

ANNUAL REPORT 2020



FILINVEST
LAND, INCORPORATED



MOVING FORWARD with AGILITY

Powered by agility, Filinvest Land, Inc. (FLI) moves confidently towards the future amid the challenging landscape of the pandemic. With a diverse project portfolio, strong digitalization efforts, and resilient business strategies, FLI forges ahead with foresight and innovation, fully prepared to build more Filipino dreams as it actively helps the nation in the fight against COVID-19.



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VISION

To be the most trusted placemaker of environs that inspire and enhance a happy life

MISSION

- To enliven and enrich lives in Filinvest communities
- To enable and encourage the growth of our partners
- To create and add value for our investors
- To build platforms that create vibrant and sustainable ecosystems
- To respect and protect the environment
- To keep affordable housing at our core

CORE VALUES

The core values of integrity, customer service, professionalism, teamwork, innovation and cost-effectiveness are highly valued. The highest standards of business and moral ethics shall be exercised.

FINANCIAL HIGHLIGHTS

FILINVEST LAND, INC. and SUBSIDIARIES

(Amounts in Thousands of Pesos, Except Per Share Data)

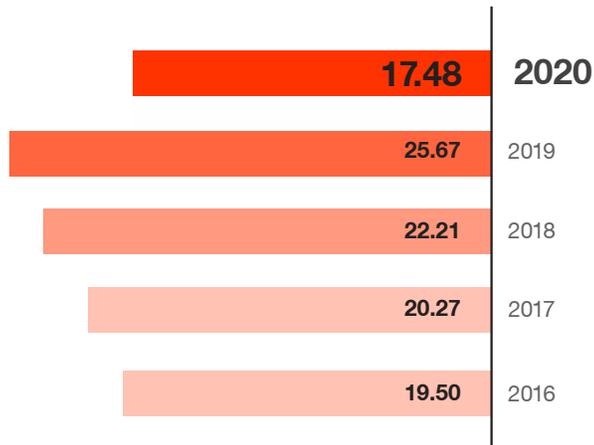
OPERATING RESULTS	2020	2019	2018	2017	2016
• Revenues *	17,484,646	25,673,310	22,205,185	20,269,651	19,500,586
• Net Income *	3,957,750	6,519,800	6,075,873	5,834,181	5,350,786
• Net Income Attributable to Parent	3,733,443	6,283,634	5,894,408	5,685,394	5,247,262
• Return on Assets (Average)	2.23%	3.92%	4.00%	4.25%	4.27%
• Return on Equity (Average)	5.40%	9.35%	9.29%	9.49%	9.30%
FINANCIAL POSITION					
• Total Assets*	181,005,146	173,696,431	158,860,483	145,121,919	129,425,232
• Total Long-Term Debt	69,768,551	63,412,920	59,782,739	58,084,201	53,252,649
• Stockholders' Equity*	74,378,943	72,164,293	67,271,622	63,501,043	59,412,637
• No. of Shares Issued and Outstanding (000's)	24,249,759	24,249,759	24,249,759	24,249,759	24,249,759
• Debt to Equity **	93.80%	87.87%	88.87%	91.47%	89.63%
• Net Debt to Equity ***	84.80%	81.26%	79.32%	79.54%	81.43%
PER SHARE DATA					
• Primary/Fully Diluted Earnings	Php 0.15	Php 0.26	Php 0.24	Php 0.23	Php 0.22
DIVIDENDS					
• Dividends per share	0.0648	0.0619	0.0618	0.0613	0.0610
• Dividend payout rate (on previous year's net income)	25%	25%	26%	29%	30%

* includes equity in net earnings of an associate

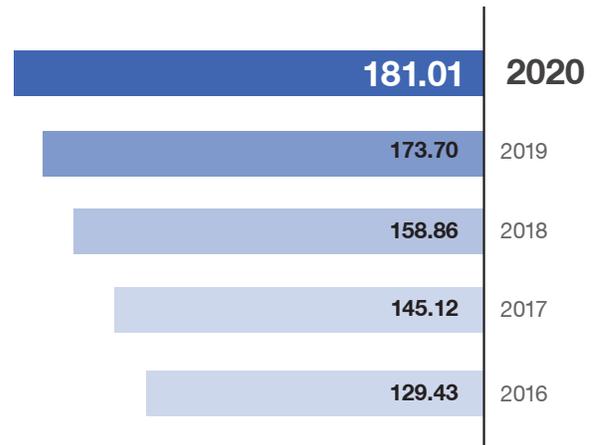
** computed as interest-bearing debt divided by stockholders' equity

*** computed as interest-bearing debt less cash and cash equivalents divided by stockholders' equity

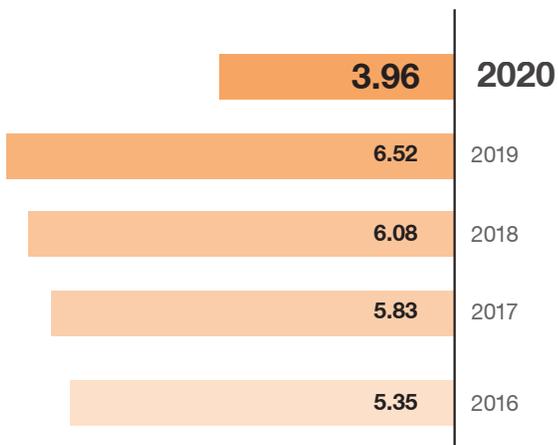
FINANCIAL HIGHLIGHTS



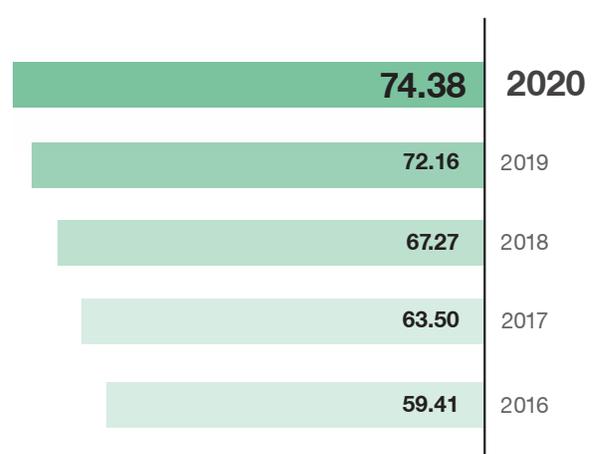
REVENUES*



TOTAL ASSETS*



NET INCOME*



TOTAL STOCKHOLDER'S EQUITY*

*in billions



MESSAGE OF THE CHAIRMAN

MESSAGE OF THE CHAIRMAN



JONATHAN T. GOTIANUN

2020: A Truly Challenging Year

The COVID-19 pandemic has ravaged many economies over the past year. To this day, it continues to do so, and its impact to the Philippine economy is far from over. As the global pandemic spread throughout the country, the Philippine economy plunged by 9.5%, the sharpest decline in recorded history and the first decline since 1998.

At the beginning of the crisis, there was uncertainty as unemployment rose not only in the country but also globally which also affected the livelihood of our Overseas Filipino Workers (OFW). The decline of overseas remittances was fortunately muted with a 0.8% decrease, ending 19 years of growth. People's instincts were to conserve cash and be as liquid as possible. This affected discretionary spending which in turn affected sales of non-essential goods, which also affected the revenues of many mall tenants. Strict health protocols and quarantine periods were imposed that limited access to malls, forcing a large number of mall tenants to remain closed or to operate in limited capacity. Major purchases such as properties were impacted, more so in the luxury and higher-end market segments.

Fortunately, the Bangko Sentral ng Pilipinas (BSP) implemented a more accommodative monetary policy such as cuts in the reserve requirement that released a significant amount into the banking system. The BSP also increased the real estate loan limit of universal banks. These allowed property developers to raise funds and strengthen their balance sheet at low interest rates. The passage of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law that lowers the corporate income tax also provides a fiscal relief and will facilitate recovery of businesses. CREATE also finalized the incentives available to investors, which removed the cloud of uncertainties especially for BPOs.

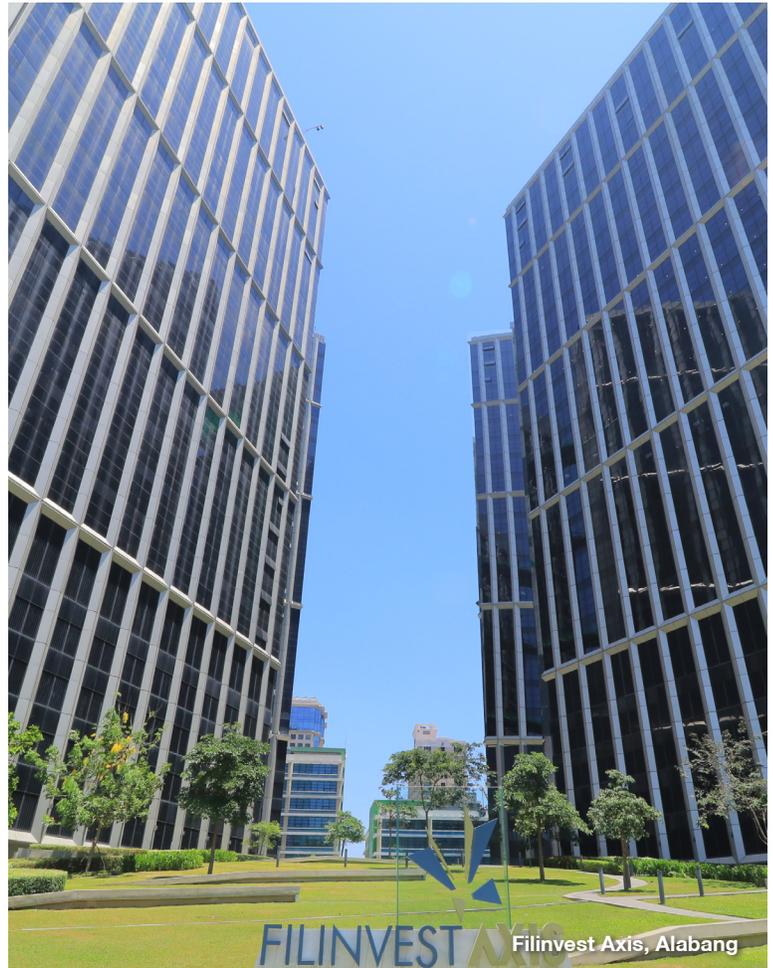
Filinvest Land, Inc. was not spared from the adverse effects of COVID-19. We saw our residential option sales, real estate revenues, as well our mall rental revenues significantly affected. Nevertheless, your Company has proactively managed the crisis by putting into action its Business Continuity Plan (BCP).

The BCP has enabled your Company to operate efficiently despite the limitations imposed during the quarantine periods. Despite the difficult operating environment, your Company was able to face the hurdles by implementing its BCP. The BCP laid out the processes necessary to ensure that your Company is able to operate within the crisis period. It covers health and safety, cash flow management, customer transactions, construction protocols and supplier payments. Your management assures our stakeholders that the long-term prospects of your Company are preserved.

2021: Looking Forward

Despite the difficult first half of 2020 at the onset of the COVID-19 pandemic, we witnessed the strong recovery of the residential business in the second half of 2020, as soon as the country slowly transitioned to less restricting quarantine protocols. Our focus on the affordable and middle-income markets, the end-user and underserved markets assured us of sales despite the crisis.

The office leasing business provided stable revenues as all of our office buildings remained operational 24/7. Despite the pandemic, the office leasing business managed to grow 8% in 2020. The Business Process Outsourcing (BPO) sector was allowed to operate during the quarantine period with the prescribed office density and health protocols. We expect the BPO sector to continue to grow, albeit at a slower pace until such time that COVID-19 is behind us.



