C O V E R   S H E E T

SEC Registration Number

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C O M P A N Y   N A M E

FILINVEST LAND, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

79 EDSA, Brgy. Highway Hills, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A		

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,646	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATIONS CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPINES

For the calendar year ended **December 31, 2021**

SEC Identification Number **170957** BIR Tax ID **000-533-224**

Exact name of registrant as specified in its charter **FILINVEST LAND, INC.**

Province, Country or other jurisdiction of incorporation or organization **Philippines**

Filinvest Bldg., #79 EDSA, Highway Hills, Mandaluyong City, Metro Mla. **1550**
Address of principal office Postal Code

Registrant 's telephone number, including area code **02-7918-8188 / 02-7588-1678**

N/A
Former name, former address, and former fiscal year, if changed since last report

Securities registered pursuant to Section 8 and 12 of the SRC

Title of Each Class	**Number of shares of Common Stock Outstanding**	**Amount of Interest-bearing Debt Outstanding** In Php thousands
Common Stock, P 1.00 par value	24,249,759,506	₱68,471,666

Are any or all of these securities listed on the Philippine Stock Exchange

Yes [x] No [ ]

Check whether the issuer:

- has filed reports required to be filed by Section 17 of the SRC Rule 17 thereunder or Section 11 of the RSA Rule 1(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

  Yes [x] No [ ]

- has been subject to such filing requirements for the past 90 days.

  Yes [x] No [ ]

State the aggregate market value of the voting stock held by non-affiliates. ₱9.42 Billion

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEAR:

Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court of the Commission.

Yes ☐ Not Applicable No ☐

If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-1 into which the document is incorporated.

(a) Any annual report to security holders;
(b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b);
(c) Any prospectus filed pursuant to SRC Rule 8.1-1

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Part 1 – BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

1. 1. Brief Description and Recent Developments

Filinvest Land Inc. (“FLI” or “the Parent Company”) is one of the leading real estate developers in the country, providing a wide range of real estate products to residential and commercial customers. FLI (including its predecessor’s operations) has over 50 years of real estate expertise and has developed over 2500 hectares of land, having provided home/home sites for over 200,000 families.

FLI is one of the largest nationwide residential developers in 55 cities and towns in 22 provinces in the Philippines. It is also one of the largest mid-rise buildings (MRB) developers in the country today and a market leader in the affordable and middle-income residential segments. It currently owns land bank of 1,673 hectares and has joint ventures arrangement for another 201 hectares, totaling 1,874 hectares under its control and management for sustainable future growth.

The Parent Company and its subsidiaries (collectively referred to as “the Group”) offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing currently. Upcoming locations are New Clark city, Dumaguete, Ortigas, Manila, among others in the pipeline.

FLI now operates 31 office buildings totaling 524,118 square meters and 256,830 sq.m. GLA in retail portfolio.

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

19.2-hectare South Road Properties
In July 2015, FLI, FILRT and FAI (collectively referred to as “Filinvest Consortium”) won the bidding for a 19.20-hectare lot in Cebu’s SRP. Thereafter, on August 7, 2015, Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer’s discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

As of February 27, 2019, such payment has not been received and no formal and definitive legal proceeding has been undertaken by the parties on this matter. Consequently, as of said date, the DSI remains valid and Filinvest Consortium has the sole and rightful claim over the property.

The 19.2-hectare property mentioned above is a separate property from the other two (2) properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to FLI Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to restitute the Filinvest Consortium of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020 with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019 the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.

The carrying value of the property amounted to ₱1.22 billion as of December 31, 2021.

1.2. Form and Date of Organization

FLI was incorporated in the Philippines on November 24, 1989 as Citation Homes, Inc. and later changed its name to FLI on July 12, 1993. It started commercial operations in August 1993 after Filinvest Development Corporation (FDC), the Parent Company, spun off its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI. FLI was listed on the PSE on October 25, 1993.

As of December 31, 2021, FDC owns 65% of Common Stock and 100% of Preferred Stock of FLI. FDC is the holding company for real estate and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr. and his family in 1955. The shares of FDC and FLI are both listed in the Philippine Stock Exchange. The ultimate parent company of FLI is A. L. Gotianun, Inc.

