Services, Inc. (ProOffice) [2]	Property management	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	100%	100%
FSM Cinemas, Inc. (FSM Cinemas) [3]	Theater operator	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	98%	98%
Leisurepro, Inc. (Leisurepro)	Marketing	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	100%	100%
Property Leaders International Limited (PLIL)	Marketing	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	100%	100%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	75%	75%
FREIT Fund Managers, Inc. (FFMI) [5]	Fund Management Services	100%	-

Notes:

1. *FBCI is owned indirectly through FCGCC.*
2. *40% interest is owned by FCI. Effectively, FLI owns 100% of ProOffice.*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *Filinvest Cyberzone Mimosa, Inc. (FCMI) was renamed Filinvest Clark Mimosa Inc. on February 15, 2021.*
5. *FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to real estate investment trusts ("REIT") companies. FFMI has not started its commercial operations as of June 30, 2021.*

Except for PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2020, except for the adoption of the following new and amended PFRSs which became effective January 1, 2021.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9, *Financial Instruments*, PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts*, and PFRS 16, *Leases*, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively. These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group.

- *Adoption of PIC Q&A 2018-12-H, PFRS 15 - Accounting for Common Usage Service (CUSA) Charges*

  On February 14, 2018, PIC Q&A 2018-12-H was issued providing guidance on accounting for common usage service which concludes that real estate developers are generally acting as principal for CUSA charges. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-12-H was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-12-H and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  The Group previously availed of the reliefs provided by the SEC and have accounted for the related revenue net of costs and expenses. As at January 1, 2021, the Group adopted PIC Q&A 2018-12-H retrospectively. The Group assessed itself as principal for CUSA and air-conditioning charges, and as an agent for electricity and water usage. Accordingly, the Group presented the revenue from provision of CUSA and air conditioning services and its related costs on a gross basis as part of "Revenue from rental and related services" and "Cost of rental and related services", respectively.

  The adoption did not impact the unaudited interim consolidated statements of financial position and unaudited interim consolidated statements of cash flows.

Statement of comprehensive income for the six months ended June 30, 2021

	Amounts prepared under		Increase
	PFRS 15	Previous PFRS	(Decrease)
Revenues from Rental and related services	₱2,865,245	₱2,120,824	₱744,421
Cost of Rental and related services	1,288,293	543,872	744,421

Statement of comprehensive income for the six months ended June 30, 2020

	Amounts prepared under		Increase
	PFRS 15	Previous PFRS	(Decrease)
Revenues from Rental and related services	₱3,916,670	₱3,421,549	₱495,121
Cost of Rental and related services	1,178,901	683,780	495,121

- *Adoption of Q&A 2018-12-E (as amended by PIC Q&A 2020-02) - Treatment of Uninstalled Materials in the Calculation of the POC*

  PIC Q&A 2020-02 was issued by the PIC on October 29. 2020. The latter aims to provide conclusion on the treatment of materials delivered on site but not yet installed in measuring performance obligation in accordance with PFRS 15, *Revenue from Contracts with Customers* in the real estate industry.

  The adoption of this PIC Q&A did not impact the unaudited interim condensed consolidated financial statements of the Group since it does not engage in supply contracts with suppliers for the provision and installation of materials.

- *Adoption of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The adoption of this PIC Q&A did not impact the unaudited interim condensed consolidated financial statements of the Group as it records the repossessed inventory at an amount equal to the outstanding balance of the contract receivables at the date of repossession. As the Group has been reporting repossessed inventories at as allowed under approach 3, there is no change in accounting upon adoption of the PIC Q&A.

Deferred Effectivity

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full of the requirements of the IFRIC agenda decision.

  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

  The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. A restatement would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

3. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of June 30, 2020 and December 31, 2019 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	₱4,567,242

As of June 30, 2021 and December 31, 2020, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized. There are no events that have occurred and circumstances that have changed since December 31, 2020 which would indicate that an impairment indicator exists as of June 30, 2021.

4. Segment Reporting

For management purposes, the Group is organized into the following segments:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall, Fora Tagaytay, Centro Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered with third parties.

For the period ended June 30, 2021 and 2020, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The information about the financial position and result of operations of these business segments for the period ended June 30, 2021 and 2020 are summarized below.

	June 30, 2021 (Unaudited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of associates:					
External	₱5,311,698	₱2,865,245	₱8,176,943	₱-	₱8,176,943
Inter-segment	161,941		161,941	(161,941)	
	5,473,639	2,865,245	8,338,884	(161,941)	8,176,943
Equity in net earnings of associates	37,085	–	37,085		37,085
Other income	2,054,564	382,904	2,437,468	(2,060,086)	377,382
	2,091,649	382,904	2,474,553	(2,060,086)	414,467
Net income	3,881,858	559,110	4,440,968	(1,770,570)	2,670,398

	June 30, 2021 (Unaudited)				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Adjusted EBITDA	**₱3,410,883**	**₱1,956,951**	**₱5,367,834**	**(₱1,892,094)**	**₱3,475,740**
Segment assets	**₱107,130,741**	**₱92,608,808**	**₱199,739,549**	**(₱18,065,834)**	**₱181,673,715**
Less net deferred income tax assets	**–**	**26,876**	**26,876**	**–**	**26,876**
Net segment assets	**₱107,130,741**	**₱92,581,932**	**₱199,712,673**	**(₱18,065,834)**	**₱181,646,839**
Segment liabilities	**₱74,944,504**	**₱39,355,292**	**₱114,299,796**	**(₱8,930,611)**	**₱105,369,185**
Less net deferred income tax liabilities	**5,164,532**	**118,927**	**5,283,460**	**40,646**	**5,324,106**
Net segment liabilities	**₱69,779,972**	**₱39,236,365**	**₱109,016,336**	**(₱8,971,257)**	**₱100,045,079**
Cash flows provided by (used in):					
Operating activities	**₱415,031**	**₱1,524,286**	**₱1,939,317**	**(₱120,838)**	**₱1,818,479**
Investing activities	**(88,750)**	**(2,142,657)**	**(2,231,407)**		**(2,231,407)**
Financing activities	**(1,981,260)**	**788,678**	**(1,192,582)**	**(414,755)**	**(1,607,337)**

	December 31, 2020 (Audited)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Segment Assets	127,394,893	63,510,274	190,905,167	(9,900,021)	181,005,146
Less net deferred tax assets		82,405	82,405		82,405
Net segment assets	127,394,893	63,427,869	190,822,762	(9,900,021)	180,922,741
Segment Liabilities	53,922,142	55,825,136	109,747,278	(3,121,075)	106,626,203
Less net deferred tax liabilities	6,339,213	(20,489)	6,318,724	194,312	6,513,036
Net segment liabilities	47,582,929	55,845,625	103,428,554	(3,315,387)	100,113,167

	June 30, 2020 (Unaudited) (As Restated, see Note 2)				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue and other income except equity in net earnings of associates:					
External	₱4,556,235	₱3,916,670	₱8,472,905	₱–	₱8,472,905
Inter-segment	35,322	–	35,322	(35,322)	–
	4,591,557	3,916,670	8,013,106	(35,322)	8,472,905
Equity in net earnings of associates	533,422	–	533,422	–	533,422
Other income	323,504	200,431	523,935	(221,689)	302,246
	₱5,448,483	₱4,117,101	₱9,565,584	(₱257,011)	₱9,308,573
Net income	₱587,351	₱1,816,492	₱2,403,843	₱13,161	₱2,417,004
Adjusted EBITDA	₱1,088,099	₱3,108,511	₱4,196,610	₱8,412	₱4,205,022
Cash flows provided by (used in):					
Operating activities	(₱1,399,264)	₱2,752,446	₱1,353,182	₱408,093	₱1,761,275
Investing activities	(93,353)	(2,347,202)	(2,440,555)	–	(2,440,555)
Financing activities	(183,684)	(5,276)	(188,960)	(51,080)	(240,040)

Seasonality

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation, and amortization (EBITDA) to income before income tax in the consolidated statement of income. Adjusted EBITDA is the Group's EBITDA adjusted by the equity in net earnings from associates for the period:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	(In Thousands)	
Adjusted EBITDA	**₱3,475,740**	₱4,205,022
Depreciation and amortization	**(697,277)**	(642,642)
Operating profit	**2,778,463**	3,562,380
Interest and other finance charges	**(1,187,114)**	(1,415,811)
Equity in net earnings of associates	**37,085**	533,422
Income before income tax	**₱1,628,434**	₱2,679,991

5. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each source of revenue from contracts with customers are presented below:

	June 30, 2021 (Unaudited)	June 30, 2020 (As restated, see Note 2) (Unaudited)
	(In Thousands)	
Real estate sales by market segment		
Medium income	**₱3,427,314**	₱3,463,341
High-end	**447,403**	313,056
Low affordable	**758,091**	390,930
Affordable	**471,479**	326,636
Socialized	**207,411**	62,272
	5,311,698	4,556,235
Cinema operations by type of goods or services (included as part of rental and related services)		
Theater and parking sales	**27,694**	46,350
Total revenue from contracts with customers	**5,339,392**	4,602,585
Rental and related services		
Office leasing	**2,406,666**	3,343,516
Mall operations	**430,885**	526,804
	2,837,551	3,870,320
Total Revenue	**₱8,176,943**	₱8,472,905

The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time. Market segments classification of projects in 2020 were updated to conform with the 2021 presentation.