In the long term, we see the BPO sector still growing as the Philippines is still a preferred location for our well-educated and fluent English-speaking labor force and relatively lower labor costs.

We have faith that the affordable and middle-income residential sales and office leasing businesses will continue to be strong and will drive your Company's profitability.

2030 Sustainability Road Map

The Filinvest Group is in the midst of preparing our 2030 Sustainability Road Map. It is anchored on three of the core values of the Filinvest Group.

- We focus on providing superior value to our customers through cost efficiencies without sacrificing safety, quality and the environment.
- We have integrity at the core of our moral fiber. We believe that financial discipline, corporate governance and environmental protection are all grounded in integrity.
- We develop the best in our people. We work to build up an entrepreneurial and intrapreneurial team guided by the timeless philosophies of our founder Andrew Gotianun. We are all guided to be good corporate citizens for our team, our neighbors, our community, our country, and the world.

Maximizing Shareholder Value

In all that we do, we strive to maximize shareholder value. In 2020, despite the uncertainty brought by the pandemic to the business environment, we declared cash dividends amounting to Php 0.0648 per common share equivalent to 25% payout ratio and a dividend yield at the time of declaration of 6%, among the highest for Philippine property companies.

Appreciation

On behalf of our Board of Directors, I would like to express my gratitude to all of you, our shareholders, creditors, business partners, employees, and customers for your continued trust and faith in us during this difficult period. Your support has truly inspired us and we assure you of our steadfast commitment to FLI. Thank you for the opportunity to serve you.



Our District Cooling pioneer project, our on-going Smart City initiatives, and our COVID-19 Data Dashboard contribution to the pandemic cause are all initial commitments towards being a good corporate sustainable citizen.

Northgate District Cooling System, Filinvest City, Alabang



MESSAGE OF THE PRESIDENT & CEO

MESSAGE OF THE PRESIDENT & CEO



JOSEPHINE GOTIANUN YAP

In the turmoil of the COVID-19 global pandemic, this great interruption caused us to pause and re-examine our existence as individuals, businesses and as members of society at large. It greatly changed the way we view, live, and do things, and your Company, Filinvest Land, Inc. (FLI) is no exception.

2020: In Retrospect

The crisis has brought many realizations in light of the strategies that your Company formulated years ago. It was around eight years ago when your Company made the deliberate decision to build up its recurring income segment with a heavier emphasis on the office segment to protect against the cyclical risks of the residential segment. This was anchored on FLI's strength as one of the pioneers in Business Processing Outsourcing (BPO) companies workspace, growing with the industry since its infancy. Fast forward to 2020, amidst the pandemic, the office leasing business was the most resilient, growing 8% from 2019. The office business provided a cushion as the retail business was adversely impacted by the restrictions imposed during the Enhanced Community Quarantine (ECQ) period and the General Community Quarantine (GCQ) period which limited the operations of our malls and the volume of mall-goers. Our investment properties now contribute 50% of our net income.

Saddled by the disruption in construction stoppages, government consumer support directives and the impact of lockdown measures on sales, all of which affected revenue recognition, consolidated revenues declined by 32% to Php17.49 billion, with real estate sales revenues declining by 42% to Php 9.84 billion. Net income attributable to equity holders was likewise lower by 41% at Php 3.73 billion from Php 6.28 billion in 2019. We believe that this is a resilient performance in light of the impact of the pandemic globally and the longer lockdowns experienced by the Philippines.

Agility is our Battle Cry

Our first priority in 2020 was health, both physical and financial, of our customers, our Filinvest family and your Company. Interdepartmental synergy teams collaborated to provide solutions and execute them to address an expanded scope that went beyond business as usual. An emergence of leaders all throughout your Company led these teams with clarity of purpose and passion.

I am proud of what our people achieved to safeguard the interest of our various stakeholders.

In an environment where the enemy is invisible, the roadmap uncharted and timelines dynamic, **our battle cry is Agility.**

We ensured our employees' immediate health and safety as well as their economic well-being. Reduction of office densities, office sanitation, health and social distancing protocols as well as digital contact tracing tools were immediately deployed. This enabled your Company to operate efficiently and safely despite the pandemic. The financial health of our regular workforce was ensured by a redeployment of the organization for better responsiveness and productivity. We trimmed the fat off personnel expenses.



Office sanitation and safety protocols

Your Company supported your customers by granting home buyers a grace period during the duration of the ECQ period. This helped to ease the financial burden of our clients during the uncertain times. Filinvest Lifemalls also gave rent relief to mall tenants who were closed or were not able to fully operate during the period. We continue to support our retail tenants in times of need like this to help them sustain their businesses. We kept our business partners whole through continued processing of their receivables via e-payment during lockdowns.

As learned from previous financial crises, cashflow management is paramount. Your Company reduced its cashflow demands by re-examining its project lineups, focusing on the completion of on-going projects, and promoting the sales of existing inventories. We took a more conservative approach, limited our new launches to Php3.7 Billion and delayed new launches which could still be served by existing projects. However, project teams are ready to hit the ground running as preparations for new projects continue.

Your Company was well supported by our banking partners. FLI raised Php 8.1 billion through the issuance of 3- and 5.5-year peso fixed-rate bonds in November 2020. The bonds, which attained the highest PRS Aaa rating from the Philippines Rating Services Corporation (PhilRatings), had an oversubscription of Php 1.35 billion over the base amount of Php 6.75 billion. The proceeds of this bond issuance supported the various capital expenditure requirements of your Company under this challenging business environment.

Moving forward, your Company will be guided by the following strategies to ensure continued growth.



Low Risk, Market Responsive, End-User Housing Business Model

Your Company continues its focus on mass market housing products in the affordable and the middle-income segments which account for 50% of housing demand across the country.

We reduce the cyclical waves by prioritizing the first-time homeowners and the ultimate end-users market. Our brands, Aspire and Futura, provide more depth within this market segment through a whole range of housing products addressing budget constraints and lifestyle preferences. We are committed to building the Filipino dream and FLI differentiates itself with more sustainable communities of lower density and larger open spaces.

While full year residential revenues declined, we saw a remarkable improvement in revenues in the second half of the year. This shows the resilience of the affordable housing demand. We are fortunate that we have a diversified residential portfolio – both geographically, and product-wise. We recognize that landed housing and medium-rise buildings are products with faster cashflow turnaround, better alignment to market response, and easier to mitigate construction risk.

FLI's vast landbank provides enough inventory to ensure a continued rollout of residential projects going forward.

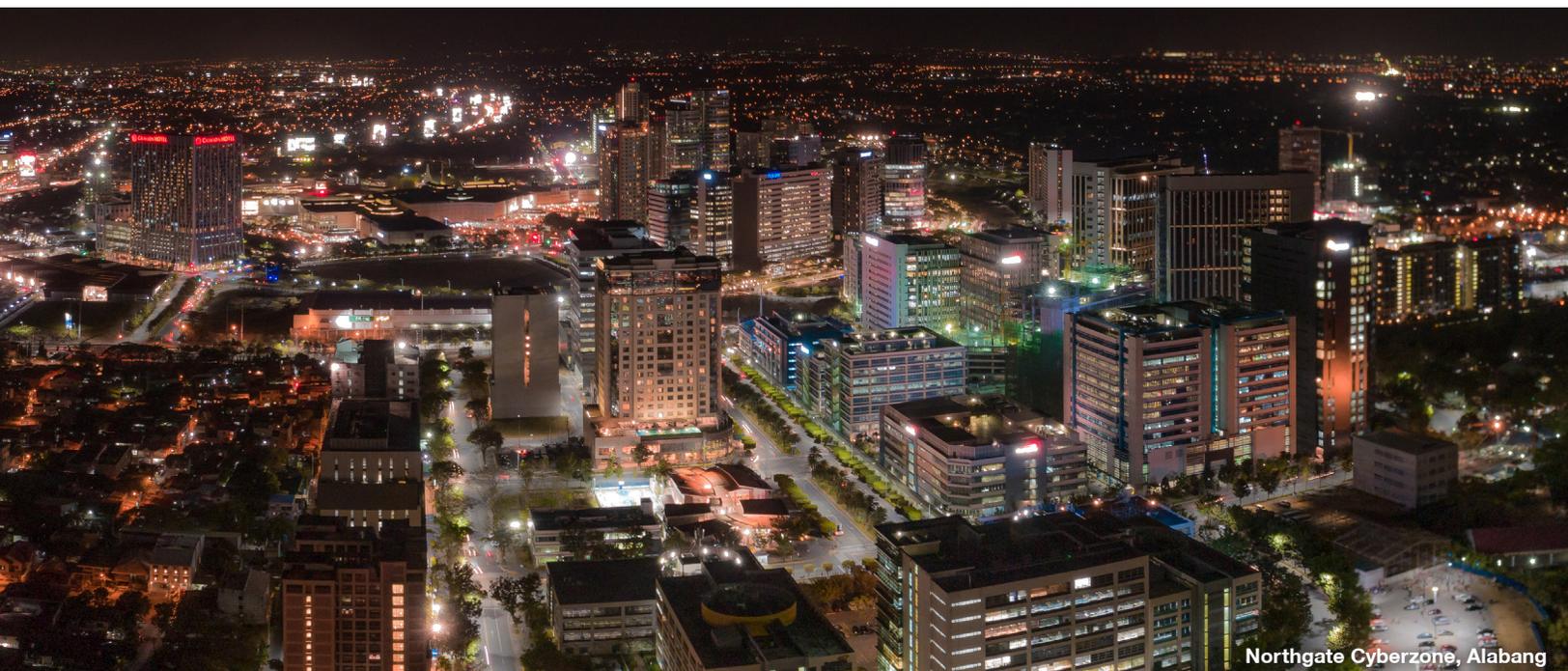
Transforming into an Investment Management Company

FLI and its subsidiaries now operates 36 office and retail developments with over 780,000 square meters of Gross Leasable Area (GLA). We are broadening our offerings with emphasis on warehouse and land lease space for the logistics and e-commerce players. Together with its new innovation parks for lease, your Company targets to reach 2.3 million square meters of GLA by 2024 for its recurring income business, which includes its office, retail, logistics/innovation and co-living investment properties. Your Company's presence in three major BPO Hubs – Metro Manila/Alabang, Clark and Cebu and its extensive land bank allows it to produce 5.3 million square meters of GLA.

In 2021, your Company will be welcoming a new set of investors as it plans to offer part of its ownership in office subsidiary Cyberzone Properties, Inc. (to be renamed Filinvest REIT Co.) through the Real Estate Investment Trust (REIT). This marks the transformation of FLI from a development-focused company to include a fund management component.

The initial FilREIT portfolio will cover 17 buildings mostly located in Northgate Cyberzone, a PEZA-accredited IT park in Filinvest City, Alabang, Muntinlupa. These buildings have the unique advantage of being within Filinvest City, the first LEED-certified CBD in the Philippines and the largest in Southeast Asia that has attained LEED Gold in Sustainable Neighborhood Development. Substantially, this entire office portfolio is serviced by the country's first and largest district cooling plant with up to 12,000-ton capacity. Built in 2017, the district cooling system protects the environment by cutting carbon dioxide emission through lower energy consumption, making it a key component of sustainable development.

Your Company is excited to contribute to the further growth of the Philippine REIT market. We believe that our high-quality office portfolio, supported by a strong BPO tenant mix, and built-in organic growth through rental escalations will be an excellent addition to the growing Philippines REIT market. We look at the REIT issuance as an opportunity to accelerate growth of the office leasing business as your Company reinvests the proceeds primarily in investment property developments across the country.