1.3. Subsidiaries

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2021, 2020 and 2019 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	2021	2020	2019
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
Filinvest REIT Corp. (FILRT)[2]	Leasing	**63%**	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%	100%
Filinvest Clark Mimosa, Inc. (FCMI)[3]	Leasing	**100%**	100%	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%	100%

Subsidiaries	Nature of Business	2021	2020	2019
ProOffice Works Services, Inc. (ProOffice)[4]	Property management	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas) [5]	Theater operator	**60%**	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%	98%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%	100%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	**75%**	75%	-
FREIT Fund Managers, Inc.[6]	Fund Manager	**100%**	-	-
Co-Living Pro Managers Corp. (CPMC) [7]	Real estate developer	**100%**	-	-

- *FBCI is owned indirectly through FCGCC.*
- *On August 12, 2021, FILRT shares were listed at the PSE. FLI previously owned 100% of FILRT and sold 36.7% or 1,797.61 million shares in its initial public offering (see Notes 1 and 31).*
- *Filinvest Cyberzone Mimosa, Inc. (FCMI) was renamed Filinvest Clark Mimosa Inc. on February 15, 2021.*
- *40% interest is owned by FCI. Effectively, FLI owns 100% of ProOffice.*
- *FSM Cinemas is owned indirectly through FSI.*
- *FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to REIT companies.*
- *CPMC was incorporated on August 2, 2021 in to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has not started commercial operations as of December 31, 2021.*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

Detailed discussion of each subsidiary follows:

- FAPI was incorporated on September 25, 2006 to develop the TSNC and Phase 2 of Timberland Heights

- FCGCC was incorporated on February 11, 2016 to undertake the development of the Clark Green City *(now New Clark City)* Project under the Joint Venture Agreement with Bases Conversion and Development Authority (BCDA). On March 16, 2016, FBCI, a joint venture company with BCDA, was incorporated to handle the aforementioned development. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA. As of December 31, 2021, FCGCC and FBCI have not started commercial operations.

- On January 19, 2018, FLI entered into a Share Sale and Purchase Agreement to purchase 100% of the total outstanding shares of GPRDI for a total consideration of ₱1.71 billion. The primary purpose of GPRDI is to hold, purchase, lease, contract otherwise acquire any and all real and personal properties. GPRDI has not started its commercial operations as of December 31, 2021.

- Homepro was incorporated on March 25, 1997 and started commercial operations on January 1, 2004.

- Filinvest REIT Corp. or FILRT *(formerly Cyberzone Properties, Inc. or CPI)*

    - CPI was incorporated on January 14, 2000 and began commercial operations on May 1, 2001.

CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its modified gross income in lieu of national and local taxes. CPI is also entitled to zero percent value-added tax on sales made to other PEZA-registered enterprises. FILRT owns and operates the IT buildings in Northgate Cyberzone, located in a 10-hectare parcel of land within Filinvest City owned by the parent Company, FLI. FILRT also leases a parcel of land measuring 2,831 sq.m. located in EDSA on which FILRT built a 5-storey BPO building with a total GLA of 7,358 sq.m.

- On January 20, 2021, FLI announced, through a Philippine Stock Exchange (PSE) disclosure, that its BOD has approved the transition of Cyberzone Properties, Inc. (CPI) into a Real Estate Investment Trust (REIT) company. CPI is intended to be listed on the PSE in compliance with the minimum public ownership requirements under Philippine securities regulations and the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations and under such terms and conditions as FLI's BOD may subsequently approve.

- On June 25, 2021, the shareholders of CPI, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Cyberzone Properties, Inc." to "Filinvest REIT Corp.", (ii) reduction of the par value of its shares, and (iii) increase of the CPI's authorized capital stock. The change in name of CPI, the reduction in the par value of its shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.

- On August 12, 2021, Filinvest REIT Corp. ("FILRT") was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3%. This transaction resulted in changes to the Group's Cash, Retained Earnings and Noncontrolling interest

- As a REIT entity, FILRT can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

- As of December 31, 2021, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. Accordingly, the Group has derecognized deferred taxes of FILRT as of December 31, 2021.

- On August 12, 2021, FILRT was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3%. The transaction was accounted for as an equity transaction since there was no change in control over FILRT. Net proceeds from the public offering amounted to ₱ 12.13 billion and resulted in additions to retained earnings and noncontrolling interest amounting to ₱10.47 billion and ₱1.66 billion, respectively as of December 31, 2021. As of December 31, 2021, the noncontrolling interest in FILRT represents 36.7%.