As of June 30, 2021 contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contract receivable	**₱5,273,083**	**₱-**	**₱5,273,083**
Contract assets	**4,096,058**	**2,834,631**	**6,930,689**
Contract liabilities	**1,259,749**	**557,280**	**1,817,029**
	₱10,628,890	**₱3,391,911**	**₱14,020,801**

As of December 31, 2020 contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contract receivable	₱4,156,939	**₱-**	₱4,156,939
Contract assets	₱5,400,329	₱3,533,733	8,934,062
Contract liabilities	1,249,050	767,219	2,016,269
	₱10,806,318	₱4,300,952	₱15,107,270

Real estate sales contracts are collectible in equal monthly principal installments in varying periods of two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee.

Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations is recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

6. Cash and Cash Equivalents

This account consists of:

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
	(In Thousands)	
Cash	**₱3,138,783**	₱3,886,911
Cash equivalents	**1,534,509**	2,806,646
	₱4,673,292	₱6,693,557

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱10.80 million and ₱26.52 million as at June 30, 2021 and 2020, respectively (see Note 22).

There is no restriction on the Group's cash and cash equivalents as at June 30, 2021 and December 31, 2020.

7. Contracts Receivable

This account consists of:

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
	(In Thousands)	
Contracts receivable	**₱5,075,107**	₱3,963,551
Receivables from government and financial institutions	**197,976**	193,388
	₱5,273,083	₱4,156,939

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱176.36 million and ₱156.82 million for the six months ended June 30, 2021 and 2020, respectively (see Note 22). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these periods.

The Group has a mortgage insurance contract with Philippine Guarantee Corporation (then, Home Guaranty Corporation), a government insurance company for a retail guaranty line. As of June 30, 2021 and December 31, 2020, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱605.1 million and ₱460.3 million, respectively. As of June 30, 2021 and December 31, 2020, the remaining unutilized guaranty line amounted to ₱1.83 billion and ₱2.04 billion, respectively.

As of June 30, 2021 and December 31, 2020, no impairment losses were recognized from contracts receivables.

8. **Other Receivables**

This account consists of:

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
	(In Thousands)	
Receivables from tenants	**₱1,471,323**	₱2,456,106
Due from related parties	**473,150**	347,121
Advances to officers and employees	**304,870**	303,460
Receivables from homeowners' associations	**276,798**	230,189
Receivables from buyers	**7,031**	43,174
Others	**74,686**	23,126
	2,607,858	3,403,176
Less: Allowance for expected credit losses	**82,964**	40,993
	₱2,524,894	₱3,362,183

Receivables from tenants represent charges to tenants for rentals and utilities normally collectible within a year.

Advances to officers and employees represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

Receivables from homeowners' associations represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association.

Receivables from buyers mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

Others represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

9. **Real Estate Inventories**

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱43,375,986**	₱41,659,064
Land and land development	**24,782,509**	23,885,503
	₱68,158,495	₱65,544,567

A summary of the movement in lots, condominium and residential units for sale is set out below:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
Balance at beginning of period	**₱41,659,064**	₱38,851,977
Land costs transferred from land and land development	**3,893**	1,194,483
Net transfer to investment properties and property and equipment	**–**	(40,831)
Construction/development costs incurred	**4,638,265**	6,576,586
Capitalized borrowing costs	**207,801**	663,683
Cost of real estate sales	**(3,133,037)**	(5,586,834)
	₱43,375,986	₱41,659,064

Capitalization rate for the capitalized borrowing costs is 0.5% and 1.0% for the six months ended June 30, 2021 and for the year ended December 31, 2020, respectively.

A summary of the movement in land and land development is set out below:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
Balance at beginning of period	**₱23,885,503**	₱24,166,459
Land acquisitions	**341,236**	450,018
Land costs transferred to lots, condominium and residential units for sale	**(3,893)**	(1,194,483)
Net transfers and others	**–**	(222,994)
Site development and incidental costs	**559,663**	686,503
	₱24,782,509	₱23,885,503

As of June 30, 2021 and December 31, 2020, on account additions to land and land development during the period which remain outstanding amounted to nil and ₱2.90 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 16).

10. Other Current Assets

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
Input taxes	**₱2,175,685**	₱2,054,956
Creditable withholding taxes	**1,174,672**	928,110
Prepaid expenses	**502,260**	570,337
Cost to obtain contract	**479,041**	776,795
Advances to contractors and suppliers	**170,458**	191,397
Construction materials and supplies	**164,536**	105,591
Short-term deposits	**4,491**	9,955
	₱4,671,143	₱4,637,141

11. Investments in Associates

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
At equity:		
Balance at the beginning of period	**₱996,619**	₱906,619
Additions to DPI	**–**	90,000
Balance at end of period	**996,619**	996,619
Accumulated equity in net earnings:		
Balance at the beginning of year	**1,542,297**	1,025,847
Equity in net earnings for the period	**37,085**	516,450
Balance at end of period	**1,579,382**	1,542,297
Share in revaluation increment on land at deemed cost*	**1,876,422**	1,876,422
Share in other components of equity	**372,449**	372,449
	₱4,824,872	₱4,787,787

**Presented as part of retained earnings in the consolidated statement of changes in equity.*

The equity in net earnings for the year ended December 31, 2020 included the Group's share in FAI's gain on sale of a subsidiary to a third party in June 2020.

As of June 30, 2021, the carrying value of the Group's investments in associates follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
FAI	**₱4,593,022**	₱4,552,473
DPI	**80,148**	87,702
FMI	**74,420**	74,022
CTI	**52,371**	52,146
Pro-excel	**24,911**	21,444
	₱4,824,872	₱4,787,787

12. Leases

Group as lessee
The Group has lease contracts for land. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

The rollforward analysis of right-of-use assets follows:

	June 30, 2021 (Unaudited)		
	Investment Properties	**Other Noncurrent assets**	**Total**
		(In Thousands)	
Cost			
Beginning balance	**₱5,376,136**	**₱112,424**	**₱5,488,560**
Additions	**51,797**	**-**	**51,797**
Others	**-**	**(3,965)**	**(3,965)**
At end of period	**5,427,933**	**108,459**	**5,536,392**
Accumulated Depreciation			
Beginning balance	**288,122**	**8,994**	**297,116**
Depreciation	**70,911**	**-**	**70,911**
Others	**-**	**(5,837)**	**(5,837)**
Balance at end of period	**359,033**	**3,157**	**362,190**
Net Book Value	**₱5,068,900**	**₱105,302**	**₱5,174,202**

	December 31, 2020 (Audited)		
	Investment Properties	Other Noncurrent assets	Total
		(In Thousands)	
Cost			
Beginning balance	₱5,279,966	₱112,424	₱5,392,390
Additions	96,170	-	96,170
At end of period	5,376,136	112,424	5,488,560
Accumulated Depreciation			
Beginning balance	140,091	4,497	144,588
Depreciation	148,031	4,497	152,528
Balance at end of period	288,122	8,994	297,116
Net Book Value	₱5,088,014	₱103,430	₱5,191,444

The following are the amounts recognized in the consolidated statement of income:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	(In Thousands)	
Amortization expense of right-of-use assets (included in general and administrative expenses)	**₱70,911**	₱79,754
Interest expense on lease liabilities (included in interest and other finance charges)	**198,740**	201,834
	₱269,651	₱281,588

The rollforward analysis of lease liabilities follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
Beginning balance	**₱6,152,960**	₱5,870,064
Additions	**51,797**	96,170
Interest expense	**198,740**	504,674
Payments	**(231,415)**	(317,948)
At end of period	**6,172,082**	6,152,960
Lease Liabilities - current portion	**248,590**	328,796
Lease liabilities - net of current portion	**₱5,923,492**	₱5,824,164

The Group also has certain lease of land with variable rental payments and lease of office space considered as "low-value assets". The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

13. Investment Properties

The rollforward analysis of this account are as follows:

	June 30, 2021 (Unaudited)					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets**	**Total**
			(In Thousands)			
Cost						
Beginning balance	**₱14,798,900**	**₱29,160,153**	**₱216,420**	**₱26,840,127**	**₱5,376,136**	**₱76,391,736**
Additions	**14,889**	**154,471**	**125,414**	**1,999,206**	**51,797**	**2,345,777**
Transfers (Note 14)	**(352,785)**	**(921,309)**	–	–	–	**(1,274,094)**
Balances at end of period	**14,461,004**	**28,393,315**	**341,834**	**28,839,333**	**5,427,933**	**77,463,419**
Accumulated Depreciation						
Beginning balance	–	**6,623,937**	**214,720**	-	**288,122**	**7,126,779**
Depreciation	–	**356,707**	**106,299**	-	**70,911**	**533,917**
Transfers (Note 14)	–	**(200,223)**	–	–	–	**(200,223)**
Balances at end of period	–	**6,780,421**	**321,019**	–	**359,033**	**7,460,473**
Net Book Value	**₱14,461,004**	**₱21,612,894**	**₱20,815**	**₱28,839,333**	**₱5,068,900**	**₱70,002,946**

	December 31, 2020 (Audited)					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets	Total
			(In Thousands)			
Cost						
Beginning balance	₱15,771,312	₱28,669,503	₱164,814	₱22,649,397	₱5,279,966	₱72,534,992
Additions	12,270	205,738	91,320	4,225,885	96,170	4,631,383
Disposals	(672,802)	-	-	-	–	(672,802)
Transfers and Others	(311,880)	284,912	(39,714)	(35,155)	–	(101,837)
Balances at end of period	14,798,900	29,160,153	216,420	26,840,127	5,376,136	76,391,736
Accumulated Depreciation						
Beginning balance	–	5,786,881	146,960	–	140,091	6,073,932
Depreciation	–	837,056	103,517	–	148,031	1,088,604
Transfers	–	-	(35,757)	–	-	(35,757)
Balances at end of period	–	6,623,937	214,720	–	288,122	7,126,779
Net Book Value	₱14,798,900	₱22,536,216	₱1,700	₱26,840,127	₱5,088,014	₱69,264,957

Borrowing costs capitalized as part of investment properties amounted to ₱431.3 million and ₱645.27 million as of June 30, 2021 and December 31, 2020, respectively. Capitalization rate used is 0.61% to 0.87% for the six months ended June 30, 2021 and 1.00% to 6.14% for the year ended December 31, 2020.