Digitalization

During the pandemic, your Company transformed into a digital entity embracing technology as it sought the best ways to reach its goals. Past investments in developing integrated systems that cover the whole cycle of the residential sales system facilitated the transactions especially throughout the pandemic, with most of the transaction already done online. Automated systems for the buyers as well as sellers ensured continued sales support and customer service communications. Contactless transactions as well as aggressive digital marketing also facilitated the sales transactions.

There is a saying that a crisis often presents opportunities. For FLI, it was an opportunity to fully reap the benefits of its investments in digitalization. As your Company adapted to the new environment, technologies that were developed in the past were put into full use with greater acceptance by both the organization and the target users. These covered online portals to dashboards, contactless payments, productivity tools, and retail ordering platforms. The pandemic accelerated further demand for enhanced digitalization across the businesses which management has always supported. Our digital preparedness minimized the operational disruption brought about by the community quarantines and allowed us to rebound faster and better than expected.

CUSTOMER SERVICE AT YOUR FINGERTIPS!



THE FILINVEST SERVICE DESK MOBILE APP IS HERE!

-  Keep tabs on your properties
-  Get updates on your account
-  Talk to a Service Desk agent



Leaning Forward, Looking Forward

As we look forward to 2021 and beyond, we remain hopeful. Your Company has proven resilient by being agile. Significant lessons were learned and more importantly, your Company was able to face the challenges head-on.

With the hope that vaccines bring, your Company is in the process of prioritizing key projects to launch. We saw the positive turnaround in the second half of 2020 especially for the residential business and we project this to continue into 2021. We are hopeful that the worst is now behind us.

To our home buyers, office, and retail tenants, thank you for your continued trust during this challenging time. Be assured that we will always serve you in the best way possible.

I would also like to express my appreciation to our different stakeholders: our business partners, creditors and shareholders for your continued support in our efforts to serve our clients.

To my management team and the Filinvest family, thank you for your dedication, loyalty, sacrifices and hard work to ensure that we are able to sustain our operations during this time. Together we will continue to build the Filipino dream.

Finally, to our Board of Directors, we thank you for your steadfast guidance and wisdom in sailing through these uncharted waters.



BUSINESS REVIEWS



MESSAGE OF THE CHIEF STRATEGY OFFICER & RESIDENTIAL BUSINESS HEAD

MESSAGE OF THE CHIEF STRATEGY OFFICER & RESIDENTIAL BUSINESS HEAD



TRISTANEIL LAS MARIAS

We are pleased to report that our residential business maintained its recovery trend in the last quarter of 2020 despite the challenges posed by the sustained COVID-19 community quarantines around the country.

Revenues from residential business grew by 50% at Php3.17 billion during the last quarter coming from Php2.12 billion in the third quarter.

This was a continuation of the upward trend recognized in the third quarter as community quarantine regulations relaxed, construction activities resumed, and buyer payment started to normalize.

The second semester residential revenues grew by 16% at Php5.28 billion versus Php4.56 billion recorded in the first semester.

The growth in demand for housing and condominium products that cater to the affordable and middle-income segment was a key factor in the increase in revenues during the last two quarters. Total revenues attributable to affordable and middle-income segment housing in the second half was at Php4.75 billion, which accounted for 90% of the total residential business revenues for the same period.

Our presence in major cities in North Luzon, South Luzon, Visayas, and Mindanao also allowed us to catch the property demand outside Metro Manila and in other regional areas that were less affected by quarantine restrictions. At the end of 2020, our residential business was present in 22 provinces and 55 towns & cities across the country. As part of our strategy to reduce market risk, more than half of our projects are located outside Metro Manila.

Our Digital Transformation

The second half of 2020 also showed a healthy rebound in residential reservation sales, and we see this as a fruit of our earlier investments towards accelerated digital transformation.



We invested early in digital innovations which enabled us to quickly provide our customers and business partners with online platforms to transact with us when the physical interface was restricted. Below are the online solutions we launched, some of which were already available as early as 2018:

A. Online Sellers' Hub - This web-based application launched in 2018 allows sellers to access sales materials, skills training modules, check inventories, and receive commission updates. In 2020, this was complemented by an Online Seller Recruitment Program and a Virtual Townhall Training Program to adapt to the new normal.

B. Customer Service Desk Online – We started with a web-based application in 2018, which allowed our buyers to view their purchase details, check construction updates, and chat with our customer service assistant. In 2020, we added a mobile app version and brought in more features such as online advisories and a 24/7 customer service chat function. It now has more than 29,000 downloads and counting.

C. Online Purchase Application Form or OPAF – This is another web-based application launched in 2020 that allowed our buyers to choose their unit, pay the reservation fee, and complete the reservation process conveniently on a single online platform.

D. E-Settle Payment Facility – In partnership with EastWest Bank, this facility allowed us to credit payments directly to our contractors' and suppliers' bank accounts. The E-Settle facility also reduced the processing time for our business partners to receive their payments.

E. MyHome App – Last year, we also launched a web-based property management service app that allowed residents to request assistance, schedule unit maintenance services, and pay association dues and other bills online. Residents also used their MyHome App to access the latest community activities and other important government announcements.

F. Online Bank Payments - We expanded our tie-ups with major Philippine banking institutions to give our buyers more bank options to make online payments.

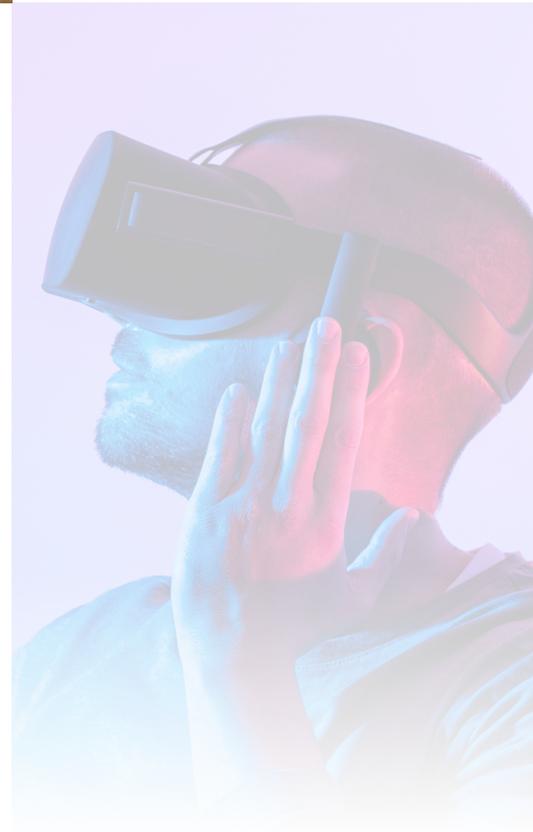
G. Omni Channel Servicing -We also developed an internal system that allowed our customer service employees who were working from home to timely respond to queries via email, phone, and online chat services.



We also shifted aggressively to digital marketing in the second half of 2020, and this adjustment helped increase our reservation sales during this period when physical interface was restricted.

We uploaded site drone videos and provided more interactive images of unit interiors. We also provided panoramic views of how their window views look like. From printed flyers, we shifted to digital versions and uploaded all marketing materials in the Online Sellers' Hub. This made all our sales and marketing materials accessible to our sellers anytime from anywhere.

We also tasked our property management arm, Pro-Excel Property Managers, Inc. (Pro-Excel), to organize small community markets and group deliveries which provided residents safer alternatives to buying their essentials. We observed that these special services resonated with our residents and brought about positive feedback that strengthened our word-of-mouth endorsements.



2020 in Review

When the pandemic began, we expected the residential business to weaken due to the financial uncertainty that affected potential Overseas Filipino Workers (OFW) and domestic buyers.



We immediately revisited our residential project launches, capital expenditure programs, and pushed back the second semester launches to 2021, cutting our CapEx by 62% to Php11.3 billion.

We observed sales absorption across the country. We monitored inventory levels and prioritized the launch of new projects in cities that were least affected and that continue to exhibit strong market demand.

As part of our planning, we also completed project plans and launch requirements of new residential projects in other areas that are likely to experience a V-shaped rebound soon.

Our ability to adjust quickly allowed us to implement new safety and health protocols in our job sites. This allowed us to resume construction faster and minimize delays in the delivery of our products to customers. With the help of our construction arm, Dreambuilders Pro, Inc. (DPI), we were able to accomplish major land development and construction milestones in both housing subdivision projects and mid-rise building (MRB) condominium projects. In particular, we completed the following in 2020:

Land Development for Housing Subdivisions completed in 2020:

- Mira Valley Phase 1* in Antipolo, Rizal
- New Fields Phase 1* in Teresa, Rizal
- Claremont Phases 5 and 6* in Mabalacat, Pampanga
- Sandia Homes Phase 1* in Tanauan City, Batangas
- Futura Homes Palm Estates Phase 1* in Talisay, Negros Occidental
- Futura Homes Mactan Expansion* in Lapu-Lapu City, Cebu
- Filinvest Homes Tagum Phase 1* in Tagum City, Davao del Norte

MRB projects completed in 2020:

- Maui Oasis Kahana Building in Sta. Mesa, Manila
- One Oasis Cebu Building 9 in Cebu City
- Marina Spatial Building C* in Dumaguete City
- One Spatial Iloilo Building 1* in Iloilo City
- 8 Spatial Davao Building 8 in Davao City
- Centro Spatial Building A* in Davao City
- The Veranda Resort Condos Building 2 in Kembali, Samal Island, Davao del Norte
- Maldives Oasis Land Development in Davao City

*substantially completed at 95% or above percentage of completion

In addition to the above-cited projects, there are currently three MRBs and 15 more housing projects undergoing land development plus 13 MRBs with ongoing construction works.



Mira Valley, Rizal



Refocused Strategies

We reviewed the business strategies set at the beginning of the year and re-focused on those that will mitigate the major impact of the crisis and help us buoy performance.

We prioritized selling of our Ready For Occupancy (RFO) condominium units and houses and offered buyer promotions to push these inventories faster than others that were still ongoing construction.

Our product core remained to be Housing and MRB, more particularly dwelling units that cater to the affordable and middle-income segment. For this purpose, one of our key strategies for 2020 was to sustain investment in our Futura and Aspire brands across the country.

Under the Futura brand, we intend to help the hardworking Filipino attain his dream of owning a home. Futura offers smart-value homes and nurturing communities in accessible locations.

Meanwhile, our Aspire communities are designed to meet the demands of urban professionals and upwardly-mobile families through flexible living spaces.

In 2020, we launched Futura Vinta in Zamboanga City which is an MRB project under the Futura brand. Futura Vinta is composed of two MRB buildings, offering primarily two-bedroom (2BR) condominium units, and will be developed over four years. Futura Vinta is located in Zamboanga City's busiest commercial street and is situated just a few meters away from a hospital, Ciudad Medical de Zamboanga, a distinguished school, Ateneo de Zamboanga University, and the largest mall in the city, KCC Mall de Zamboanga.

Under the Aspire brand, we launched a total of Php2.8 billion worth of new inventories in 2020, which includes a new high-rise condominium project named Studio N in Muntinlupa City, an MRB expansion building in Sorrento Oasis in Pasig City, and the fourth expansion phase of our subdivision project branded as The Tropics in Antipolo, Rizal.



Cost Reduction and Cost Efficiency Measures

We knew cost reduction is key to protect income. Part of our cost innovation strategy involved vertical operation integration and digitization to improve our cost efficiency.

In 2017, we started our vertical integration when we formed Dreambuilders Pro, Inc. (DPI) to become our in-house construction firm. DPI is a Filinvest wholly-owned subsidiary created initially to build selected housing, MRB, and HRB projects. At present, DPI is constructing nine MRB projects, two HRB projects, and has orders for around 3,000 housing units across the country.