- On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of ₱1.00 per share amounting ₱110.0 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and deconsolidation by the Group (see Notes 12 and 24). As a result of the dilution, the investment in DPI is accounted as investment in associate under the equity method.

- On October 11, 2019, ProMixers Aggregates Corp. (PMAC), a wholly owned subsidiary of DPI, was incorporated mainly to operate concrete batching plant, manufacture and supply of pre-cast and construction equipment and rental. PMAC has not started commercial operations as of December 31, 2021.

- FAC was incorporated on January 22, 1997 and as at date of this report is 60%-owned by FLI and 40%-owned by Reco Herrra Pte.Ltd. (RHPL). RHPL is 100% beneficially owned by the Government of Singapore Investment Corporation Pte. Ltd (GIC). FAC owns 50% of the 52-storey PBCom Tower, which is strategically located at the corner of Ayala Avenue and V. A. Rufino Streets in the Makati City Central Business District. FAC owns 36,000 sq. m. of leasable office space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications.

- The PBCom Tower is registered as an information technology building by PEZA. Consequently, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5% tax on modified gross income in lieu of the national and local taxes, income tax holidays and zero-rated vat in certain cases.

- FCI was incorporated on February 4, 2014. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

- FCMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation or and hold for investment or otherwise deal in real estate of all kinds, nature, purpose and/or any interest or right therein. FCMI started its commercial operations in May 2018. FCMI is registered with Clark Development Corporation (CDC) as a Clark Freeport Enterprise enjoying the incentives similar to PEZA such as zero percent VAT on its revenues and 5% income tax on modified gross income, in lieu of local and national taxes.

- FSI is the property manager of Festival Supermall and other commercial centers of the Group. FSI also owns 60% equity interest in FSM Cinemas, Inc. which is engaged in theater operations. The transaction was accounted for using the pooling of interest method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts.

- FLC, formerly Whiluc Realty & Mgt., Inc., is organized to invest in, purchase, hold, use, develop, lease, sell, assign, transfer mortgage, enjoy or otherwise dispose of, as may be permitted by law, all properties of every kind, nature and description and wherever situated, of any corporation.

- FLMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation, or otherwise, and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds, nature and purpose and/or any interest or right therein. FLMI has not started its commercial operations as of December 31, 2021.

- FLTI was incorporated on November 20, 2017. Its primary purpose is to acquire by purchase, lease (except financial leasing), donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise deal in real estate of all kinds in order to develop, conduct, operation, lease, and maintenance of retail and commercial space for rent, restaurants, function halls, amusement centers, movie or cinema theaters within the compound to premises of the shopping centers. FLTI started its commercial operations in March 2018.

- On December 26, 2019, FILRT and FCI, wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell its ownership in Pro-Excel to FAI. The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Group. The remaining ownership of the Parent Company in Pro-Excel is 33%. Subsequently after disposal, the investment in Pro-excel is accounted as investment in associate under the equity method.

- ProOffice was incorporated on March 18, 2019 to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019.

- Prosper was incorporated on June 10, 2002 and started commercial operations on January 01, 2004. Prosper is engaged in the purchase, lease and management of hotel and resort properties, and is currently managing the condotel operations of a high-rise condominium (Grand Cenia) and hotel project (Quest Hotel) of the Parent Company. Prior to Prosper's condotel and hotel management business. Prosper was engaged in the business of real estate marketing.

- FSM Cinemas was incorporated on April 23, 1998 to engage in servicing, booking, and arranging of films, programs, shows, plays, and movies of all kinds, types, makes, and colors for movie houses, theaters, or cinemas and to exhibit, lease, rent, run or operate movie houses, theaters, cinemas, as well as, supply equipment, machines and accessories needed in cinemas, theaters or movie houses. FSM Cinemas is owned indirectly through FSI.

- On April 15, 2015, FLI and Engie Services Philippines (ENGIE) entered into a joint venture agreement to establish PDDC. On July 31, 2015, PDDC was registered with the SEC to engage in the business of building and operating a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by ENGIE.

- On July 18, 2018, the SEC approved TSNC's application on voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, the Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) converting of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive nonprofit association; and (e) removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application for voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation.

- Leisurepro was incorporated on April 21, 2004 and started commercial operations on January 1, 2006. The company is inactive since 2010.

- PPI was incorporated on March 29, 2017 to provide management, organizational, and other administrative services and training. PPI started its commercial operations in November 2017.