Investment properties in San Mateo, Rizal were reclassified to property and equipment due to change in use in 2021.

As of June 30, 2021 and December 31, 2020, on account additions to investment properties which remain outstanding amounted to ₱3.89 billion and ₱3.93 billion, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 16).

The aggregate fair value of the Group's investment properties amounted to ₱202.14 billion based on third party appraisals performed for certain assets in 2021 by an SEC accredited independent appraiser and management appraisal updated using current and period-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for completed buildings, Residual Approach for buildings under construction and Market Approach for land.

Under the Income Approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The Residual Approach is based on the Income Approach after consideration of the estimated cost to complete. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value. The significant unobservable inputs to valuation of the land is the price per square meter ranging from ₱46,000 to ₱275,000.

The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱3,897.81 million and ₱5,765.02 million as of June 30, 2021 and December 31, 2020, respectively. These will be recognized as liabilities in the Group's consolidated financial statements when the related services are received.

14. Property & Equipment

The rollforward analysis of this account are as follows:

	June 30, 2021 (Unaudited)						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Beginning balance	**₱2,160,594**	**₱1,804,016**	**₱167,788**	**₱112,523**	**₱191,736**	**₱183,444**	**₱4,620,101**
Additions	**174,820**	–	–	**46,921**	–	**40,154**	**261,895**
Transfers (Note 13)	**1,274,094**	–	–	–	–	–	**1,274,094**
Balances at end of period	**3,609,508**	**1,804,016**	**167,788**	**159,444**	**191,736**	**223,598**	**6,156,090**
Accumulated Depreciation and Amortization							
Beginning balance	**327,981**	**619,901**	**128,440**	**76,289**	**119,345**	–	**1,271,956**
Depreciation and amortization	**29,350**	**85,772**	**8,432**	–	–	–	**123,554**
Transfers (Note 13)	**200,223**	–	–	–	–	–	**200,223**
Balances at end of period	**557,554**	**705,673**	**136,872**	**76,289**	**119,345**	–	**1,595,733**
Net Book Value	**₱3,051,954**	**₱1,098,343**	**₱30,916**	**₱83,155**	**₱72,391**	**₱223,598**	**₱4,560,357**

	December 31, 2020 (Audited)						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱2,118,313	₱1,227,672	₱153,222	₱102,306	₱92,761	₱453,675	₱4,147,949
Additions	42,281	341,846	21,354	11,464	106,703	9,549	533,197
Disposals/transfers	-	263,844	-	-	-	(279,780)	(15,936)
Deconsolidation	-	(29,346)	(6,788)	(1,247)	(7,728)	-	(45,109)
nces at December 31, 2020	2,160,594	1,804,016	167,788	112,523	191,736	183,444	4,620,101
Accumulated Depreciation and Amortization							
Beginning balance	278,285	336,137	102,659	63,123	79,027	-	859,231
Depreciation and amortization	49,696	288,860	27,703	13,670	43,409	-	423,338
Disposals	-	(5,096)	(1,922)	(504)	(3,091)	-	(10,613)
Balances at end of period	327,981	619,901	128,440	76,289	119,345	-	1,271,956
Net Book Value	₱1,832,613	₱1,184,115	₱39,348	₱36,234	₱72,391	₱183,444	₱3,348,145

As of June 30, 2021 and December 31, 2020, on account additions to property and equipment which remain outstanding amounted to ₱111.10 million and ₱110.21 million, respectively, and these are recognized as part of "Accounts payable and accrued expenses" (see Note 16).

15. Other Noncurrent Assets

This account consists of:

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
	(In Thousands)	
BTO rights	**₱3,643,879**	₱3,576,269
Advances to contractors and suppliers	**1,522,024**	1,579,205
Advances to joint venture partners	**397,401**	401,890
Right-of-Use	**108,459**	112,424
Deposits	**32,804**	15,200
Financial assets at FVTOCI	**15,622**	15,622
Other assets	**53,473**	205,418
	5,773,662	5,906,028
Less accumulated amortization	**313,836**	279,867
	₱5,459,826	₱5,626,161

BTO rights pertain to the cost related to the Build, Transfer and Operate agreement with The Province of Cebu (Cebu Province) entered on March 26, 2012. The BTO project relates to the development, construction, and operation of the Business Process Outsourcing (BPO) Complex by the Group at the land properties owned by Cebu Province located at Salinas, Lahug, Cebu City.

The rollforward analysis of BTO rights is as follows:

	June 30, 2021 (Unaudited)		
	BTO Rights	**Right-of-Use Assets**	**Total**
	(In Thousands)		
Cost			
Balance at beginning of period	**₱3,576,269**	**₱112,424**	**₱3,688,693**
Additions	**67,610**	**–**	**67,610**
Others	**–**	**(3,965)**	**(3,965)**
	₱3,643,879	**₱108,459**	**₱3,752,338**
Accumulated Amortization			
Balance at beginning of period	**₱270,873**	**₱8,994**	**₱279,867**
Amortization	**39,806**	**–**	**39,806**
Others	**–**	**(5,837)**	**(5,837)**
Balance at end of period	**310,679**	**3,157**	**313,836**
Net Book Value	**₱3,333,200**	**₱105,302**	**₱3,438,502**

	December 31, 2020 (Audited)		
	BTO Rights	Right-of-Use Assets	Total
	(In Thousands)		
Cost			
Balance at beginning of year	₱2,858,460	₱112,424	₱2,970,884
Additions	717,809		717,809
	₱3,576,269	₱112,424	₱3,688,693
Accumulated Amortization			
Balance at beginning of year	₱192,945	₱4,497	₱197,442
Amortization	77,928	4,497	82,425
Balance at end of year	270,873	8,994	279,867
Net Book Value	₱3,305,396	₱103,430	₱3,408,826

For the six months period ended June 30, 2021 and 2020, and for the period ended December 31, 2020, related amortization recognized as part of "Cost of rental and related services" amounted to ₱39.81 million, ₱38.71 million and ₱77.93 million, respectively. Rent income amounting to ₱124.21 million and ₱106.23 million for the six months period ended June 30, 2021 and 2020, respectively, was recognized as part of "Revenue from rental and related services".

16. Accounts Payable and Accrued Expenses

This account consists of:

	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
				(In Thousands)		
Accounts payable (Note 26)	**₱6,436,970**	**₱5,291,508**	**₱11,728,478**	₱7,298,675	₱4,930,111	₱12,228,786
Deposits from tenants	**1,356,938**	**1,439,014**	**2,795,952**	1,981,658	1,381,945	3,363,603
Retention fees payable	**1,599,764**	**965,194**	**2,564,958**	1,495,682	902,347	2,398,029
Accrued expenses	**1,034,963**		**1,034,963**	1,009,473		1,009,473
Accrued interest on bonds and loans	**665,903**		**665,903**	674,060		674,060
Deposits for registration	**162,109**	**1,171,023**	**1,333,132**	155,870	1,122,795	1,278,665
Other payables	**574,754**		**574,754**	501,609		501,609
	₱11,831,401	**₱8,866,739**	**₱20,698,140**	₱13,117,027	₱8,337,198	₱21,454,225

Accrued expenses account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In thousands)	
Suppliers and contractors	**₱980,485**	₱937,183
Professional fees	**38,844**	40,848
Interest	**9,829**	12,131
Utilities	**2,659**	4,423
Payroll	**2,192**	12,721
Other accruals	**954**	2,167
	₱1,034,963	₱1,009,473

17. Loans Payable

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
Developmental loans from local banks	**₱38,052,463**	₱38,233,885
Less unamortized transaction costs	**116,039**	128,862
	37,936,424	38,105,023
Less current portion of loans payable	**11,298,043**	8,866,369
Long-term portion of loans payable	**₱26,638,381**	₱29,238,654

Developmental loans from local banks have floating or fixed interest rates at different terms and repayment periods. Additional bank loans availed by the Group in 2021 amounted to ₱3.09 billion net of debt issuance cost amounting to ₱13.27 million. Principal payments made in 2021 amounted to ₱3.30 billion.

As of June 30, 2021, short-term loans payable, presented under current portion of loans payable amounted to ₱4.58 billion.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱998.63 million and ₱858.62 million for the six months ended June 30, 2021 and 2020, respectively.

Amortization of transaction costs amounted to ₱14.40 million and ₱23.61 million for the six months ended June 30, 2021 and 2020, respectively, and included under "Interest and other financing charges" (see Note 22). The Group's loans payable are unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned bank loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest.

As of June 30, 2021 and December 31, 2020, the Group complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.