We also accelerated our plans to build our own Concrete Batching Plant (CBP) and pre-fabricated building forms factory, which will be located in Bicutan, Parañaque, to help manage our costs and maintain a steady supply of ready-mix concrete and building form panels for our construction requirement in Metro Manila and CALABARZON areas.

Once operational, the CBP will have a capacity to produce 55,000 cubic meters of ready-mix concrete per year and supply 100% of the pre-cast building form panels that will be used in our housing and condominium projects in Metro Manila and neighboring provinces. This innovation will reduce our cost of ready-mix concrete and our overall house construction cost. It will also allow us to deliver our houses faster and shorten our house construction turnaround time.

Moving Forward with Agility

When the pandemic hit, we remained steadfast. Our whole organization focused on devising plans that minimized business disruptions. We adjusted strategies to weather the coming crisis, and executed these with agility. We instituted innovations to allow our residential business to come out of the gate running in the post-ECQ period. The strong recovery trend we posted in the last quarter of 2020 provides us with a strong baseline to continue our recovery journey in 2021.

We cannot ascertain how long this crisis will linger, and as we write this message, it appears that it has already spilled over to 2021. We have adjusted our plans in 2020 and we are continuing to adjust our plans in 2021 to ensure that we adapt quickly and remain resilient throughout the crisis. We have a refocused project pipeline and we are prepared and excited for an eventual recovery.

With the economy gradually opening, indicators starting to improve, and the arrival of the coronavirus vaccine, we are optimistic that our residential business will start strong in 2021 towards our journey to a V-shaped recovery.



MESSAGE OF THE PRESIDENT OF CYBERZONE PROPERTIES, INC.

MESSAGE OF THE PRESIDENT OF CYBERZONE PROPERTIES, INC.



MARICEL BRION LIRIO

While the COVID-19 pandemic greatly affected the Philippine property sector, the office leasing sector remains to be strong, anchoring on the stable IT-BPM (BPO) industry as the majority locators. Our positive outlook is further buoyed by the steadfast growth of the BPO industry. This is evident with ITBPM’s recalibrated roadmap projections of a potential growth by 5.5% CAGR in revenue and 5% headcount from 2020 to 2022 which reaffirms its stance of a resilient and stable industry.

BPO Industry Continues to Grow

New Transactions

2019



2020



Source: Colliers International

BPO-IT Revenue

(in USD bn)



BPO-IT Employment

(in mn)



Source: Colliers ITBPAP

We are happy to report that this holds true for your office leasing business which was the most resilient, **growing 8%** from 2019 brought about by a strong tenant mix of mostly top global multinational BPO and traditional ROHQ companies.

Office Leasing Revenues

(in Php mn)

CAGR = 25%



The community quarantines during the pandemic triggered a total shift of work arrangements across businesses with some transitioning to a full 24/7 or 8/5 Working in the Office (WIO) to 100% Work from Home (WFH) during ECQ or 50%-60% WIO to 40% to 50% WFH setup during MECQ and GECQ. However, the WFH setup is not for everyone as re-confirmed by multinational brokerage firms' industry reports. The ITBPM industry prefers WIO due to stable internet connection, data security, community vibe and no distractions, leading to an increase in productivity levels.

As we take great strides in further understanding the rapid evolution of this industry, we remain committed in creating world-class business hubs that aim to empower and propel enterprises towards growth.



Office Safety Protocols

Proactive measures against the pandemic

Recognizing the need for agility during these unprecedented times, your offices management team implemented swift and deliberate steps to ensure that we continue supporting the needs of our business partners. Last February 2020, prior to the March 15, 2020 declaration by the Philippine government of the Enhanced Community Quarantine (ECQ) in the Philippines, your Filinvest Offices management made a proactive move by implementing Stay Safe for digital contact tracing and access control and implementing health and safety protocols across its properties nationwide including contactless thermal scanning, sanitation stations, foot baths, physical distancing markers and reminders, as well as isolation booths.

Your Filinvest Property Management team, operated by Pro Office Works Services, Inc., a wholly-owned subsidiary of Filinvest Land, Inc., strictly adhered to the rules and regulations / protocols of the DOH, DOLE, and PEZA in all the buildings and cascaded the same to all our locators for everyone's cooperation to help fight this pandemic.

As we take the next step towards the new normal, health and wellness remains to be part of our top priorities as we fulfill our role in providing top-notch, modern and safe business hubs.

In Retrospect

Filinvest continues to leverage on its deep property development expertise and has programmed the growth of its office leasing business, pioneering to provide modern, efficient, state-of-the-art office buildings to top global multinational IT-BPM (BPO) and traditional / ROHQ companies in the Philippines. In 2000, it started to develop Northgate Cyberzone, an 18.7-hectare PEZA-registered IT Park in the Philippines.

Your current office portfolio consists of more than **524,000 sqm of gross leasable area (GLA)** with **31 operational buildings** in key major cities in the Philippines. We shall take purposeful strides to sustain our multi-year growth momentum in this segment as we aim to double the office leasing GLA portfolio to more than one million square meters by 2027.

In the next two years, 11 new buildings are slated for completion to bring the total GLA to approximately 750,000 sqm. These are strategically located in the high-growth areas of Metro Manila, Clark and Cebu.



The office building pipeline is concentrated in FLI's three major PEZA hubs in Filinvest City, Alabang, Mimosa+ in Clark Special Economic Zone, and Cebu Cyberzone. Its other office developments spread around Metro Manila are found in strategic locations in Makati, Bay City, and Ortigas complex – many of which are along the MRT and major highways. The office segment is expected to continue to grow in the long term driven by demand from BPOs specifically from emerging technology such as e-commerce and online payment firms, IT, logistics HO, and healthcare.



Alabang

Northgate Cyberzone, an 18.7-hectare PEZA registered IT Park in the Philippines, is FLI's BPO hub in Alabang. It has 19 operational buildings and two under construction. It maintained a stable recurring income stream in 2020.

The newest addition to the offices portfolio is the prime Filinvest Axis (Towers 1 and 2), an iconic office development in Northgate Cyberzone. Its remaining two towers with a total GLA of 78,680 sqm are targeted for completion in 2022 and are both LEED Gold Certified.

Filinvest Axis 2 - LEED Gold Certified



Workplus at Filinvest Mimosa+

Cebu

In addition to Towers 1 and 2 of Filinvest Cyberzone Cebu, the next two towers are under construction and expected to be completed over the next two years. These will add 38,718 sqm to the total office portfolio of this office-commercial development located at the gateway to Cebu IT Park.

The Il Corso IT Center located within the City di Mare township at South Road Properties is under construction. With two levels of offices, this PEZA-accredited enterprise has a total GLA of 10,764 sqm.

Clark

Workplus Office buildings is located within Filinvest Mimosa+ Leisure City in Pampanga, a township community of Filinvest. Workplus is a mid-rise office complex surrounded by verdant greens for a refreshing environment. Two new Workplus buildings are slated for completion within 2021 with a combined GLA of approximately 24,000 sqm. Locators enjoy the incentives given by Clark Development Corporation.



Marina Town, Dumaguete

Dumaguete

A new location to the office portfolio is Filinvest Cyberzone within Marina Town in Dumaguete. This mixed-use development integrates residential condos, a hotel, mall, and offices against the backdrop of the majestic Dumaguete Bay. The office component with 4,244 sqm of GLA is expected to be completed in 2022.

Makati

Filinvest is the developer of 35,148-sqm GLA of office space in PBCom Tower along Ayala Avenue in Makati City. The 52-storey building is a joint development of Filinvest Asia Corporation and the Philippine Bank of Communications.

100 West is a mixed-use development with an office component located along Gil Puyat Avenue in Makati. Along the same avenue, construction is in full swing at the nine-storey, 10,000-sqm-GLA 387 building.



100 West, Makati



Columna, Manila

Manila

Melding cultural heritage with state-of-the-art features, Columna is a 14-storey office building rising along Quintin Paredes Street in Binondo. Its original façade, designed by National Artist Juan Arellano, will be preserved and integrated into the building's design. With a total GLA of 10,600 sqm, it is expected to be completed by 2022.



One Filinvest, Ortigas

Ortigas

One Filinvest continues to rise at the heart of the Ortigas CBD. An imposing presence at the corner of ADB and Ortigas Avenues, this pre-certified LEED Gold building will offer 27 office floors with a total GLA of 39,759 sqm upon its completion in 2022.

Pasay

In Filinvest Cyberzone Bay City in Pasay, the four-tower LEED Silver-certified buildings have a combined GLA of 66,589 sqm with seven office floors each and one retail floor located at the ground floor of each building.

Quezon City

The office component of Studio 7, a mixed-use development along EDSA near Timog, is scheduled for completion in 2021. Pre-certified LEED Silver, it features 18 office floors with a total GLA of 36,541 sqm. Also rising at the corner of EDSA and Aurora Boulevard is Activa, a mixed-use project which will offer 13 office floors with a GLA of 51,992 sqm upon its estimated completion in 2025.

The Future: REIT and Investment Management

As part of the Filinvest Offices' growth strategy, Filinvest intends to enter into the REIT market through Cyberzone Properties, Inc. (to be renamed Filinvest REIT Corp.). This is intended to be the commercial REIT platform for the Filinvest Group. The REIT is expected to initially comprise 17 office buildings from FLI's investment portfolio.



Northgate Cyberzone, Alabang

17

BUILDINGS

16 in Northgate Cyberzone,
Filinvest City
1 in Filinvest Cyberzone Cebu

75

YEARS

Northgate Properties Land
Lease Term with Filinvest Land

Tenancy Mix*:

80.1% Multinational BPOs

7.8% Traditional

*% of total GLA as
of Dec. 31, 2020



Commitment to the Sustainable Workplace

Filinvest will continue its commitment to grow in key cities and townships under the FLI portfolio by developing high-quality, efficient buildings and providing new technologies that continue to innovate and improve, adapting to the needs of our locators which simultaneously create a sustainable eco-friendly environment such as having Leadership in Energy and Environmental Design (LEED) Gold certification and a District Cooling System plant that reduces greenhouse gas and carbon emissions to name a few.

Your Offices management team commits to continue providing international quality service to all the locators, providing centralized tenant feedback system, proactive repairs and maintenance monitoring, business continuity and resiliency planning and proactive lease management system that harness professional tenant-centric personalized service.

We will continue to foster a culture of using technological expertise and innovation by using digital platforms such as 360-degree building virtual presentations, e-brochures for lease prospecting, and use of advanced applications on inventory control and repairs tracking, to name a few, for efficient property management.

Your Offices management team will continue to be agile and resilient to adapt to the challenging times. We are determined to overcome the current crisis and turn it into an opportunity to achieve future growth.

Most importantly, we will abide by our commitment of integrity and professionalism to serve our locators, vendors and contractors and give the best value to your Office business.



RETAIL DEVELOPMENTS

RETAIL DEVELOPMENTS

The commercial retail segment was greatly challenged due to pandemic protocols. In response to the government's call for Bayanihan Heal as One, Filinvest supported its tenants by granting its tenants certain concessions, amounting to over Php 600 million across its retail properties to help them get through the pandemic. While the reduced footfall, store density restrictions, and the non-operation of amusement and entertainment business formats prevented the malls from hitting pre-COVID numbers, Filinvest was able to steadily improve its tenants' sales revenue especially during the holiday season. Most tenants were able to hurdle at least 60% of their 2019 sales productivity, with social distancing and other safety precautions strictly in place.