- PLIL, a company limited by shares, was registered at the territory of the British Virgin Islands on February 7, 2017. PLIL has not started its commercial operations as of December 31, 2021.

- Promax was incorporated on October 3, 1997. It is engaged in real estate marketing business and handle the marketing and sale of socialized, affordable, middle income, high-end and farm estate property development projects of FLI.

- RPI was incorporated on August 3, 2017 to provide administrative support services and skills training primarily through the use of information technology, licensed software, and systems. RPI has started its commercial operations in November 2017.

- NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc. NSI has opened on March 14, 2021 but has not reached commercial level of operations as of December 31, 2021 due to restrictions as a result of COVID-19 pandemic.

- FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to REIT companies.

- CPMC was incorporated on August 2, 2021 in to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has not started commercial operations as of December 31, 2021.

1.4. Equity Investments in Associates

CTI

As of December 31, 2018, investment in Corporate Technologies, Inc. (CTI) was reported under "Other noncurrent assets" due to pending SEC approval and issuance of amended articles of incorporation. In 2019, the 30% interest in CTI of the Parent Company was classified as an investment in associate. CTI is primarily involved in information technology service management.

Pro-Excel

On December 26, 2019, FILRT and FCI, wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell ownership in Pro-Excel to FAI. The sale resulted to a loss of control in Pro-Excel and deconsolidation by the Group. As of December 31, 2019, the remaining ownership of the Parent Company in Pro-Excel is 33%. No significant transaction transpired between the date of sale and reporting date resulting in no share in net earnings of Pro-Excel for the year ended December 31, 2019. Pro-Excel is engaged in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

FAI

FAI was incorporated on August 25, 1993 and started commercial operations in October 1995. FLI has a 20% equity interest in FAI. FAI's current project is the master-planned development of Filinvest City, a 244-hectare premier satellite city development project which has been designed using modern and state of the art, ecological, urban planning with a mixed-use integrated development with office, retail, residential, institutional, leisure and hospitality projects in southern Metro Manila. Located at the southern end of Metro Manila and adjacent to the South Expressway, Filinvest City is approximately 16 kilometers south of Makati, the central business district in Manila and 10 kilometers from the Ninoy Aquino International Airport. Filinvest City is surrounded by over 2,800 hectares of developed high-end and middle-income residential subdivisions and commercial developments. The said project is under a joint venture agreement with the Government.

FMI

FMI was incorporated on March 31, 2016 and started commercial operations in June 2016. FLI has a 47.5% equity interest in FMI. FMI entered into a long-term lease of the Mimosa Leisure Estate after it bagged the rights to lease, develop and operate the 202-hectare estate development. FMI subleases to FCMI the development of residential, office, retail and co-living leasing segments of the Estate while another affiliate MCI, sub-leases the leisure, hospitality segments of the estate.

DPI

DPI was incorporated on January 11, 2017 to engage in and carry on a general construction business. DPI started its commercial operations in February 2017. DPI was deconsolidated from the Group and became associate effective December 17, 2020

SPI

SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Group. In December 2021, the Parent Company subscribed for 45.0% of SPI's capital stock amounting to ₱11.25 million.

1.5. Business Groups, Product Categories, Target Markets and Revenue Contribution

FLI is now composed of two business segments with corresponding product categories, target markets and revenue contributions as follows:

1.5.1 Real Estate Sales Segment

FLI's main real estate activity since it started operations has been the development and sale of residential property, primarily housing units and subdivision lots; in certain cases, provision of financing for unit sales.

Residential Projects

FLI is able to tap the entire residential market spectrum with the following range of housing units catering to various income segments:

- *Socialized housing*: These developments are marketed and sold under FLI's Pabahay brand and consist of projects where lots typically sell for ₱160,000 or less per lot and housing units typically sell for ₱580,000 or less per unit. Buyers for these projects are eligible to obtain financing from the Government-mandated PAGIBIG Fund. Maximum sale prices for the Company's specialized housing products do not exceed the Government-mandated ceiling of ₱580,000 per unit. Any income realized from the development and improvement of socialized housing sites are exempt from taxation.