18. Bonds Payable

This account consists of:

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
	(In Thousands)	
Current portion	**₱5,296,980**	₱5,294,517
Noncurrent portion	**26,394,691**	26,369,011
	₱31,691,671	₱31,663,528

The Group's bonds payable is unsecured, and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for CPI bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of June 30, 2021 and December 31, 2020, the Group is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

19. Equity

The details of the Parent Company's common and preferred shares as of June 30, 2021 and December 31, 2020 follow:

	Common	Preferred
	(In Thousands, Except Par Value figures)	
Authorized shares	33,000,000	8,000,000
Par value per share	1.00	0.01
Issued and outstanding shares	24,470,709	8,000,000
Treasury shares	220,949	

There was no issuance of additional common shares for the six months period ended June 30, 2021.

Retained Earnings

Retained earnings include undistributed earnings amounting to ₱4.66 billion and ₱10.56 billion as of June 30, 2021 and December 31, 2020, respectively, representing accumulated equity in net earnings of subsidiaries and associates, which are not available for dividend declaration until declared as dividends by the subsidiaries and associates.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of June 30, 2021 and December 31, 2020.

As at June 30, 2021, the amount of retained earnings appropriated for business expansions for construction of residential, leasing and mixed-use projects amounted to ₱5.0 billion. The appropriation will be fully utilized to cover part of the capital expenditure requirements of the Company which are expected to be completed in 2024.

Dividend Declarations

On April 23, 2021, the Board of Directors approved the declaration of dividends as follows:

Tranche 1

To all common stockholders of record as of May 21, 2021 in the amount of ₱0.0155 per share a Regular Cash Dividend. Payment date was set on June 15, 2021.

To all preferred stockholders of record as of May 21, 2021 in the amount of ₱0.000155 per share Regular Cash Dividend. Payment date was set on June 15, 2021.

Tranche 2

To all common stockholders of record as of November 15, 2021 in the amount of ₱0.0155 per share a Regular Cash Dividend. Payment date was set on December 9, 2021.

To all preferred stockholders of record as of November 15, 2021 in the amount of ₱0.000155 per share Regular Cash Dividend. Payment date was set on December 9, 2021.

Total dividends declared to common shareholders and preferred shareholders for the six months ended June 30, 2021 amounted to ₱751.74 million and ₱2.48 million, respectively. The Group has remaining unpaid cash dividend amounting to ₱397.4 million as of June 30, 2021.

Capital Management

The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value and ensure compliance with debt covenants. No changes were made in capital management objectives, policies or processes for the periods ended June 30, 2021 and December 31, 2020.

The Group monitors capital using debt-to-equity ratio, which is the interest-bearing debt (loans payable and bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its debt-to-equity ratio:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	(In Thousands)	
Loans Payable (Note 17)	**₱37,936,424**	₱38,105,023
Bonds Payable (Note 18)	**31,691,671**	31,663,528,
	69,628,095	69,768,551
Total Equity	**76,304,530**	74,378,943
Debt-to-equity ratio	**0.91 :1.00**	0.94 :1.00

20. General and Administrative Expenses

The account consists of:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	(In Thousands)	
Salaries, wages, and employee benefits	**₱214,698**	₱249,420
Repairs and maintenance	**153,279**	142,529
Taxes and licenses	**134,535**	148,454
Outside services	**84,463**	81,983
Entertainment, amusement, and recreation	**40,668**	40,761
Transportation and travel	**36,933**	36,220
Electronic data processing charges	**33,396**	36,406
Depreciation and amortization	**33,024**	31,336
Retirement costs	**24,938**	13,840
Insurance	**22,955**	10,057
Communications, light, and water	**21,048**	12,864
Dues and subscriptions	**15,664**	16,363
Office supplies	**6,255**	3,662
Rent	**4,328**	1,319
Postage and freight charges	**3,713**	1,639
Others	**41,909**	37,760
	₱871,806	₱864,613

"Others" mainly consists of postage and freight charges, and other miscellaneous expenses.

21. Selling and Marketing Expenses

The account consists of:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	(In Thousands)	
Brokers' commissions	**₱309,961**	₱302,533
Selling, advertising and promotions	**80,260**	93,851
Service fees	**64,089**	45,166
Sales office direct costs	**25,542**	38,351
Salaries and wages	**2,249**	2,738
Others	**625**	2,441
	₱482,726	₱485,080

22. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	(In Thousands)	
Interest income on:		
Contracts receivable	**₱176,362**	₱156,815
Cash and cash equivalents	**10,799**	26,518
Others	**16,741**	7,673
	₱203,902	₱191,006
Interest and other finance charges:		
Interest expense on loans and bonds payable, net of interest capitalized	**₱914,188**	₱1,157,783
Interest expense on lease liabilities, net of interest capitalized	**198,740**	201,834
Amortization of transaction costs of loans and bonds	**72,653**	45,385
Other finance charges	**1,533**	10,809
	₱1,187,114	₱1,415,811

23. Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	(In Thousands)	
Current	**₱58,334**	₱388,640
Deferred	**(1,100,298)**	(125,653)
	(₱1,041,964)	₱262,987

On March 26, 2021, President Rodrigo Duterte signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- For investments prior to effectivity of CREATE:
    i. Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
    ii. RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

As a result of reduction in RCIT rate, the provision for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020 decreased by ₱8.1 million. In addition, the provision for deferred tax for the year then ended December 31, 2020 decreased by ₱55.5 million and deferred tax liabilities decreased by ₱1.13 billion as of December 31, 2020. For financial reporting purposes, these changes are recognized in the interim condensed consolidated financial statements as of and for the six months ended June 30, 2021 in accordance with PIC Q&A 2020-07, Accounting for the Proposed Changes in Income Tax Rates under the CREATE bill dated January 27, 2021.

As of June 30, 2021, provision for current income tax and deferred tax are recognized based on the effective income tax rate of 25%.

24. Financial Risk Exposures

The Group's principal financial instruments are composed of cash and cash equivalents, contracts, and other receivables, due from related parties, financial assets at FVTOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis.
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Group also monitors the foreign currency risk arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Group uses a combination of internally generated funds and available long-term and short-term credit facilities.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

Under the current financial scenario, it is cheaper for the Group to finance its projects by drawing on its bank lines, tapping the local bond market and/or by rediscounting part of its receivables, to complement the Group's internal cash generation.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

Credit risk is managed since the titles of the properties sold are retained by the Group until installment receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the installment contract receivable.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVTOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Set out below is the information about the credit risk exposure on the Group's contract receivables and contract assets using a provision matrix:

	June 30, 2021 (Unaudited)					
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
			(In Thousands)			
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**12,203,772**	**579,748**	**1,875,122**	**2,850,810**	**5,818,962**	**1,079,130**

	December 31, 2020 (Audited)					
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
			(In Thousands)			
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	13,091,001	442,089	1,800,133	2,688,198	6,770,394	1,390,188

The Group has outstanding purchase agreements with financial institutions whereby the Group sold its contracts receivable with a provision that the Group should buy back these receivables in case these become overdue for two to three consecutive months or when the contract to sell has been cancelled.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

All financial assets are of high-grade credit quality. Based on the Group's experience, these assets are highly collectible or collectible on demand. The Group holds as collaterals for its installment contract receivables the corresponding properties, which the third parties purchased in installments.

As at June 30, 2021 and December 31, 2020, the analysis of contracts receivable that were past due but not impaired is as follows:

	Past due but not impaired					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
June 30, 2021	**557,757**	**391,033**	**307,447**	**440,031**	**3,378,839**	**5,075,107**
December 31, 2020	440,937	397,852	370,753	255,163	2,498,846	3,963,551

Interest Rate Risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans from various financial institutions which carry floating interest rates. The Group regularly keeps track of the movements in interest rates and the factors influencing them.

Of the total ₱38.97 billion loans outstanding as of June 30, 2021, ₱5.08 billion are on floating rate basis. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, or the Group's annualized profit before tax through the impact on floating rate borrowings.

	Increase (decrease) in basis points	Effect on annualized income before income tax (In Thousands)
June 30, 2021	+200	₱101,515
	-200	(101,515)

Financial Instruments
The Company's principal financial instruments are composed of cash and cash equivalents, contract receivables, other receivables and long-term debt. The Company does not have any complex financial instruments like derivatives.

Comparative Fair Values of Principal Financial Instrument (In Thousands of Pesos)

	June 30, 2021 (Unaudited)		**December 31, 2020 (Audited)**	
	Carrying Values	Fair Values	**Carrying Values**	Fair Values
		(In Thousands)		
Cash and cash equivalents	**₱4,673,292**	**₱4,673,292**	₱6,693,557	₱6,693,557
Contracts receivables	**5,273,083**	**5,273,083**	4,156,939	4,156,939
Other receivables	**2,524,894**	**2,524,894**	3,362,183	3,362,183
Accounts payable and other accrued expenses	**20,698,140**	**19,910,456**	21,454,225	20,774,166
Long-term debt	**69,628,095**	**65,544,524**	69,768,551	73,454,654

Due to the short-term nature of cash and cash equivalents, contracts receivables, other receivables and due to related parties, the fair value approximates the carrying amounts.

The Group categorizes the accounts payable and accrued expenses and long-term debt under Level 3.

Accounts payable and accrued expenses: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used was 4.28% as of June 30, 2021 and December 31, 2020.

Long-term debt (lease liabilities, loans payable and bonds payable): The estimated fair value of long-term debts with fixed interest and not subjected to quarterly re-pricing is based on the discounted value of future cash flows using the applicable risk-free rates for similar type of loans adjusted for credit risk. Long-term debt subjected to quarterly re-pricing is not discounted since its carrying value approximates

fair value. The discount rates used range from 2.88% to 6.51% and 3.80% to 6.50% as of June 30, 2021 and December 31, 2020, respectively.

Investment in foreign securities
The Group does not have any investment in foreign securities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements for the six months ended June 30, 2021 and the year ended December 31, 2020.