Festival Mall, Alabang

Festival Mall remained steadfast in 2020, playing a crucial role in the community by providing essential goods and services. The mall has three major supermarket anchors namely Landmark, Shopwise, and Savemore. Together with the mall, the supermarket tenants ensured sufficient stocks for the public to shop in a safe environment. Their independent entrances and the mall's spacious parking grounds enabled customers' efficient and safe shopping. Festival Mall also houses six clinics namely Medicard, Healthway, MyHealth, Keralty, Kobe Clinic, and Hemotek. These clinics have been a source of relief for patients with minor medical concerns. Restaurants kept their doors open during the ECQ lockdown for food delivery service to residences in nearby areas.



Festival Mall, Alabang



#BRINGHOME THE MOMENT

DRIVE & GO

FILINVEST *LIFE-MALLS*

CURBSIDE STATION

Order, pay, and pick-up your essentials at our Curbside stations.

MYSHOPPER

Your personal shopping service made for your convenience. Special discount will apply if you use Lalamove as your delivery service provider.

FILINVEST *LIFE-MALLS*

Per DTI Fair Trade No. FTB-100015 of 2020

Festival Mall continues to be a reliable business location for 60 new tenants that opened in 2020, in the midst of the pandemic. More than 50 more tenants are scheduled to open in 2021.

Festival Mall is also well-poised to address changes in shopper behavior as a result of the pandemic such as the preference for outdoor dining with its large alfresco dining provisions for food tenants in the expansion area. Festival Mall's excellent location by an expressway exit and proximity to established residential areas in the centers in southern Metro Manila make it an excellent site for alternative tenancies such as offices, e-commerce fulfillment centers, and self-storage.

With people staying mainly at home for work and school, e-commerce development in the country was accelerated and everyone with a smart phone quickly acclimated to online shopping and services. Festival Mall promptly mounted its Bring Home the Moment campaign with My Shopper and Drive & Go. Both services provided for free personal shopping and convenient pick-up for customers who wished to safely shop in Festival Mall.



Fora Mall, Tagaytay

Fora Mall Tagaytay

2020 was extra challenging for Fora Mall with not just one, but two calamitous events. The Taal Volcano eruption in January and the pandemic lockdown in March deferred new store openings and construction.

On top of the Bayanihan discount, the mall extended support to Fora retail partners by creating special areas that are highly visible and more convenient for customers. Food tenants were later allowed to set up alfresco dining areas to maximize customer capacity.

Moving forward to 2021, the team is focused on local F&B concepts to ensure strengthened partnership with the local community. Fora Mall will also tout its expansive outdoor areas allowing for spacious al fresco dining as the main attraction for these tenants.



Main Square Mall, Cavite

Main Square, Cavite

In Main Square, consumer spending in 2020 was mostly poured into essential goods which the mall's retail anchor, Robinson's Supermarket has benefitted from. Amidst the lockdown and barangay clustering, sales of the supermarket reached double-digit growth compared to its sales performance pre-pandemic. The clustering has helped redistribute the vast Bacoor market and helped establish Main Square as a more convenient essentials hub versus its competitors in the area.

Likewise, sales of tenants rebounded as restrictions eased in Cavite. Existing tenants were consolidated and were given the opportunity to relocate to the ground floor to provide easier access to customers doing quick shopping in

the mall. The mall's parking space was utilized for drive-in COVID-19 testing and with the need for more outdoor outlets, gave way to some food trucks and other essential services.

For 2021, food trucks are included in the mall's tenancy plans. The existing food trucks' performance has been satisfactory, and the mall expects additional concepts as inquiries and interest grow.

The mall's second floor has been replanned for alternative use; giving way to office locators, warehousing, fulfillment and logistics hubs, as well as healthcare.



Il Corso, Cebu

During the 2020 lockdowns, Il Corso responded to the community's need for a safe market by providing a venue where fresh produce can be bought through a partnership with the Department of Agriculture. The Farmers Market was launched with 20 farmers in participation. The project lasted for eight months ending in March 2021.

As Cebu City continued to ease restrictions, a natural traffic of active group and outdoor seekers congregating daily at the North Parking area of the Il Corso compound sparked the inspiration for a Foodtruck Hub. Five months since its launch, the nine participating food locators are seen to potentially draw more attention and inline businesses into the property. This will be the tapping point to gear the mall into an outdoor-to-inline strategy for 2021.

Il Corso will expand with Il Corso IT Center, a PEZA-accredited office and retail development designed to support growth for businesses such as BPOs. Forging alliance with JLL as its leasing agency support, Il Corso is achieving its goals for office and business expansions. With the third CCLEX bridge expected to finish in Q4 2021, industries from Mactan can directly connect to the next business district in Cebu City thru Il Corso.



MOVING FORWARD WITH NEW PRODUCTS

MOVING FORWARD WITH NEW PRODUCTS

INDUSTRIAL AND LOGISTIC PARKS

Filinvest Innovation Park New Clark City

2020 marked the substantial completion of the land development of Phase 1 of the Filinvest Innovation Park New Clark City with earthmoving, road network and drainage construction.

In September 2020, FBCI, FLI's joint venture development company with the government's BCDA, signed up its first prospective locator for the sale of 25-year leasehold rights for a 1.2-hectare industrial park lot. The locator intends to begin construction of its facilities by the latter half of 2021 and commence with commercial operations a year after.

Filinvest Innovation Park Ciudad de Calamba

The industrial and logistics sub-sector continues to show resilience with consistent interest and underlying demand for industrial properties. This drove the company's expansion of the Filinvest Innovation Park brand to its existing township in Ciudad de Calamba. Detailed planning has commenced on a 20-hectare extension of the original Filinvest Technology Park.





CO-LIVING SPACES

With the rising need for safe, secure, healthy and affordable accommodations for the young and mobile citizens in prime growth locations, Filinvest has ventured into the co-living market under “The Crib” brand. These premises not only address their basic need for social connection even as they explore their independence; they also allow them to stay connected technologically with WiFi enabled facilities. Currently, Filinvest has two co-living projects under construction, and one in the planning stage.

The Crib Clark, Pampanga shall be the first project for completion by the latter half of 2021. The project is composed of four low-rise buildings with a total of 552 rooms or 3,312 beds (6 beds per room). The Crib Mimosas+ is seen to cater to the accommodation needs of employees and corporations within Clark Freeport Zone.

Another project in the planning stage will provide fresh opportunities for co-living in the Mandaluyong area, that creates easy proximity to the Makati and Ortigas CBDs.

The Crib Mimosas+ in Clark



CORPORATE SOCIAL RESPONSIBILITY

No doubt, 2020 was a very challenging year for all of us. We experienced the Taal Volcano eruption in January, typhoons Rolly and Ulysses in November, and of course the COVID-19 pandemic throughout the year. Due to the unprecedented events of 2020, your Company reassessed initial plans for employee engagement and reallocated our budget for health and safety efforts of our employees and our surrounding communities.

#BuildTheDreamTogether

Your Company is one with Filinvest Development Corporation (FDC) in our focus on supporting the government in its fight against the ongoing COVID-19 pandemic and to help ensure the health and well-being of our countrymen.

Our Communities

Your Company implemented various initiatives to bring daily essentials to our residents and strengthened safety and sanitation measures as they shelter comfortably in place. These initiatives include enhanced security measures such as thermal scanning, foot baths, and vehicle disinfection, provision of face shields and masks for frontliners, disinfection and sanitation of high traffic and high-touch areas within the development, and hand sanitation stations scattered across the vicinity.

Training and educational programs were conducted for the Property Management Teams for COVID protocols and response guidelines. To help keep our residents informed and updated, reminder signages and community announcements were posted and disseminated. Your Company also undertook regular disinfection operations not just within our projects, but also in our showrooms, and offices as well. Residents were given easy access to groceries and other essentials through community market initiatives rolled out in various projects nationwide.

For the greater public, COVID public service announcements were rolled out in our online platforms to help the government educate and inform our countrymen as we encouraged everyone to #StayHomeSaveLives.



“ Nagkaron ng bazaar sa may clubhouse, nagpasok sila ng mga essentials para hindi na kami lalabas and para hindi magkaron ng contamination sa community. Very consistent ang admin sa pagpapadala ng reminders via email, nakapost sa bulletin boards, and nakikita ko talaga ang mga guards sa gate nagte-thermal scan and nagre-remind to wear masks. ”

Alots Varona
Capri Oasis resident

Build the Dream Together

Live Now. Dream Big. No Limits.

Aspire BY FILINVEST

Resident Testimonials

Our Clients

Your Company has also outlined various initiatives to assist its customers to weather the storm. For our residential business, we extended payment periods and waived penalties and interest for agreed payment schedules for residential buyers in our low and middle-income projects.

For our office segment, extended payment periods and waived penalties and interest for agreed payment schedules were afforded to small office tenants. Your Company also worked closely with office building tenants to ensure the safety of their employees. Building protocols and safety measures were put in place such as temperature checks, sanitation facilities, and strict entry and exit protocols for workers across office developments nationwide.

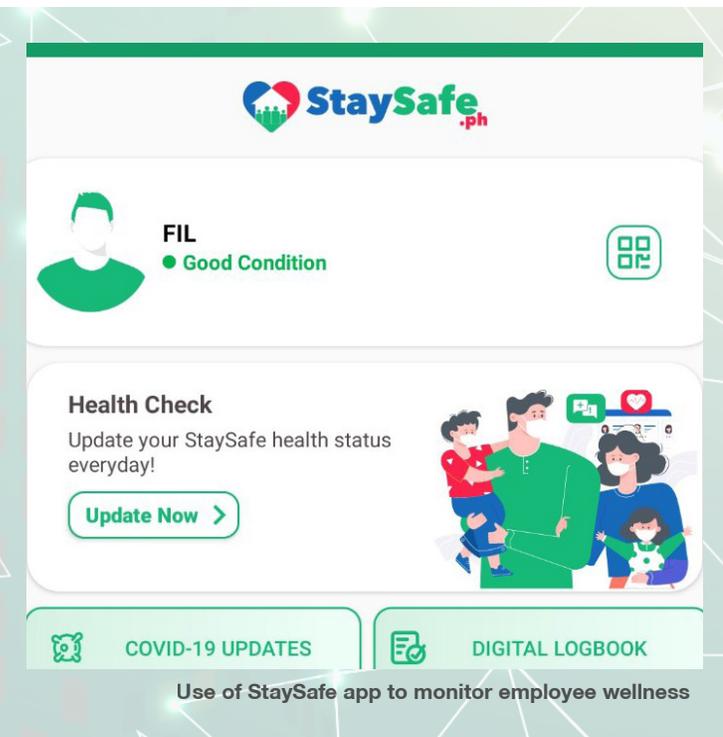
Filinvest Lifemalls in Metro Manila, which include its flagship Festival Supermall in Filinvest Alabang, has likewise provided rental waivers for qualified non-operational tenants during this period. The five supermarkets located in Filinvest City as well as medical and food delivery tenants remained open to serve the community.

In your Company's shopping malls, safety protocols including contact tracing processes (with online registration), sanitation facilities, and temperature checks were implemented. We also ensured that restaurants adhered to IATF capacity protocols.

Our People

The health and safety of the Filinvest family remains as a key tenet of our COVID response. Your Company implemented agile programs to support our employees during these difficult times to ensure that they are safe and healthy and collectively work together towards our business goals.

Office layouts across the country were reorganized to comply with reduced workplace density, appropriate physical distancing, and to incorporate sanitation stations. COVID protocols and guidelines were implemented to help minimize the risk of infection. Work-from-home arrangements for eligible staff were extended while dual shift schedules were designed for on-site personnel. Procurement of masks and necessary PPEs for those reporting to work were also prioritized. Disinfection and sanitation across all our offices nationwide was done on a weekly basis.



Routine disinfection and sanitation procedures

Your Company's hybrid work setup did not dampen internal engagement programs. Throughout the year, numerous virtual activities were participated in by employees and sales partners including sales conferences, Halloween and Christmas events. In the spirit of giving, prizes from virtual activities were donated by winners to other employees affected by the typhoons.