- *Affordable housing*: These developments are marketed and sold under FLI's Futura Homes brand and consist of projects where lots are typically sold at prices ranging from above ₱160,000 to ₱750,000 and housing units from above ₱580,000 to ₱1,700,000. FLI designs and constructs homes in this sector with the capacity and structural strength to give the owner the option to place an additional storey, which can double the available floor area. Affordable housing projects are typically located in provinces bordering Metro Manila, including Bulacan, Laguna, Batangas and Cavite, and in key regional cities and provinces such as Tarlac, Cebu, Davao, Palawan, Bacolod and Koronadal. Construction of a house in this sector is usually completed approximately six months from the completion of the required down payment.

- *Middle-income housing*: These developments are marketed and sold under FLI's Aspire brand and consist of projects where lots are typically sold at prices ranging from above ₱750,000 to ₱1,200,000 and housing units from above ₱1,500,000 to ₱4,000,000. Middle-income projects are typically located within Metro Manila, nearby provinces such as Rizal, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Davao, and Zamboanga.

- *High-end housing*: Marketed under Filinvest Prestige brand, these developments consist of projects where lots are sold at prices above ₱1,200,000 and housing units for above ₱4,000,000. FLI's high-end projects are located both within Metro Manila and in areas immediately outside Metro Manila.

Other Real Estate Projects

In order to achieve product and revenue diversification, FLI has added the following projects so as to cater to other market niches:

a. Townships

Townships are master-planned communities to include areas reserved for the construction of anchor facilities and amenities. FLI believes that these facilities and amenities will help attract buyers to the project and will serve as the nexus for the township's community. Anchor developments could include schools, hospitals, churches, commercial centers, police stations, health centers and some other government offices

Filinvest at New Clark City

This 288-hectare property will be transformed into a vibrant mixed-use master planned metropolis that is in harmony with its natural setting. The BCDA, FLI's partner in the development, has completed the construction of the SCTEX-NCC Road and is now completing the Airport-NCC Road that will directly connect the project to the Clark Freeport Zone. New Clark City will be built around four pillars: world center, multi-gen metropolis, eco-efficient capital and strategic base – the cohesive foundation of a globally-competitive city. It will be shaped around the existing terrain, with meandering waterways and a Loop Park to connect its various pedestrian-friendly districts. Green path walks, bike lanes, e-transport systems and other innovative features are expected to set the benchmark for this pioneering development in the Philippines. The development will have 100 hectares of industrial park area, over 100 hectares of mixed-use commercial office, retail and residential developments, all interspersed with over 80 hectares of greens and open spaces.

Filinvest Mimosa+ Leisure City

As the winning bidder in the privatization of the Mimosa estate in Pampanga, Filinvest is currently developing the 201-hectare property under Filinvest Mimosa, Inc., a new company formed by the consortium of FLI and FDC. FLI will handle the retail, office and residential components through its subsidiary FCMI, while FDC will undertake the hospitality, leisure and gaming segments, through its subsidiary FCMI. Envisioned to be a top-of-mind, year-round business and leisure destination, the sprawling Filinvest Mimosa+ Leisure City is being transformed into a vibrant and green central township that is home to various industries such as BPO, hospitality, retail, real estate, golf and gaming. Its location in Clark Freeport Zone allows FLI to take advantage of the growing interest of tourists and investors in the progressing Clark City. In addition to the renowned golf course, its components include a lifestyle and retail strip, a pavilion and grounds for events and an office campus called Workplus. This business hub will be composed of eight mid-rise buildings with fiber-optic facilities, podium parking and ground retail area. Also part of the design is a lovely promenade that will connect all buildings and serve as a place for employees to enjoy the serene outdoor environment of Mimosa. To complement the business and commercial district, the Quest Hotel and Conference Center Clark will be joined by a residential area of mid- to high-rise buildings for investment or end-use. The existing green resort environment will be further enhanced with parks, walking paths and bike trails to encourage wellness through nature and outdoor activities

Ciudad de Calamba

Ciudad de Calamba is a 350-hectare development located in Calamba, Laguna. This township project is anchored by the Filinvest Technology Park-Calamba which is a PEZA-registered special economic zone. Ciudad de Calamba provides both industrial-size lots and ready-built factories to domestic and foreign enterprises engaged in light to medium non-polluting industries. FLI also donated to the city government of Calamba a parcel of land located within the Ciudad de Calamba, which will be used for a city health center and police station. The Parent Company also intends to develop the Ciudad de Calamba Commercial Center as part of this township project.