25. EPS Computation

Basic/diluted EPS is computed as follows:

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
	(In Thousands, Except per Share Data)	
Net income attributable to equity holders of the parent* (a)	**₱2,615,253**	₱2,301,109
Common shares issued	**24,470,709**	24,470,709
Less weighted average number of treasury stock	**220,949**	220,949
Weighted average number of common shares outstanding (b)	**24,249,760**	24,249,760
Earnings Per Share (a/b)	₱0.11	₱0.09

**After deducting dividends for preferred shareholder of ₱2.48 million (Note 19).*

There were no potential dilutive shares for the six months ended June 30, 2021 and 2020.

26. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.
Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed upon by the parties. As of

June 30, 2021 and December 31, 2020, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Composition of amounts due/to from related parties follow:

	June 30, 2021	December 31, 2020
	(In Thousands)	
Due from related parties:		
Ultimate parent (b)	**₱127**	₱128
Associates (d, h)	**331,832**	225,125
Other affiliates (e, g)	**141,191**	121,868
	₱473,150	₱347,121
Due to related parties:		
Parent (c)	**₱1,080,931**	₱60,484
Associates (d, h)	**21,265**	46,571
Other affiliates (e, g)	**21,990**	4,966
	₱1,124,186	₱112,021

The level of volume of transactions and terms and conditions of the transactions are generally consistent as in prior year unless otherwise stated.

a. Transactions with bank under common control of the ultimate parent (EW)

On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contract receivables sold to EW, the same will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements. There was no sale of contracts receivable for the six months ended June 30, 2021 and year ended December 31, 2020

The Group's plan assets in the form of cash equivalents amounting to ₱26.25 million as of June 30, 2021 and ₱38.29 million as of December 31, 2020 are maintained with EW. The Group

also maintains cash and cash equivalents with EW. As of June 30, 2021 and December 31 2020, cash and cash equivalents with EW amounted to ₱3.03 billion and ₱3.26 billion, respectively. As of June 30, 2021 and December 31, 2020, amounts payable to EW related the purchase of land in 2018 amounted to ₱2.38 billion and ₱2.37 billion, respectively, and presented as part of Accounts Payable (see Note 16).

b. Transactions with Ultimate Parent (ALG)
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. Transactions with Parent Company (FDC)
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

During the year, FDC made short-term interest-bearing advances to the Group amounting to ₱1,035.5 million. These loans bear interest ranging from 2.76% to 4.0% and have maturity of 3 to 5 months.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price

.

d. Transactions with Associates

Transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, share of expenses and commission charges.

Pro-excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances

FMI
Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses.

CTI
Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

e. Transactions with Affiliates
Transactions with affiliate relates to sharing of common expenses paid by the Parent Company on their behalf.

CPI entered into a service agreement with FDC Retail Electricity Sales whereby CPI shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

CPI also entered into a service agreement with Professional Operations Maintenance Experts Incorporated. whereby CPI shall engage and pay the services rendered by the latter to operate and maintain its equipment and premises.

CPI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the CPI's parking facilities.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱27.04 million and ₱25.52 million for the six months ended June 30, 2021 and 2020, respectively. Post-employment benefits of key management personnel amounted to ₱12.86 million and ₱14.99 million for the six months ended June 30, 2021 and 2020, respectively.

g. *Leases with related parties - Group as lessor*
Chroma Hospitality, Inc. (CHI) office lease with CPI
CHI leases the office space from CPI. The lease term is 10 years, renewable by another 5 years upon mutual agreement by the parties.

h. *Leases with related parties - Group as lessee*
The Group has several land lease transactions with related parties:

1. Mall lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

2. Land lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

3. FCMI lease with FMI
   FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

4. PDDC lease with FAI
   PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of June 30, 2021 and December 31, 2020, the amount included in lease liability payable to related parties is ₱5,600.8 and ₱5,566.3 million, respectively (see Note 12).

27. Events after the Reporting Date

On September 22, 2021, the Board of Directors of the Parent Company approved the offer and issuance of up to ₱8,000,000,000 worth of fixed-rate peso denominated retail bonds with an over-subscription option of up to ₱2,000,000,000 for a maximum aggregate total of ₱10,000,000,000.00, with maturity periods ranging from 4 years and up to 6 years (the "Second Tranche Bonds"). The bond issuance will be the second tranche out of its ₱30,000,000,000.00 bonds registered in 2020 under the shelf-registered program of the SEC.

On June 25, 2021, the shareholders of CPI, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Cyberzone Properties, Inc." to "FilinvestREIT Corp.", (ii) reduction of the par value of its Shares from ₱1.00 per common share to ₱0.50 per common share, and (iii) increase of the Company's authorized capital stock from ₱2,000,000,000 to ₱7,131,849,000 divided into 14,263,698,000 Shares with a par value of ₱0.50 per Share. The change in name of CPI, the reduction in the par value of its Shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.

On August 12, 2021, Filinvest REIT Corp. was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.26%. This transaction resulted in changes to the Group's Cash, Equity attributable to equity holders of the parent and Non-controlling interest.

The Group considers the events above as non-adjusting subsequent events, accordingly, no adjustments have been made to the consolidated financial statements as of and for the six months ended June 30, 2021.

28. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities. However, uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group also included, as one of its main considerations, the impact of the continuing impact of COVID-19 pandemic in making significant judgments and assumptions.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual audited consolidated financial statements

ANNEX A

FILINVEST LAND, INC. AND SUBSIDIARIES

Aging of Receivables

(Amounts in thousands)

As of June 30, 2021

	Neither past due nor impaired	Past Due but not impaired				Impaired
		Less than 30 days	31-90 days	91-120 days	Over 120 days	
Type of Account Receivable						
a) Mortgage, Notes & Installment Contract Receivable						
Installment Contracts Receivable and Contract Assets	₱6,929,459	₱557,757	₱698,480	₱440,031	₱3,380,070	₱0
Receivable from Financing Institutions	197,975	-	-	-	-	-
Sub-total	7,127,434	557,757	698,480	440,031	3,380,070	-
b) Other Receivables	2,607,857	-	-	-	-	82,964
Receivables from tenants	1,471,323	-	-	-	-	41,971
Due from related parties	473,150	-	-	-	-	-
Advances to officers and employees	304,870	-	-	-	-	-
Receivables from homeowners' associations	276,798	-	-	-	-	40,993
Receivables from buyers	7,031	-	-	-	-	-
Others	74,686	-	-	-	-	-
	₱9,735,292	**₱557,757**	**₱698,480**	**₱440,031**	**₱3,380,070**	**₱82,964**

Account Receivable Description	Nature/Description	Collection Period
Type of Receivables		
Installment contracts receivables	This is the Group's in-house financing, where buyers are required to make down payment and the balance will be in the form of a mortgage loan to be paid in equal monthly installments.	5-10 years
Receivable from financing institution	This represents proceeds from buyers' financing under one or more of the government programs granted to finance buyers of housing units and mortgage house financing of private banks.	Within 1 year
Other receivables	This represents claims from other parties arising from the ordinary course of business. It also includes receivables from tenants, related parties, advances to officers and employees and homeowners' associations.	1 to 2 years

Normal Operating Cycle: 12 calendar months

ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES

Index to Consolidated Financial Statements and Supplementary Schedules

Supplementary Schedules

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (other than related parties)
C	Amounts Receivables (Payables) from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Asset - Other Assets
E	Long-term debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Capital Stock
I	Schedule of Bond Issuances - Securities Offered to the Public
J	Retained Earnings Available for Dividend Distribution
K	Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-subsidiaries

Schedule A

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Financial Assets
June 30, 2021

Below is the detailed schedule of the Group's financial assets in equity securities as of June 30, 2021:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVTOCI				
Quoted:				
The Palms Country Club	1,000	3,060	3,060	-
Philippine Long Distance Telephone Company	26,100	348	348	-
Cebu Country Club	1	6,017	6,017	-
		9,425	9,425	-
Unquoted:				
Manila Electric Company (MERALCO)	619,694	6,197	6,197	-
		6,197	6,197	-
		15,622	**15,622**	**-**

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

Schedule B

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
June 30, 2021

The Group does not have advances to employees with balances above ₱1,000,000 as of June 30, 2021.