Agility in the Workplace: Business Continuity

Your Company has kept the business running and even thriving – thanks to the power of teamwork, technology, and most especially, the proactive mindset of the Filinvest family.

Even before the lockdown, your Company created a business continuity plan with adhoc committees to build the foundations of our COVID response to ensure that we are able to cater to the needs of our customers and stakeholders as we keep the members of the Filinvest family away from the virus.

The **Work From Home / Work Shift Schedule** Group was tasked with sustaining critical business functions and productivity tools even during quarantine. They did this in collaboration with the **IT Support Group**, which provided technical assistance for system or user issues.

Meanwhile, the **Cash Flow Group** deftly calibrated the plans and budget to be responsive to the economic impact of the pandemic at its onset. The **Payables Group** enabled us to honor obligations with our contractors and suppliers, following the management's Food in Stomach mandate.

When community quarantines eased, the **Social Distancing Group** made sure that Filinvest offices complied with national policies by implementing revised floor plans and adjusted workstations. To create a healthier workplace, the **Sanitation Group** set up reminders, sanitation stations, and led weekly deep cleaning in our offices.

To minimize the risk of transmission, the **Med Help Group** facilitated testing, coordination with medical service providers, and monitoring contact tracing. From May to September, the **Commute Support Group** operated Filinvest's first app-enhanced employee shuttle service to make commuting safer and more convenient for employees.

The **Internal and External Communications Group** spearheaded the gathering of real-time details on COVID-19 and the timely information dissemination to employees and clients nationwide. In the project sites, the **B2B Construction Group** created a COVID-19 Manual for construction to conform to the various government agencies' and LGUs' shifting policies.

Without the tireless dedication of each member of the Filinvest family, fulfilling day-to-day operations in 2020 would not have been possible. They have forged bravely ahead and went the extra mile — for this, your Company is grateful.

#FILINVESTforTAAL

Following the eruption of Taal Volcano, the Filinvest Group consolidated its resources to help displaced families in Batangas. Employee volunteers participated in relief caravans organized in cooperation with Senator Ralph Recto and Batangas Representative Vilma Santos-Recto. Cleaning kits, drums, fresh water, grocery bags, food packs and other basic necessities were handed out to beneficiaries in Batangas. In total, #FilinvestForTaal was able to assist more than 7,000 individuals in the communities of Balete, Mataas na Kahoy, Lipa, Laurel, Talisay, Bauan, and San Pascual. For Filinvest family members affected by the eruption, relief goods and cash assistance were provided for those who were displaced and lost their homes.



Typhoon Ulysses

Your Company organized an outreach program immediately after the onslaught of typhoon Ulysses. Filinvest heeded the call for help of Marikina City and distributed food packs and relief goods. It also provided the needed water supply to clean its facilities, such as the public market.





CORPORATE GOVERNANCE REPORT

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 Compensation Committee, the Technical Committee, the Related Party Transaction Committee, and the 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) the submission of sustainability report, (g) FLI's adherence to national and local laws pertaining to its operations; and (h) 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. Your 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 Corporate Governance Committee, acting as the Nomination Committee, receives nominations for independent directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Corporate Governance Committee, acting as 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 Corporate Governance Committee, acting as 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 during the annual meeting.

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 Revised 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

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. 04, Series of 2017, which took effect on March 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. The independent director shall serve for a maximum cumulative term of nine (9) years;
- ii. 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;
- iii. 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
- iv. 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 and their attendance in Board Meetings during 2019 which was which was reported during the Annual Stockholders' Meeting held on June 11, 2020.

Board	Name	Date of Election	No. of Meetings Held During the Year	No. of Meetings Attended	%
Chairman	Jonathan T. Gotianun	June 11, 2020	8	8	100%
Member	L. Josephine Gotianun-Yap	June 11, 2020	8	8	100%
Member	Michael Edward T. Gotianun	June 11, 2020	8	8	100%
Member	Francis Nathaniel C. Gotianun	June 11, 2020	8	7	88%
Member	Efren C. Gutierrez	June 11, 2020	8	8	100%
Member	Nelson M. Bona	June 11, 2020	4	4	100%
Independent	Val Antonio B. Suarez	June 11, 2020	8	8	100%
Independent	Ernesto S. De Castro*	June 11, 2020	8	8	100%
Independent	Gemilo J. San Pedro**	June 11, 2020	8	8	100%

* Mr. Nelson M. Bona was first elected as member of the Board of Directors on June 11, 2020

Committee Membership

Name	Position
Mr. Jonathan T. Gotianun	Chairman of the Board Member – Executive Committee Member - Audit & Risk Management Oversight Committee Member – Compensation Committee Member – Corporate Governance Committee
Mrs. L. Josephine Gotianun-Yap	President and Chief Executive Officer Chairman – Executive Committee Member – Compensation Committee
Mr. Michael Edward T. Gotianun	Member – Executive Committee Member – Technical Committee
Francis Nathaniel C. Gotianun	Member – Executive Committee
Atty. Efren C. Gutierrez	Member – Audit & Risk Management Oversight Committee Member- Related Party Transaction Committee
Atty. Val Antonio B. Suarez	Lead Independent Director Member – Audit & Risk Management Oversight Committee Chairman – Compensation Committee Chairman – Related Party Transaction Committee Chairman – Corporate Governance Committee
Engr. Ernesto S. De Castro	Independent Director Chairman – Technical Committee Member – Corporate Governance Committee
Mr. Gemilo J. San Pedro	Independent Director Chairman – Audit & Risk Management Oversight Committee Member – Compensation Committee Member – Related Party Transaction Committee Member – Corporate Governance Committee

Duties and Responsibilities of the Different Board Committees

Executive Committee

Committee Members

Office	Name	Date of Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	%	Length of Service in Committee
Chairman	L. Josephine Gotianun-Yap	June 11, 2020	5	5	100%	1 year
Member (ED)	Michael Edward T. Gotianun	June 11, 2020	5	5	100%	1 year
Member (ED)	Francis Nathaniel C. Gotianun	June 11, 2020	5	5	100%	1 year
Member (ED)	Jonathan T. Gotianun	June 11, 2020	5	5	100%	1 year
Member (ED)	Andrew T. Gotianun, Jr.	June 11, 2020	5	3	60%	1 year

* Committee members are appointed annually.

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, or through remote communication in accordance with relevant laws, rules and regulations. 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	No. of Meetings Held During the Year	No. of Meetings Attended	%
Chairman (ID)	Gemilo J. San Pedro	June 11, 2020	3	3	100%
Member (ID)	Val Antonio B. Suarez	June 11, 2020	3	3	100%
Member (ED)	Jonathan T. Gotianun	June 11, 2020	3	3	100%
Member (NED)	Efren C. Gutierrez	June 11, 2020	3	3	100%

* Committee members are appointed annually.

The Board shall constitute an Audit and Risk Management Committee to be composed of at least three (3) qualified non-executive directors, preferably with accounting and financial background, majority of which shall be independent and should have related audit experience.

The Chairman of this Committee should be an independent director. He should inculcate in the minds of 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:
 - o Any change/s in accounting policies and practices
 - o Major judgmental areas
 - o Significant adjustments resulting from the audit
 - o Going concern assumptions
 - o Compliance with accounting standards
 - o 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

Committee Members

Office	Name	Date of Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	June 11, 2020	1	1	100%
Member (ED)	L. Josephine Gotianun-Yap	June 11, 2020	1	1	100%
Member (ED)	Jonathan T. Gotianun	June 11, 2020	1	1	100%
Member (ID)	Gemilo J. San Pedro	June 11, 2020	1	1	100%

* Committee members are appointed annually.

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.

Related Party Transaction Committee

Committee Members

Office	Name	Date of Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	June 11, 2020	2	2	100%
Member (NED)	Efren C. Gutierrez	June 11, 2020	2	2	100%
Member (ID)	Gemilo J. San Pedro	June 11, 2020	2	2	100%

*Prior to the organizational meeting of the Board held on 11 June 2020, the Related Party Transaction Committee is combined with the Corporate Governance Committee, and the committee is referred to as the Related Party Transaction and Corporate Governance Committee.

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:

- Ensure the effectiveness and due observance of corporate governance principles and guidelines of the Board, its committees' and executive management;
- 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;
- 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;
- Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- 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;
- 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;
- 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;
- 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 non-compliance;

(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.

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.

Committee Members Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	June 11, 2020	2	2	100%
Member	Jonathan T. Gotianun****	June 11, 2020	1	1	100%
Member (NED)	Efren C. Gutierrez***	April 22, 2019	1	1	100%
Member (ID)	Gemilo J. San Pedro	June 11, 2020	2	2	100%
Member (ID)	Ernesto S. De Castro*****	June 11, 2020	1	1	100%

* Committee members are appointed annually.

**Prior to the organizational meeting of the Board held on 11 June 2020, the Corporate Governance Committee is combined with the Related Party Transaction Committee, and the committee is referred to as the Related Party Transaction and Corporate Governance Committee.

***Mr. Efren C. Gutierrez was no longer appointed as member of the committee at the organizational meeting held on 11 June 2020. The attendance indicated in this report refers to the meeting of the combined Related Party Transaction and Corporate Governance Committee.

****The attendance indicated in this report refers to the meeting of the combined Related Party Transaction and Corporate Governance Committee.

*****Mr. Ernesto S. De Castro was first appointed as member of the committee on 11 June 2020.

**Effective 11 June 2020, the functions of the Nomination Committee are already merged with the Corporate Governance Committee.

Office	Name	Date of Appointment	No. of Meetings Held During the Year	No. of Meetings Attended	%	Length of Service in Committee
Chairman (NED)	Efren C. Gutierrez	April 22, 2019**	1	1	100%	6 months
Member (ED)	L. Josephine Gotianun-Yap	April 22, 2019**	1	1	100%	6 months
Member (ID)	Val Antonio B. Suarez	April 22, 2019**	1	1	100%	6 months
Member (ID)	Gemilo J. San Pedro	April 22, 2019**	1	1	100%	6 months

*Committee members are appointed annually.

**Effective 11 June 2020, the functions of the Nomination Committee are already merged with the Corporate Governance Committee.

The Corporate Governance Committee, acting as the Nomination Committee may consider the following guidelines in the determination of the number of directorships for the Board members:

- The nature of the business of the Corporations in which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other corporations or organizations; and
- Possible conflict of interest.

The Chief Executive Officer and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.

The Corporate Governance Committee, acting as the Nomination Committee may pre-screen and shortlist all candidates nominated to become a member of the Board of Directors, taking into account the qualifications and the grounds for disqualifications as set forth in FLI's Revised Manual of Corporate Governance and the Securities Regulation Code.

The Corporate Governance Committee, acting as the Nomination Committee promulgates the guidelines or criteria to govern the conduct of the nomination for members of the Board of Directors. The same shall be properly disclosed in the Company's information or proxy statement or such other reports required to be submitted to the Securities and Exchange Commission (SEC).

The nomination of independent directors is to be conducted by the Committee before the stockholders' meeting. All recommendations should be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Committee pre-screens the qualifications and prepares a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors as set forth in the Company's Revised Manual on Corporate Governance.

After the nomination, the Committee prepares a Final List of Candidates which contains all the information about all the nominees for independent directors, and is made available to the SEC and all stockholders through the filing and distribution of the Information Statement, or in such reports the Company is required to submit to the SEC. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report, including any relationship with the nominee.

Nomination Committee

The Board shall constitute a Related Party Transaction Committee to be composed of at least three (3) non-executive directors, two (2) of whom shall be independent, including the Chairman of the Committee.