Havila

Havila, or formerly, Filinvest East County is a 335-hectare township along the eastern edge of Metro Manila, which traverses the municipalities of Taytay, Antipolo and Angono. It is anchored by two educational institutions: San Beda College – Rizal and the Rosehill School. The master plan for Havila provides for a mix of affordable, middle-income and high-end subdivisions on rolling terrain overlooking Metro Manila at an elevation of 200 meters above sea level.

Timberland Heights

Timberland Heights is a 677-hectare township project anchored by the Timberland Sports and Nature Club. It is located in the municipality of San Mateo, which is just across the Marikina river from Quezon

City, and has been designed to provide residents with leisure facilities and resort amenities while being located near malls, hospitals and educational institutions located in Quezon City.

City di Mare

Inspired by the world's best-loved coastal cities, City di Mare, or "City by the Sea", spans across 50.6 hectares at Cebu's South Road Properties.

It is a master-planned development composed of different zones catering to a wide array of lifestyles and activities - Il Corso, the 10.6-hectare waterfront lifestyle strip; the 40-hectare residential clusters; and The Piazza, nestled at the heart of the residential enclaves puts lifestyle essentials such as school, church, shops, and restaurants within the neighborhood. City di Mare is envisioned to be a destination in itself, takes full advantage of the coastal ambience featuring seaside shopping, dining, beach and water sports and more, right by the water's edge.

The 10.6-hectare retail development known as Il Corso shall have a gross leasable area of approximately 32,000 square meters. City di Mare has four resort-themed residential enclaves inspired by world-class resorts, with each 10-hectare development flaunting a distinct architectural character. With over 65% of the property allocated for wide, open areas and landscaped greens, City di Mare provides the generous amenity of breathing space and a refreshing dose of nature throughout the site. Residences are spread out over the sprawling development, maximizing the abundant sunlight and allowing the invigorating sea air to circulate freely.

b. <u>Leisure projects</u>

FLI's leisure projects consist of its residential farm estate developments and residential resort development.

1. Residential farm estates

FLI's residential farm estate projects serve as alternative primary homes near Metro Manila to customers, such as retirees and farming enthusiasts. Customers can purchase lots (with a minimum lot size of 750 square meters) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farm development, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers being responsible for the construction of residential units on their lots. To help attract buyers, FLI personnel are available on site to provide buyers with technical advice on farming as well as to maintain demonstration farms.

At present, FLI has three residential farm estates:

- *Nusa Dua Farm Estate ("Nusa Dua")* located in Cavite province just south of Metro Manila. The amenities at the Nusa Dua development include a two-storey clubhouse and a 370 square meter swimming pool.

- *Mandala Residential Farm Estate ("Mandala")* located in Rizal province as part of the FLI's Timberland Heights township project. It offers hobby farmers generous lot cuts and Asian-inspired homes that complement the mountain lifestyle.

- *Forest Farms Residential Farm Estate ("Forest Farms")* located in Rizal province as part of Company's Havila township project. It is an exclusive mountain retreat and nature park, nestled between the hills of Antipolo and forested area of Angono.

2. Residential resort development

Kembali Coast on Samal Island, Davao is a beachfront residential resort development. This 50-hectare Asian-Balinese inspired island getaway offers low-density exclusivity and comes with a 1.8 km beach line that offers unobstructed view of the sea.

Laeuna de Taal (“Laeuna”) is located in Talisay Batangas with a view of the Taal lake and a lakeside residential community, about a ten-minute drive from the popular tourist destination of Tagaytay. Laeuna is an Asian Tropical-inspired community which offers three (3) residential enclaves (Arista, Bahia and Orilla) with a range of property choices for every family. Located on the water front is the Lake Club, a lakeside amenity designed for wellness, recreation and celebration.

c. Medium Rise Buildings

Medium Rise Buildings (MRB) projects are five-storey to ten-storey buildings clustered around a central amenity area. The buildings occupy 30% to 35% of the land area, providing a lot of open spaces. FLI currently has the following MRB projects:

Project Name	Location
Metro Manila/ Luzon	
Asiana Oasis	Paranaque City
Bali Oasis	Pasig City
Bali Oasis 2	Pasig City
Capri Oasis	Pasig City
Fora	Tagaytay
Fortune Hill	San Juan City
Futura East	Cainta, Rizal
Maui Oasis	Sta. Mesa, Manila
One Oasis Ortigas	Pasig City
One Spatial	Pasig City
Panglao Oasis	Taguig
Sorrento Oasis	Pasig City
The Signature	Balintawak, Quezon City
Verde Spatial	Quezon City
Alta Spatial	Valenzuela City
Centro Spatial	Manila
Belize Oasis	Muntinlupa