Related Party Transactions

Due from related parties
Below is the list of outstanding receivables from related parties of the Group presented in the consolidated statements of financial position as of June 30, 2021:

	Relationship	Nature	June 30 2021	December 31 2020
			(In Thousands)	
Dreambuilders Pro, Inc. (DPI)	Associate	A	**₱187,193**	₱71,034
FORA Services, Inc. (FOSI)	Affiliate	A	**90,548**	90,314
Pro-Excel Property Managers, Inc. (Pro-Excel)	Associate	A	**76,777**	80,823
Filinvest Mimosa, Inc.(FMI)	Associate	A, C	**64,402**	73,268
EastWest Banking Corporation	Affiliate	A	**24,710**	20,714
Countrywide Water Services, Inc. (CWSI)	Affiliate	A	**9,201**	1,766
Quest Restaurant, Inc.	Affiliate	A	**8,962**	1,246
Davao Sugar CC (DSCC)	Affiliate	A	**5,793**	5,802
Filinvest Alabang, Inc.(FAI)	Associate	A	**3,460**	-
Filinvest Hospitality, Inc.(FHI)	Affiliate	A	**871**	991
AG Foundation	Affiliate	A	**574**	572
GCK Realty	Affiliate	C	**235**	235
ALG Holdings, Inc.	Ultimate Parent	A	**127**	128
Mimosa Cityscapes, Inc.	Affiliate	A	**125**	63
FDC - Utilities, Inc.	Affiliate	A	**103**	102
FDC - Misamis Power Corp.	Affiliate	A	**19**	13
Chroma Hospitality, Inc.	Affiliate	A	**16**	-
Filinvest Corporate City (FCC)	Affiliate	A	**11**	-
Boracay Seascapes Resort Inc.	Affiliate	A	**7**	4
FDC - Forex, Inc.	Affiliate	A	**6**	6
Duawon Seascapes Resort Inc.	Affiliate	A	**3**	3
Princesa Seascapes, Inc.	Affiliate	A	**2**	1
Dumaguete Cityscapes, Inc.	Affiliate	A	**1**	1
Dauin Seascapes, Inc.	Affiliate	A	**1**	1
Filinvest Arts Foundation, Inc. (FAFI)	Affiliate	A	**-**	-
Propel Realty	Affiliate	A	**-**	29
Seascapes Resort, Inc.	Affiliate	A	**-**	5
			₱473,150	**₱347,121**

Nature of intercompany transactions
The nature of the intercompany transactions with the related parties is described below:

A. Expenses – these pertain to the share of the related parties in various common selling and marketing and general and administrative expenses.
B. Reimbursable commission expense
C. Dividends

Schedule C

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Amounts Receivable (Payable) from Related Parties which are Eliminated during the Consolidation of Financial Statements
June 30, 2021

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of June 30, 2021. All are noninterest-bearing and to be settled within the year:

		Volume of Transactions	Receivable (Payable)
			(In Thousands)
Cyberzone Properties, Inc. (CPI)	Share in Expenses	₱764,074	₱13,084,969
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Share in expenses	410,028	3,287,464
Homepro Realty Marketing, Inc. (Homepro)	Share in expenses	2,813	798,166
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Share in expenses	24,484	567,231
Filinvest Clark Green City (FCGC)	Share in expenses	23,346	281,218
Dreambuilders Pro, Inc. (DPI)	Share in expenses	116,159	187,398
Filinvest Cyberparks, Inc. (FCI)	Share in expenses	141,180	155,004
Property Maximizer Professional Corp. (Promax)	Share in Expenses	9,310	143,403
Nature Specialists, Inc.	Share in expenses	245	29,753
Proleads Philippines, Inc. (PPI)	Share in expenses	363	26,321
Filinvest AII Philippines, Inc. (FAPI)	Share in expenses	4,171	19,837
Timberland Sports and Nature Club, Inc. (TSNC)	Share in expenses	16,612	19,487
Gintong Parisukat Realty and Development Inc. (GPRDI)	Share in expenses	3,339	15,586
Realpros Philippines, Inc. (RPI)	Share in expenses	73	14,981
Filinvest BCDA Clark, Inc. (FBCI)	Share in expenses	479	12,055
Property Specialist Resources, Inc. (Prosper)	Share in expenses	(0)	7,865
Leisurepro, Inc. (Leisurepro)	Share in expenses	46	6,501
Festival Supermall, Inc. (FSI)	Share in expenses	4,003	393
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Share in expenses	-	210
Philippine DCS Development Corporation (PDDC)	Share in expenses	-	118
Property Leaders International Limited (PLIL)	Share in expenses	-	111
ProMixers Aggregates Corp. (PMAC)	Share in expenses	-	37
FSM Cinemas, Inc.	Share in expenses	(232)	8
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	3	5
Cyberzone Properties, Inc. (CPI)	Rental Income	120,796	-
Cyberzone Properties, Inc. (CPI)	Dividend Income	2,706,233	-
Property Maximizer Professional Corp. (Promax)	Marketing Fee Expenses	20,176	-
Filinvest Asia Corporation (FAC)	Share in expenses	2	(4)
Filinvest Lifemalls Corporation (FLC)	Share in expenses	-	(49,992)
		₱4,367,704	₱18,608,123

Schedule C

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Amounts Receivable (Payable) from Related Parties which are Eliminated during the Consolidation of Financial Statements
June 30, 2021

The table below shows the movement of the receivables (payables) from related parties:

	December 31, 2020	Additions	Collections	June 30, 2021
		(In Thousands)		
Cyberzone Properties, Inc. (CPI)	₱9,493,865	₱3,591,103	₱-	₱13,084,969
Filinvest Cyberzone Mimosa, Inc. (FCMI)	2,877,436	410,028	-	3,287,464
Homepro Realty Marketing, Inc. (Homepro)	795,354	2,813	-	798,166
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	542,747	24,484	-	567,231
Filinvest Clark Green City (FCGC)	257,872	23,346	-	281,218
Dreambuilders Pro, Inc. (DPI)	71,239	116,350	(191)	187,398
Filinvest Cyberparks, Inc. (FCI)	13,824	141,180	-	155,004
Property Maximizer Professional Corp. (Promax)	113,917	29,486	-	143,403
Nature Specialists, Inc.	29,508	245	-	29,753
Proleads Philippines, Inc. (PPI)	25,958	363	-	26,321
Filinvest AII Philippines, Inc. (FAPI)	15,665	3,671	500	19,837
Timberland Sports and Nature Club, Inc. (TSNC)	2,875	16,612	-	19,487
Gintong Parisukat Realty and Development Inc. (GPRDI)	12,247	3,339	-	15,586
Realpros Philippines, Inc. (RPI)	14,908	73	-	14,981
Filinvest BCDA Clark, Inc. (FBCI)	11,576	479	-	12,055
Property Specialist Resources, Inc. (Prosper)	7,865	(0)	-	7,865
Leisurepro, Inc. (Leisurepro)	6,454	46	-	6,501
Festival Supermall, Inc. (FSI)	(3,610)	4,003	-	393
Filinvest Lifemalls Mimosa, Inc. (FLMI)	210	-	-	210
Philippine DCS Development Corporation (PDDC)	118	-	-	118
Property Leaders International Limited (PLIL)	111	-	-	111
ProMixers Aggregates Corp. (PMAC)	-	37	-	37
FSM Cinemas, Inc.	239	-	(232)	8
ProOffice Works Services, Inc. (ProOffice)	2	3	-	5
Filinvest Asia Corporation (FAC)	(5)	2	-	(4)
Filinvest Lifemalls Corporation (FLC)	(49,993)	-	-	(49,992)
	₱14,240,382	**₱4,367,663**	**₱78**	**₱18,608,123**

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee, management fee, subscription receivables and dividends. There were no amounts written off during the year and all amounts are expected to be settled within the year.

Schedule D

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Intangible Assets – Other Assets
June 30, 2021

As of June 30, 2021, the Group's intangible assets consist of Goodwill and BTO Rights. Intangible assets in the Group's consolidated statements of financial position amounted to ₱7,900.44 million.

	June 30 2021 (Unaudited)	December 31 2020 (Audited)
	(In Thousands)	
Goodwill	**4,567,242**	4,567,242
BTO Rights	**3,333,199**	3,305,396
Total	**7,900,442**	7,872,638

Schedule E

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Long-term Debt
June 30, 2021

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent
	(In Thousands)		
Developmental loans			
Unsecured loan obtained in October 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years). The principal balance is payable in equal quarterly amortization to commence in January 2023 until at maturity in October 2025.	695,538	-	695,538
Unsecured loan obtained in July 2020 with interest rate equal 5.4121% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in July 2025.	198,789	-	198,789
Unsecured loan obtained in July 2020 with interest rate equal 5.4898% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in July 2025.	993,954	-	993,954
Unsecured loan obtained in July 2020 with interest rate equal 5.4101% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in July 2025.	993,974	-	993,974
Unsecured loan obtained in May 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in May 2025.	278,327	-	278,327
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in July 2022 and 50% is payable at maturity in April 2025.	298,313	-	298,313
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	200,000	-	200,000
Unsecured loan obtained in April 2020 with interest rate equal to 4.91% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	500,000	-	500,000
Unsecured loan obtained in March 2020 with interest rate equal to 5.5072% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	497,100	-	497,100
Unsecured loan obtained in March 2020 with interest rate equal to 5.5470% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	497,098	-	497,098
Unsecured loan obtained in March 2020 with interest rate equal to 5.55% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	200,000	-	200,000
Unsecured loan obtained in March 2020 with interest rate equal to 5.5470% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	198,839	-	198,839
Unsecured loan obtained in February 2020 with interest rate equal to 5.02% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in February 2025.	298,304	-	298,304
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	373,042	15,543	357,498