The Related Party Transaction Committee shall have the following duties and responsibilities:

(a) Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, 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;

(b) 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.

- (c) 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;
- (d) 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;
- (e) Ensures 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.
- (f) Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures

Shareholders' Benefits

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 governance covenant between the Corporation and all its investors.

The Board shall be committed to respect the following rights of the stockholders:

A. Right to Nominate and Vote

- Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- Cumulative voting shall be used in the election of directors.
- 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.
- All Shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

C. Right to Information

- 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.
- 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.
- 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

- Shareholders shall have the right to receive dividends subject to the discretion of the Board.

- 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 Section 82 of 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 stockholder 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 and shall be notified of the date and place of the meeting at least 28 days before the meeting. 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 results 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. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

Shareholders' Benefits

Notice of Annual Stockholders' Meeting

On 08 May 2020, FLI disclosed to the Philippine Stock Exchange that its Board of Directors had fixed the date of the Annual Stockholders' Meeting on 11 June 2020 with the record date set on May 22, 2020.

Stockholders were informed that the Annual Stockholders' Meeting for 2020 would be conducted virtually on 11 June 2020 (Thursday) at 10:30 a.m.

Procedures During the Annual Stockholders' Meeting

The following was the agenda of the Annual Stockholders' Meeting last 11 June 2020:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Annual Stockholders' Meeting held on 22 April 2019
5. Presentation of the President's Report
6. Ratification of the Audited Financial Statements for the year ending 31 December 2019
7. Ratification of the Acts and Resolutions of the Board of Directors, Board Committees and Management from the Date of the Last Annual Stockholders' Meeting up to 11 June 2020
8. Election of the Members of the Board of Directors, including three (3) Independent Directors, to serve for 2020-2021
9. Appointment of the External Auditor
10. Other Matters
11. Adjournment

On the same day, right after the annual stockholders' meeting, FLI disclosed to the Philippine Stock Exchange the results of the meeting which included the following:

- a. Approval of the Minutes of the Annual Stockholders' Meeting held on 22 April 2019;
- b. Ratification of the Audited Financial Statements for the year ended 31 December 2019;
- c. Ratification of all the acts, resolutions and proceedings of the Board of Directors, Executive Committee, Board Committees, and Management from the date of the last annual stockholders' meeting up to 11 June 2020; and
- d. Appointment of Sycip Gorres Velayo & Co. as the independent external auditor of FLI for the year 2020.

FLI also disclosed that the following were elected as directors, to serve for the period 2020-2021 and until their successors shall have been duly elected and qualified:

1. MR. JONATHAN T. GOTIANUN
2. MS. LOURDES JOSEPHINE GOTIANUN-YAP
3. MR. MICHAEL EDWARD T. GOTIANUN
4. ATTY. EFREN C. GUTIERREZ
5. MR. FRANCIS NATHANIEL C. GOTIANUN
6. MR. NELSON M. BONA
7. ATTY. VAL ANTONIO B. SUAREZ (as independent director)
8. MR. GEMILLO J. SAN PEDRO (as independent director)
9. ENGR. ERNESTO S. DE CASTRO (as independent director)

FLI made another disclosure to the Philippine Stock Exchange regarding the Board approval the following cash dividends declaration from the unrestricted retained earnings of FLI as of 31 December 2019:

- a) Common Shares
Regular cash dividend: Php0.0259 per share
Special cash dividend: P0.0065
Record Date: 10 July 2020
Payment Date: 05 August 2020

Preferred Shares
Amount of Dividend: Php0.00032
Record Date: 10 July 2020
Payment Date: 05 August 2020

- b) Common Shares

Regular cash dividend: Php0.0259 per share
 Special cash dividend: P0.0065
 Record Date: 16 November 2020
 Payment Date: 11 December 2020

Preferred Shares
 Amount of Dividend: Php0.00032
 Record Date: 16 November 2020
 Payment Date: 11 December 2020

Statutory Compliance

FLI fully complied with the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) regulatory requirements. Below is the Company's Reportorial Compliance Report:

Dividend Policy and Dividends Paid

Type of Report	Number of Filings
Financials	
Annual Report (17-A)	1
Quarterly Report (17-Q)	3
Audited Financial Statements	1
Ownership	
Annual List of Stockholders – for Annual Stockholders' Meeting	1
Foreign Ownership Monitoring Report	15
Public Ownership Report	4
Report on Number of Shareholders and Board Lot	12
Statement of Changes in Beneficial Ownership of Securities (23-B)	8
Top 100 Stockholders' List	4
Notices – Stockholders' Meetings/Briefings/Dividends	
Notice of Annual/Special Stockholders' Meeting	1
Dividend Notice (part of disclosure on Results of Stockholders' Meeting)	1
Notice of Analysts' Briefing	4
Other Disclosures	
Certification – Qualifications of Independent Directors	1
Clarifications of News Articles	1
Definitive Information Statement (20-IS)	1
General Information Sheet	1
Preliminary Information Statement (20-IS)	1
SEC Form 17-C (Current Report)	
Which includes the following:	
a) Results of Annual Stockholders' Meeting/Board Meetings (7)	
b) Press Releases (6)	

On January 8, 2007, the Board of Directors approved an annual cash dividend payment ratio for the Company's issued shares of twenty percent (20%) of its consolidated net income from the preceding fiscal year, 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.

On June 30, 2008, FLI paid cash dividends of Php0.02 per share or a total of Php485.72 million to all shareholders on record as of June 15, 2008. This equivalent to 28.5% of the Php1.704 billion in net income generated in 2007.

On June 9, 2009, FLI paid a cash dividend of Php0.033 per share or a total of Php800.24 million to all shareholders on record as of May 14, 2009. This is equivalent to 42.9% of the Php1.867 billion net income reported in 2008.

On June 9, 2010, FLI paid a regular cash dividend of Php0.017 and special cash dividend of Php0.016 per share or a total of Php800.24 million to all shareholders on record as of May 18, 2010. This is equivalent to 39.7% of 2009's Php2.018 billion net income.

On June 7 2011, FLI paid a regular cash dividend of Php0.0196 and a special cash dividend of Php0.0196 per share or a total of Php950.59 million to all shareholders on record as of May 13, 2011. This is equivalent to 39.2% of 2010's Php2.446 billion core net income.

On June 21 2012, FLI paid a regular cash dividend of Php0.0237 and a special cash dividend of Php0.0237 per share, or a total of Php0.0475 per share. This was equivalent to Php1,151.86 million, and paid to all shareholders on record as of May 25, 2012. This is equivalent to 39.2% of 2011's Php2.940 billion net income.

On July 3, 2013, FLI paid a regular cash dividend of Php0.0280 and a special cash dividend of Php0.020 per share, or a total of Php0.0480 per share. This was equivalent to Php 1,163.99 million, and paid to all shareholders on record as of June 7, 2013. This is equivalent to 33.9% of 2012's Php3.431 billion net income.

On July 2, 2014, FLI paid regular cash dividends of Php 0.032 and a special cash dividend of Php0.018 per share, or a total of Php0.050. This was equivalent to Php1,212.48 million and paid to all shareholders on record as of June 6, 2014. This is equivalent to 30.9% of 2013's net income.

In 2015, FLI declared cash dividends to all stockholders of record as of June 5, 2015 (ex-date June 2, 2015), in the amount of P0.0560 per share, broken down as follows:

- a. Regular Cash Dividend of P0.0373 per share
- b. Special Cash Dividend of P0.0187 per share

Payment date was set on July 1, 2015.

In 2016, FLI declared cash dividends to all stockholders of record as of May 22, 2016, in the amount of P0.061 per share, broken down as follows:

- a. Regular Cash Dividend of P0.041 per share
- b. Special Cash Dividend of P0.020 per share

Payment date was set on June 15, 2016.

In 2017, FLI declared cash dividends to all stockholders of record as of May 21, 2017, in the amount of P0.0613 per share, broken down as follows:

- a. Regular Cash Dividend of P0.0430 per share
- b. Special Cash Dividend of P0.0183 per share

Payment date was set on June 14, 2017

In 2018, FLI declared cash dividends to all stockholders of record as of May 20, 2018, in the amount of P0.0618 per share, broken

down as follows:

- a. Regular Cash Dividend of P0.0469 per share
- b. Special Cash Dividend of P0.0149 per share

Payment date was set on June 14, 2018.

In 2019, FLI declared cash dividends to all stockholders of record as of May 22, 2019, in the amount of P0.0619 per share, broken down as follows:

- c. Regular Cash Dividend of P0.0486 per share
- d. Special Cash Dividend of P0.0132 per share

Payment date was set on June 17, 2019.

In 2020, FLI declared cash dividends to all stockholders, broken down as follows:

a) Common Shares

Regular cash dividend: Php0.0259 per share
Special cash dividend: P0.0065
Record Date: 10 July 2020
Payment Date: 05 August 2020

Preferred Shares

Amount of Dividend: Php0.00032
Record Date: 10 July 2020
Payment Date: 05 August 2020

b) Common Shares

Regular cash dividend: Php0.0259 per share
Special cash dividend: P0.0065
Record Date: 16 November 2020
Payment Date: 11 December 2020

Preferred Shares

Amount of Dividend: Php0.00032
Record Date: 16 November 2020
Payment Date: 11 December 2020

Investor Relations

FLI's website, www.filinvestland.com, makes available to the public, current information on the Company, including details of its operations.

The Investor Relations section of the website provides information on financial statements, press releases, declaration of dividends, ownership structure and any changes in the ownership of major shareholders and officers, notice of analysts' briefings, other reportorial requirements by the Philippine Stock Exchange. The contact details of the Investor Relations Office are available in the website.

To meet the requirements of FLI's investors, the Company conducted three (3) Analysts' Briefings in 2020:

1. May 21, 2020 through an online video conference facility for Full Year 2019 and 1st quarter 2020 results
2. August 10, 2020 through an online video conference facility for Second Quarter 2020 results;
3. November 17, 2020 through an online video conference facility for the Third Quarter 2020 results.

On March 31, 2021, FLI conducted an analysts' briefing through an online video conference facility for the Full Year 2020 results. The company welcomed analysts and investors in its offices for one-on-one meetings and also hosted project site tours for them.

BOARD OF DIRECTORS



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CHAIRMAN EMERITUS,
DIRECTOR



JONATHAN T. GOTIANUN
CHAIRMAN



JOSEPHINE GOTIANUN YAP
DIRECTOR - PRESIDENT
& CEO



MICHAEL EDWARD T. GOTIANUN
DIRECTOR



EFREN C. GUTIERREZ
DIRECTOR



FRANCIS T. GOTIANUN
DIRECTOR



NELSON M. BONA
DIRECTOR



GEMILO J. SAN PEDRO
INDEPENDENT DIRECTOR



ERNESTO S. DE CASTRO
INDEPENDENT DIRECTOR



VAL ANTONIO B. SUAREZ
INDEPENDENT DIRECTOR

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PRESIDENT - CYBERZONE
PROPERTIES, INC.



MA. CARMEN M. ROSAL
PRESIDENT - PROEXCEL
PROPERTY MANAGERS, INC. &
PROOFFICE WORK SERVICES, INC. /
CUSTOMER SERVICE DIRECTOR



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DREAMBUILDERS PRO, INC.