Project Name	Location
Visayas	
Amalfi Oasis	City di Mare, Cebu
Marina Spatial	Dumaguete
One Oasis Cebu	Mabolo, Cebu City
One Spatial Iloilo	Iloilo
San Remo Oasis	City di Mare, Cebu
Umi Garden	City di Mare, Cebu
Mindanao	
Centro Spatial	Davao City
Eight Spatial	Maa, Davao
One Oasis Cagayan de Oro	Cagayan de Oro
One Oasis Davao	Davao City
Veranda Resort Condos	Davao
Maldives Aspire	Davao
Futura Vinta	Zamboanga

d. High Rise Buildings

The Linear
The Linear, a master-planned residential and commercial hub in Makati City. Two-L-shaped towers, each 24-storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals.

Studio City
Studio City is a community composed of five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the nearby Madrigal Business Park.

Since it is located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions. The development consists of 18-storeys per building with commercial units at the ground floor. All residential floors will have 25 studio units per floor. Studio Tower 5 is under construction.

The Levels
Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with four towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens. The second tower has just been launched.

Vinia Residences
Vinia is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and just steps away from the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to yuppies and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city.

Studio Zen
Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently and a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area.

Studio A
Studio A is a single tower 34-storey hi-rise residential condominium located in Loyola Heights in Quezon City. A community conveniently situated near premier universities, the LRT 2 line and other commercial establishments.

100 West
100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is in the Makati Business District and accessible to both north and south of Metro Manila.

Studio 7
Studio 7 is a mixed-use development that will have office and residential towers complemented with retail outlets, located in Quezon City along EDSA very close to the GMA-Kamuning MRT station. Studio 7 will have studios as well as one-bedroom residential units.

Activa
Activa is a mixed-use development with residential, office, retail and hotel components.
It is entrenched in the heart of Quezon City's busiest and liveliest district, Cubao. Situated at the crossroads of two of the metro's most vital thoroughfares. Activa connects to the north and south via EDSA, and to the east and west via Aurora Boulevard. It also has direct access to the MRT and LRT lines, and accessible by various modes of transportation like buses and jeepneys.

Analysis of Real Estate Sales

The table below shows a comparative breakdown of FLI's journalized real estate sales by product categories for the years ended December 31, 2021 and 2020 (in Thousands).

	Years ended December 31			
Category	2021		2020	
	Amount	% to total	Amount	% to total
Medium income	**₱7,582,470**	**67.3%**	₱7,545,026	76.7%
Low affordable and affordable	**2,500,696**	**22.2%**	1,375,284	14.0%
High-End and Others	**877,766**	**7.8%**	814,504	8.3%
Socialized	**313,577**	**2.8%**	102,308	1.0%
Total	**₱11,274,509**	**100.0%**	₱9,837,122	100.0%

Analysis of Cost of Sales
The table below shows a comparative breakdown of FLI's journalized cost of sales into various categories for the years ended December 31, 2021, 2020 and 2019 (in thousands):

	2021	2020	2019
Land acquisition cost	**₱948,229**	₱839,222	₱2,491,305
Land development and construction cost	**5,495,459**	4,747,612	7,362,566
	₱6,443,689	₱5,586,834	₱9,853,871

1.5.2. Leasing Segment

FLI's investment properties are categorized as retail and office segments.

<u>Commercial Retail Leasing Properties</u>

Festival Mall Alabang
The landmark project, Festival Supermall, carries on its position as the prime destination for recreation and retail in southern Metro Manila. With more 'firsts' on its offerings and a better shopping ambiance, the mall has elevated the retail experience in the south. It is one of the country's largest shopping malls with more than 1,000 shops.

Major improvements have been undertaken and continue to be undertaken for the existing mall and its facilities. New interiors give the mall a refreshed look and modern ambiance, complementing the recently completed 46,000 sq.m. expansion wing. Decathlon, a French sporting goods retailer, opened a 5,000 sq.m. store in the original mall. New lifestyle and food tenants continue to open in the expansion wing. French sports retail giant, Go Sport, opened its first ever store in Southeast Asia in the expansion with an area close to 1,000 sq.m.