Type of Obligation	Amount	Current	Noncurrent
	(In Thousands)		
Unsecured loan obtained in January 2020 with interpolated rate of 5.08% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 11 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in October 23 2024.	994,625	45,210	949,415
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	422,716	17,613	405,102
Unsecured loan obtained in January 2020 with interest rate equal to 5.30% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting April 2022 and the remaining 50% balance is payable in January 2025.	500,000	20,833	479,167
Unsecured loan obtained in December 2019 with interest rate equal to 5.06% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting March 2022 and the remaining 50% balance is payable in December 2024.	300,000	25,000	275,000
Unsecured loan obtained in November 2019 with interest rate equal to 5.01% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in November 2024.	1,000,000	-	1,000,000
Unsecured loan obtained in October 2019 with interest rate equal to 4.98% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2024.	497,403	-	497,403
Unsecured loan obtained in October 2019 with interest rate equal to 5.18% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting January 2022 and the remaining 50% balance is payable in October 2024.	500,000	41,667	458,333
Unsecured loan obtained in September 2019 with interest rate equal to 5.30% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	994,914	-	994,914
Unsecured loan obtained in September 2019 with interest rate equal to 5.11% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	994,947	-	994,947
Unsecured loan obtained in September 2019 with interest rate equal to 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting December 2021 and the remaining 50% balance is payable in September 2024.	300,000	37,500	262,500
Unsecured loan obtained in June 2019 with interest rate equal to 91-day Bloomberg Valuation Service Rate (BVAL Rate) plus margins, payable quarterly in arrears. The 50% principal is payable in 12 equal quarterly amortizations to commence on September 2021 and 50% payable at maturity on June 2024.	500,000	83,333	416,667
Unsecured loan obtained in June 2019 with interpolated rate of 5.0513%, payable quarterly in arrears. The principal is payable at maturity on June 2024.	1,990,631	-	1,990,631
Unsecured loan obtained in June 2019 with interpolated rate of 4.99% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,991,776	331,963	1,659,813
Unsecured loan obtained in June 2019 with interpolated rate of 4.84% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	2,987,721	497,953	2,489,767
Unsecured loan obtained in June 2019 with interpolated rate of 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,991,751	331,958	1,659,792

Type of Obligation	Amount	Current	Noncurrent
	(In Thousands)		
Unsecured loan obtained in July 2018 with interest rate equal to 6.51% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in October 2020 and 50% is payable at maturity in July 2023.	1,309,227	249,377	1,059,850
Unsecured loan obtained in June 2018 with interest rate equal to 6.20% per annum (fixed rate for 5 years). The principal is payable at maturity in June 2023.	1,495,160	-	1,495,160
Unsecured loan obtained in June 2018 with interest rate equal to 6.37% per annum (fixed rate for 5 years). 6% of the principal balance is payable at 12 equal quarterly amortizations to commence on September 2020 and 94% is payable maturity on June 2023.	488,563	9,971	478,592
Unsecured loan obtained in December 2017 with interest rate equal to 5.46% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in March 2020 and 50% is payable at maturity in December 2022.	299,400	66,533	232,867
Unsecured loan obtained in July 2017 with interest rate equal to 4.78% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in October 2019 and 50% is payable at maturity in July 2022.	123,783	29,125	94,658
Unsecured loan obtained in June 2017 with interest rate equal to 5.76% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 15 equal quarterly amortizations to commence in September 2020 and 50% is payable at maturity in June 2024.	432,406	66,524	365,882
Unsecured loan obtained in June 2017 with interest rate equal to 5.07% per annum (fixed rate for 5 years), payable quarterly in arrears. The 3% principal is payable in three (3) annual amortizations to commence in June 2019 and 97% is payable at maturity in June 2022.	968,958	968,958	-
Unsecured loan obtained in March 2017 with interest rate equal to 5.00% per annum (fixed rate for 5 years). The 50% principal is payable in 12 equal amortizations to commence in June 2019 and 50% is payable at maturity in March 2022.	312,125	312,125	-
Unsecured loan obtained in March 2017 with interest rate equal to 4.86% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in June 2019 and 50% is payable at maturity in March 2022.	156,083	156,083	-
Unsecured loan obtained in February 2017 with interest rate equal to 4.65% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in May 2019 and 50% is payable at maturity in February 2022.	62,442	62,442	-
Unsecured loan obtained in December 2016 with interest rate equal to 5.23% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% principal is payable in 16 equal amortizations to commence in March 2020 and 50% is payable at maturity in December 2023.	162,190	24,952	137,238
Unsecured loan obtained in December 2016 with interest rate equal to 4.94% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	499,729	499,729	-
Unsecured loan obtained in December 2016 with interest rate equal to 4.94% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	149,923	149,923	-
Unsecured loan obtained in November 2016 with interest rate equal to 5.20% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	406,128	62,481	343,647
Unsecured loan obtained in November 2016 with interest rate equal to 4.75% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	325,000	50,000	275,000
Unsecured loan obtained in October 2016 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2021.	999,702	999,702	-

Type of Obligation	Amount	Current	Noncurrent
	(In Thousands)		
Unsecured loan obtained in October 2016 with interest rate equal to 4.47% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	524,827	69,977	454,850
Unsecured loan obtained in October 2016 with interest rate equal to 4.21% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	974,603	129,947	844,656
Unsecured loan obtained in September 2016 with interest rate equal to 3.87% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortizations to commence in December 2018 and 50% is payable at maturity in September 2021.	433,220	433,220	-
Unsecured loan obtained in September 2016 with interest rate equal to 3.80% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in December 2018 and 50% is payable at maturity in September 2021.	40,613	40,613	-
Unsecured loan obtained in July 2016 with interest rate equal to 3.81% per annum (fixed for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortizations to commence in October 2018 and 50% is payable at maturity in July 2021.	189,583	189,583	-
Unsecured loan obtained in March 2016 with interest rate equal to 5.74% per annum (fixed rate for 7 years). The 50% of principal balance is payable in 20 equal quarterly amortizations to commence in June 2018 and 50% is payable at maturity in March 2023.	134,762	19,965	114,797
Unsecured loan obtained in July 2014 with interest rate equal to 4.88% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in October 2016 and 50% is payable at maturity in July 2021.	367,500	367,500	-
Unsecured loan obtained in July 2014 with interest rate equal to 4.88% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in October 2016 and 50% is payable at maturity in July 2021.	315,000	315,000	-
Short term loan obtained in August 2020 with interest rate equal to 3.7050% per annum, payable quarterly in arrears. The principal is payable at maturity in August 2021.	499,520	499,520	-
Short term loan obtained in August 2020 with interest rate equal to 4.38% per annum, payable quarterly in arrears. The principal is payable at maturity in August 2021.	1,000,000	1,000,000	-
Short term loan obtained in June 2021 with interest rate equal to 3.3250% per annum, payable quarterly in arrears. The principal is payable at maturity in December 2021.	378,595	378,595	-
Short term loan obtained in June 2021 with interest rate equal to 3.0875% per annum, payable quarterly in arrears. The principal is payable at maturity in September 2021.	400,000	400,000	-
Short term loan obtained in June 2021 with interest rate equal to 3.3250% per annum, payable quarterly in arrears. The principal is payable at maturity in September 2021.	205,000	205,000	-
Short term loan obtained in April 2021 with interest rate equal to 3.0875% per annum, payable quarterly in arrears. The principal is payable at maturity in October 2021.	100,000	100,000	-
Short term loan obtained in May 2021 with interest rate equal to 3.3250% per annum, payable quarterly in arrears. The principal is payable at maturity in November 2021.	996,301	996,301	-
Short term loan obtained in June 2021 with interest rate equal to 3.3250% per annum, payable quarterly in arrears. The principal is payable at maturity in December 2021.	996,322	996,322	-
	₱37,936,424	**₱11,298,043**	**₱26,638,381**

Bonds

Type of Obligation	Amount	Current	Noncurrent
	(In Thousands)		
Fixed rate bonds with aggregate principal amount of P8.1 billion issued by the Group on November 18, 2020. This comprised of P6.3 billion 3-year fixed rate bonds due in November 2023 with a fixed interest rate of 3.34% per annum, and P1.8 billion 5.5-year fixed rate bonds due in May 2026 with a fixed interest rate of 4.18% per annum.	8,045,319	-	8,045,319
Fixed rate bonds with principal amount of P6.00 billion and term of 5.5 years from the issue date was issued by the Company on July 7, 2017 to mature in January 2023 with fixed interest rate is 5.05% per annum.	5,980,567	-	5,980,567
Fixed rate bonds with aggregate principal amount of P8.00 billion issued by the Group on August 20, 2015. This comprised of P7.00 billion, 7-year fixed rate bonds due in August 2022 with a fixed interest rate of 5.36% per annum, and P1.00 billion, 10-year fixed rate bonds due in August 2025 with a fixed interest rate of 5.71% per annum.	7,980,187	-	7,980,187
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on December 4, 2014. This comprised of P5.30 billion, 7-year fixed rate bonds due in December 2021 with a fixed interest rate of 5.40% per annum, and P1.70 billion, 10-year fixed rate bonds due in December 2024 with a fixed interest rate of 5.64% per annum.	6,991,653	5,296,980	1,694,673
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on November 8, 2013. This comprised of P4.30 billion 7-year fixed rate bonds due in November 2020 with a fixed interest rate of 4.86% per annum, and P2.70 billion 10-year fixed rate bonds due in November 2023 with a fixed interest rate of 5.43% per annum.	2,693,945	-	2,693,945
	₱31,691,671	**₱5,296,980**	**₱26,394,691**
	₱69,628,095	**₱16,595,024**	**₱53,033,072**

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for CPI bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption, or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering any partnership, merger, consolidation, or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the reporting period.