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FSVP - CHIEF FINANCE OFFICER



VINCE LAWRENCE L. ABEJO
FSVP - CHIEF SALES
AND MARKETING OFFICER



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SVP - BUSINESS GROUP HEAD



WINNIFRED H. LIM
SVP - CHIEF TECHNICAL
PLANNING OFFICER



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SVP - BIDS AND AWARDS



JOSELITO F. SANTOS
SVP - BUSINESS GROUP HEAD



LUIS L. FERNANDEZ
FVP - HOA & WATER SYSTEMS



CESARINE JANETTE B. CORDERO
FVP - BUSINESS GROUP HEAD

SENIOR MANAGEMENT



REYNALDO JUANITO S. NIEVA
FVP - OPERATIONS



ALEXIS AVALONE C. OJEDA
FVP - SALES CHANNEL
DEVELOPMENT



HARRIET C. DUCEPEC
FVP - CHIEF OF STAFF
AND CHIEF RISK OFFICER



MICHAEL EDWARD T. GOTIANUN
VP - SUPPLY CHAIN
MANAGEMENT



SHARON P. REFUERZO
VP - CORPORATE AND TAX
ADVISORY SERVICES



RIZAL ANGELA L. REYES
VP - HRD & CUSTOMER CARE



ROMEO L. MAGTANONG
VP - LITIGATIONS



ALAN J. BARQUILLA
VP - REGIONAL SALES
DEVELOPMENT, VISMIN



SEAN PHILIP R. IMPERIAL
VP - BUSINESS PLANNING



MARY AVEROSE V. VALDERRAMA
VP - BUSINESS GROUP HEAD



FINANCIAL STATEMENTS

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	₱6,693,557	₱4,773,621
Contracts receivables	4,156,939	1,446,192
Contract assets	5,400,329	5,998,421
Other receivables	3,362,183	3,175,045
Real estate inventories	65,544,567	63,018,436
Other current assets	4,637,141	4,388,484
Total Current Assets	89,794,716	82,800,199
Noncurrent Assets		
Contract assets - net of current portion	3,533,733	7,117,321
Investments in associates	4,787,787	4,170,682
Investment properties	69,264,957	66,461,060
Property and equipment	3,348,145	3,288,718
Deferred income tax assets	82,405	52,435
Goodwill	4,567,242	4,567,242
Other noncurrent assets	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	13,117,027	₱13,164,864
Contract liabilities	1,249,050	972,758
Lease liabilities - current portion	328,796	318,119
Due to related parties	112,021	100,779
Income tax payable	29,022	142,736
Current portion of loans payable	8,866,369	6,887,481
Current portion of bonds payable	5,294,517	4,294,644
Total Current Liabilities	28,996,802	25,881,381

(Forward)

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

Noncurrent Liabilities		
Loans payable - net of current portion	₱29,238,654	₱28,640,752
Bonds payable - net of current portion	26,369,011	23,590,043
Contract liabilities - net of current portion	767,219	779,648
Lease liabilities - net of current portion	5,824,164	5,551,945
Net retirement liabilities	580,119	512,442
Deferred income tax liabilities - net	6,513,036	6,512,613
Accounts payable and accrued expenses - net of current portion	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	24,470,708	24,470,708
Preferred stock	80,000	80,000
Additional paid-in capital	5,612,321	5,612,321
Treasury stock	(221,041)	(221,041)
Retained earnings		
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	(15,136)	(24,285)
Share in other components of equity of associates	372,449	361,794
Equity attributable to equity holders of the parent	74,072,868	71,938,525
Noncontrolling interests	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	₱9,837,122	₱17,013,120	₱14,404,201
Rental and related services			
	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	516,450	401,525	537,017
OTHER INCOME			
Interest income	404,142	571,701	977,290
Others - net	340,713	678,222	678,419
	17,484,646	25,673,310	22,205,185
COSTS			
Real estate sales	5,586,834	9,853,871	8,339,208
Rental and related services	1,008,333	1,128,410	1,130,507
OPERATING EXPENSES			
General and administrative expenses	2,243,604	2,474,723	2,322,060
Selling and marketing expenses	1,078,274	1,448,573	1,442,587
INTEREST AND OTHER FINANCE CHARGES	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	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	₱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	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 CHANGE 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 Year Ended December 31, 2020												
Balances as at January 1, 2020	P24,470,708	P80,000	P5,612,321	(P221,041)	P41,661,647	P-	(P2,619)	(P24,285)	P361,794	P71,938,525	P225,768	P72,164,293
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	-	-	-	-	(1,618,904)	-	-	-	-	(1,618,904)	-	(1,618,904)
Dividend distribution to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	(144,000)	(144,000)
Appropriation	-	-	-	-	(5,000,000)	5,000,000	-	-	-	-	-	-
Balances as at December 31, 2020	P24,470,708	P80,000	P5,612,321	(P221,041)	P38,776,186	P5,000,000	(P2,619)	(P15,136)	P372,449	P74,072,868	P306,075	P74,378,943
For the Year Ended December 31, 2019												
Balances as at January 1, 2019	P24,470,708	P80,000	P5,612,321	(P221,041)	P36,882,343	P-	(P2,619)	(P148,581)	P361,794	P67,034,925	P236,697	P67,271,622
Effect of adoption of new accounting standard	-	-	-	-	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	-	-	-	-	(1,501,060)	-	-	-	-	(1,501,060)	-	(1,501,060)
Dividend distribution to noncontrolling interest	443	-	-	-	-	-	-	-	-	-	(218,000)	(218,000)
Deconsolidation from loss of control	-	-	-	-	(14,772)	-	-	-	-	(14,772)	(29,540)	(44,312)
Balances as at December 31, 2019	P24,470,708	P80,000	P5,612,321	(P221,041)	P41,661,647	P-	(P2,619)	(P24,285)	P361,794	P71,938,525	P225,768	P72,164,293

Attributable to Equity Holders of the Parent

	Common Stock	Preferred Stock	Additional Paid-in Capital	Treasury Stock	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 Year Ended December 31, 2018											
Balances as at January 1, 2018	P24,470,708	P80,000	P5,612,321	(P221,041)	P33,099,891	(P2,619)	(P155,336)	P361,794	P63,245,718	P255,325	P63,501,043
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	-	-	-	-	(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	-	-	-	-	-	-	-	-	-	(16,093)	(16,093)
Balances as at 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 FLOW

(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	(404,142)	(571,701)	(977,290)
Gain on sale of investment property	(65,308)	–	–
Interest expense and amortization of transaction costs	3,137,791	2,442,483	1,168,531
Depreciation and amortization	1,594,368	1,320,598	810,629
Equity in net earnings of associates	(516,450)	(401,525)	(537,017)
Pension expense, net of contribution and benefits paid	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	(5,641,194)	(8,792,995)	(5,558,464)
Dividends received	–	–	678,000
Proceeds from sale of investment property	737,840	–	–
Increase in BTO rights	(717,809)	(249,090)	(115,324)
Redemption of financial asset at FVOCI	–	–	48
Net cash used in investing activities	(5,621,163)	(9,042,085)	(4,995,740)

(Forward)

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW

(Amounts in Thousands of Pesos)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from availment of:			
Loans payable	₱10,680,000	₱15,400,000	₱5,500,000
Bonds payable	8,057,682	–	–
Payments of:			
Loans payable	(8,219,965)	(4,840,663)	(3,841,338)
Bonds payable	(4,300,000)	(7,000,000)	–
Cash dividend	(1,588,558)	(1,482,405)	(1,498,635)
Interest and transaction costs	(3,917,635)	(3,260,571)	(3,132,467)
Lease liabilities	(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	–	–	(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

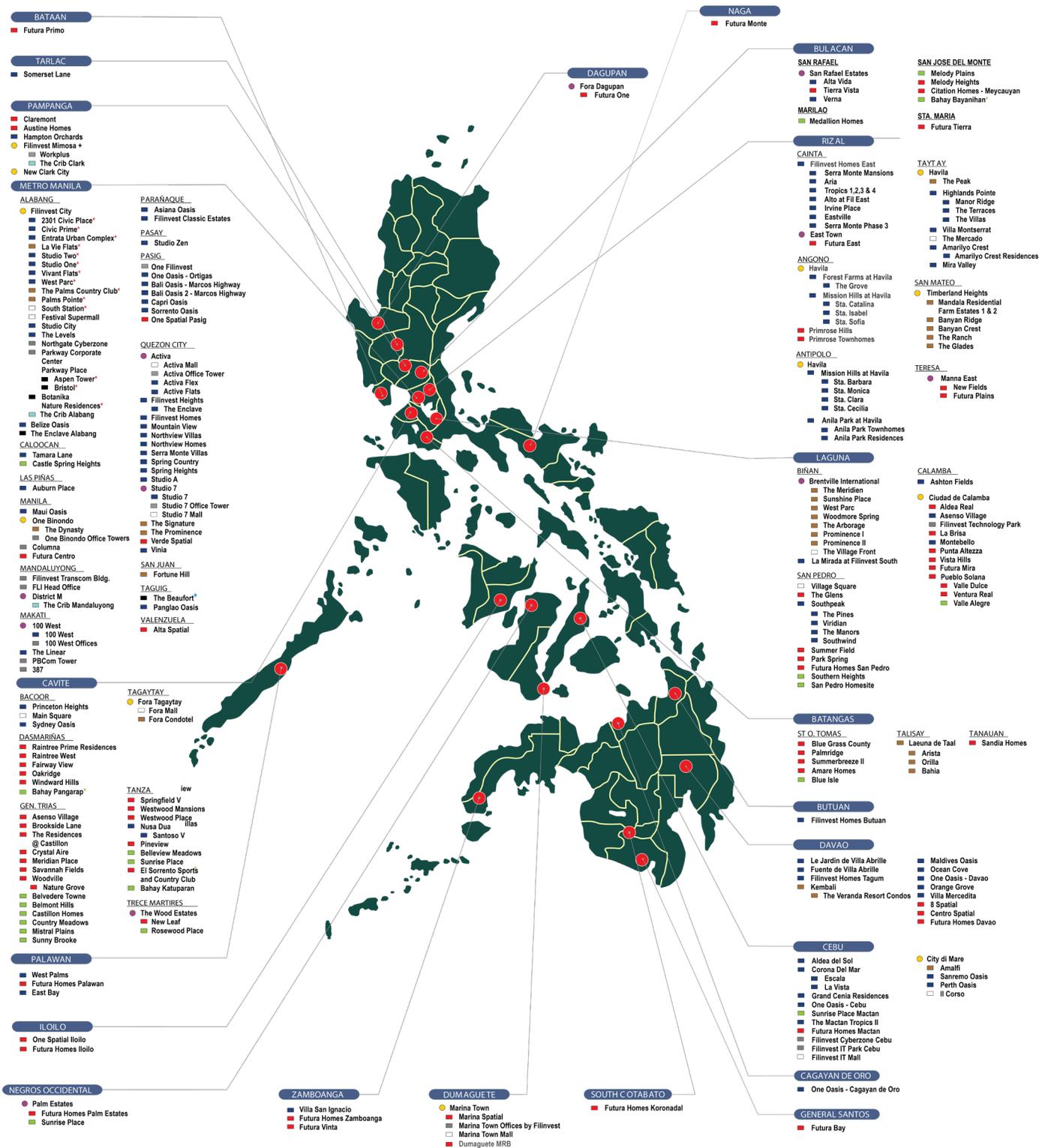
4,773,621 6,419,560 7,576,090

CASH AND CASH EQUIVALENTS AT END OF YEAR

₱6,693,557 ₱4,773,621 **₱6,419,560**

See accompanying Notes to Consolidated Financial Statements.

MAP OF PROJECTS



LEGENDS

- | | | |
|-----------------------|---------------------|---|
| FILIGREE | SOCIALIZED | DORMITEL |
| PRESTIGE by Filinvest | RETAIL / COMMERCIAL | TOWNSCAPE |
| ASPIRE by Filinvest | MIXED-USE | Filinvest Alabang, Inc. projects |
| FUTURA by Filinvest | OFFICE | Filinvest Development Corp. projects |
| | | Projects developed by FLI but sold to PRA |



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