Schedule F

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Indebtedness to Related Parties
June 30, 2021

Below is the list of outstanding payables to related parties of the Group presented in the consolidated statements of financial position as of June 30, 2021:

	Relationship	Nature	June 30 2021	December 31 2020
			(In Thousands)	
Filinvest Development Corporation (FDC)	Parent Company	A,C	**₱1,080,932**	₱60,484
Corporate Technologies, Inc. (CTI)	Associate	A	**21,212**	42,810
Countrywide Water Services, Inc. (CWSI)	Affiliate	A	**19,100**	-
Entrata Hotel Services, Inc.	Affiliate	A	**2,399**	2,757
Palms Country	Affiliate	A	**391**	355
Filinvest Corporate City (FCC)	Affiliate	A	**77**	66
Filinvest Alabang, Inc.(FAI)	Associate	A,C	**53**	3,760
Pacific Sugar Holdings Corp.	Affiliate	A	**15**	15
Mactan Seascapes Services, Inc.	Affiliate	A	**8**	9
Proplus, Inc.	Affiliate	A	**-**	-
Chroma Hospitality, Inc.	Affiliate	A	**-**	1,491
Crimson Mactan	Affiliate	A	**-**	193
Crimson Alabang	Affiliate	A	**-**	61
Manila Waldorf School	Affiliate	A	**-**	12
Seascapes Resort, Inc.	Affiliate	A	**-**	5
Quest Pampanga	Affiliate	A	**-**	3
			₱1,124,186	**₱112,021**

Nature of intercompany transactions
The nature of the intercompany transactions with the related parties is described below:

A. Expenses - these pertain to the share of the Group in various common selling and marketing and general and administrative expenses.
B. Management and marketing fee
C. Dividends

Schedule G

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Guarantees of Securities of Other Issuers
June 30, 2021

The Group does not have guarantees of securities of other issuers as of June 30, 2021.

Schedule H

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Guarantees of Capital Stock
June 30, 2021

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
		(In Thousands)				
Common Shares	33,000,000	24,249,760	−	16,147,682	49,071	8,053,007
Preferred Shares	8,000,000	8,000,000	−	8,000,000	−	--

Schedule I

FILINVEST LAND, INC. AND SUBSIDIARIES

Supplementary Schedule of Bond Issuances – Securities Offered to the Public
June 30, 2021

	2013 7 Billion Bond	2014 7 Billion Bond	2015 8 Billion Bond	2017 6 Billion Bond	2020 8.1 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus					
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱9,000,000,000
Less: Expenses	67,594,379	82,327,087	85,330,750	68,308,996	118,002.63
Net Proceeds	₱6,932,405,621	₱6,917,672,913	₱7,914,669,250	₱5,931,691,004	₱8,999,881,997
Actual gross and net proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱8,100,000,000
Less: Expenses	82,906,997	77,906,937	86,811,468	96,582,653	165,450,548
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452
Expenditure items where the proceeds were used					
Land Acquisition	₱2,965,648,318	₱-	₱88,961,000	₱-	₱595,776,352
Project Development	1,185,554,209	2,422,093,063	2,888,760,022	-	693,494,229
Investment Property	2,765,890,476	–	4,935,467,510	5,903,417,347	2,104,200,033
Debt refinancing	-	4,500,000,000	-	-	4,356,621,959
General Corporate	-	-	-	-	184,456,880
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452
Balance of the proceeds as of December 31, 2020					
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452
Capital Expenses	6,917,093,003	2,422,093,063	7,913,188,532	5,903,417,347	3,393,470,613
Debt refinancing	-	4,500,000,000	-	-	4,356,621,959
General Corporate	-	-	-	-	184,456,880
Net Proceeds	₱-	₱-	₱-	₱-	₱-

Schedule J

FILINVEST LAND, INC. AND SUBSIDIARIES

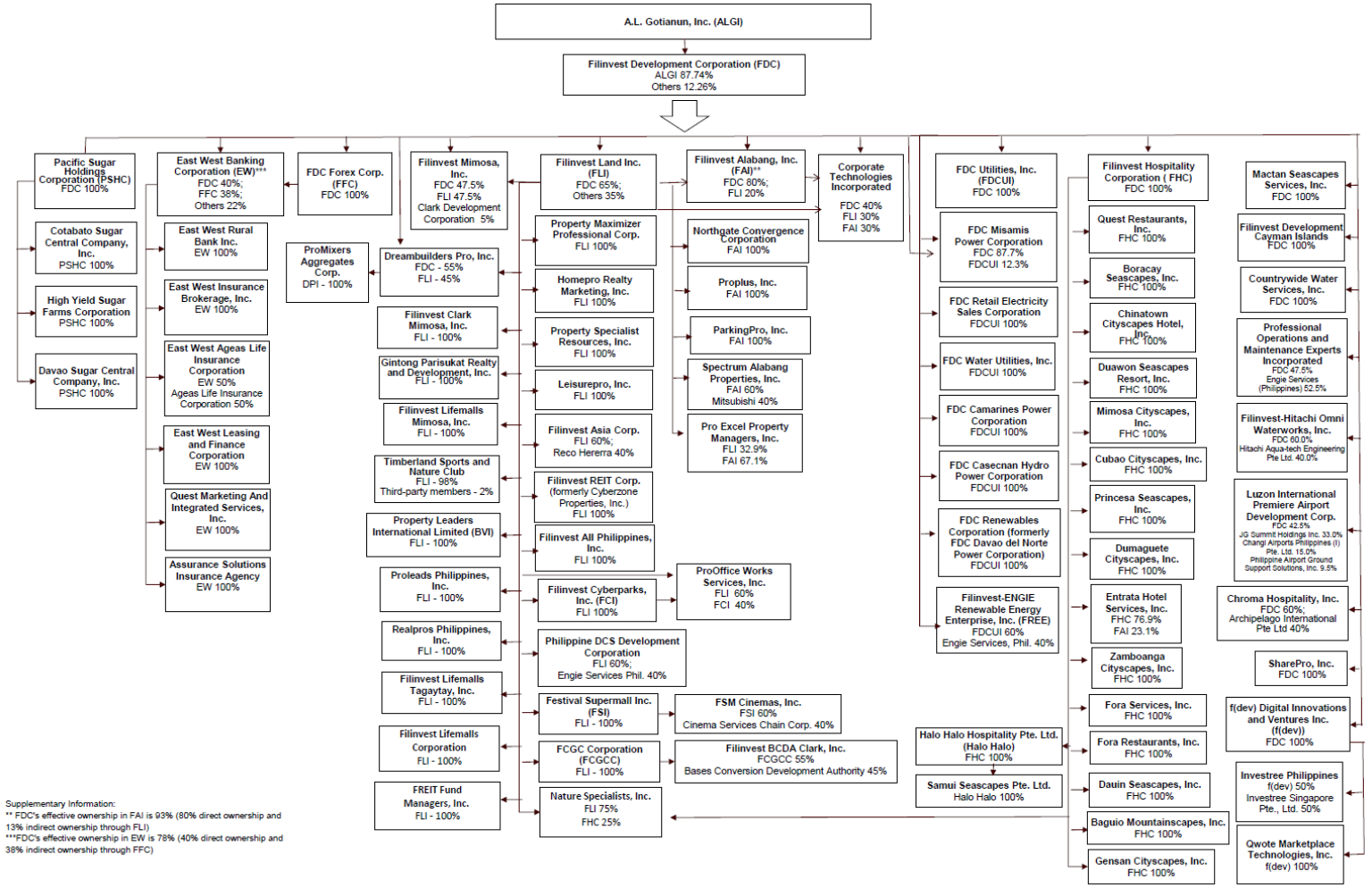
Supplementary Schedule of Retained Earnings Available for Dividends Declaration
June 30, 2021
(Amounts in thousands)

Unappropriated Retained Earnings, January 1, 2021, as restated		₱31,820,393
Adjustments:		
Equity in net earnings of subsidiaries and an associate		
Unappropriated Retained Earnings, as adjusted, January 1, 2021		31,820,393
Net income based on the face of financial statements	3,333,075	
Add: Non-actual/unrealized losses net of tax		
Movement in deferred tax assets	(55,529)	
Net income actual/realized		**(3,277,546)**
Less: Dividend declarations during the year		(754,223)
Less: Appropriations for business expansion		-
Unappropriated Retained Earnings, as adjusted, June 30, 2021		**₱27,788,625**

Schedule K

FILINVEST LAND, INC. AND SUBSIDIARIES

Map Showing the Relationship Between and Among the Companies in the Group, Its Ultimate Parent Company and Co-Subsidiaries
June 30, 2021



FILINVEST LAND, INC. AND SUBSIDIARIES

Components of Financial Soundness Indicators
June 30, 2021

	June 30 2021	June 30 2020	December 31 2020
	(Unaudited)	(Unaudited)	(Audited)
Current Ratio[1]	**2.88**	3.37	3.10
Interest-bearing debt-to-Equity ratio, [2]	**0.91**	0.89	0.94
Debt Ratio[3]	**0.58**	0.59	0.59
EBITDA to Total Interest Paid[4]	**1.99**	2.86	2.34
Price Earnings Ratio[5]	**5.10**	5.22	7.47
Quick Asset Ratio[6]	**0.68**	0.78	0.84
Solvency Ratio[7]	**0.03**	0.03	0.05
Interest Coverage Ratio[8]	**2.37**	2.89	2.37
Net Profit Margin[9]	**0.31**	0.27	0.24
Return on Equity[10]	**0.07**	0.07	0.05
Asset-to-Equity Ratio[11]	**2.38**	2.44	2.43

[1]Current Assets divided by Current Liabilities

[2]Interest-bearing debt divided by Total Equity

[3]Total Liabilities divided by Total Assets

[4]Earnings before Interests and Other Charges, Income Tax, Depreciation and Amortization - EBITDA (net income plus interest and other charges, income tax, depreciation, and amortization) divided by Total Interest Paid

[5]Closing price divided by Annualized Earnings per share

[6]Quick Assets (total current assets less inventories) divided by Current Liabilities

[7]Net Income before Depreciation (net income plus depreciation) divided by Total Liabilities

[8]Earnings before Interest and Other Charges and Income Tax (EBIT) divided by Interest Expense

[9]Net Income divided by Revenue

[10] Annualized Net Income divided by Total Equity

[11] Total Assets divided by Total Equity