The introduction of new and unique food establishments has made Festival a gastronomic destination ushering in new traffic and strengthening its appeal to its core target market. The Water Garden, a new distinctly refreshing outdoor amenity and convergence zone in the expansion wing, continues to be favorite among mall patrons. Uniqlo opened its first ever roadside store in the country in Westgate, Festival's affiliated lifestyle development in Filinvest City.

Fora Mall
Conveniently located right by Tagaytay Rotunda is Fora Mall, the first regional mall in the area. This prime retail destination provides about 26,000 sq. m of leasable space amidst nature, open spaces, and a beautifully-landscaped amphitheater. It primarily serves the local market and Tagaytay bound tourists. A number of local and popular food concepts, along with national brands, have opened in the mall. Super Metro, a 24-hour hypermarket, serves as its anchor. Other notable shops include Ace Hardware, Power

Mac, Own Days, Anello and La Sedia. The mall also has four (4) digital cinemas which have become the go to place for Tagaytay City and surrounding towns for recreation.

Main Square
With a smaller format of over 18,000 sq. m leasable area, Main Square is the first and only mall along Bacoor Blvd, close to Bacoor City Hall and fronting Princeton Heights. Positioned as the reliable one-stop hub for neighboring gated villages of Bacoor, it provides basic shopping, wellness, service and convenience offerings from partner brands such as Anytime Fitness, Watson's, Ace Hardware, Western Appliances, Japan Home, and DIY. The mall's anchor for this development is Robinsons Supermarket, which has become the most convenient essentials shopping option in the area.

Il Corso
Il Corso is a retail development with an estimated 34,000 sq. m of leasable area in the City di Mare estate development of Filinvest in the South Reclamation Area of Cebu City. It's opened restaurants facing the sea have become destinations in the southern edge of Cebu City. The cinema has also opened. A 10,000 sq.m. portion of the mall is being reconfigured to accommodate Business Process Outsourcing Companies.

Commercial Office Properties

As of December 31, 2021, the Group owns commercial office spaces for lease to several BPO and other office locators. Primarily, they are located in Northgate Cyberzone in Filinvest City, Alabang, Muntinlupa. Northgate is an 18-hectare PEZA zone that enjoys developer incentives. Among the Group's portfolio is the PBCom tower where FLI owns 60.0% through FAC, which owns 50.0% of the 52-storey PBCom Tower in the Makati CBD. PBCom Tower is a Grade A-PEZA-registered, IT/office building on Ayala Avenue, Makati City with a GLA of 35,148 sq.m.

The Group also owns several completed office developments, in Bay City, Pasay, EDSA near Ortigas MRT station, Clark Mimosa and Cebu IT Park. A summary of the GLA is set forth below:

Location	**Number of Buildings**	**GLA (sq. m.)**
Northgate Cyberzone, Filinvest City	19	327,553
Metro Manila outside of Filinvest City	7	122,668
Outside Metro Manila	5	73,967
Total	**31**	**524,188**

The office buildings of Filinvest are mainly located in business parks or in mixed-used complexes highly accessible to public transport. The Group believes its business park model, wherein the Group builds on areas specifically suited for business and industrial establishments supported, in certain cases, by incentives from the Government, gives it a competitive advantage as business parks are the preferred site of major BPO tenants. Being located in a major business park allow the tenants assurance of expansion options within close proximity thereby giving the Group an advantage over stand-alone developments.

- Northgate Cyberzone, an 18-hectare, PEZA-registered IT park located in Filinvest City in Alabang. The office buildings of the Group sit within the 10-hectare parcel of land in the Northgate district owned by FLI.

- Mimosa Workplus, an office village that is comprised of eight buildings set amidst the lush natural environment of the Filinvest Mimosa+ Leisure City.

- Cyberzone Cebu and Filinvest IT Park are two distinct developments on two separate Build-Transfer-Operate (BTO) arrangements with the Cebu Province. The two parcels of land totaling 2.9 hectares are in close proximity to the city center located along Banilad and Salinas Avenue in Cebu. Together these comprise 7 office towers, a mall and a hotel development. The office and mall portions are pre-certified LEED Gold rating.

- Filinvest Cyberzone Bay City, a 4-tower office complex in the bustling section of the Bay Area. Its four towers are already completed and operating, and fully leased by POGOs. The complex is also certified LEED Silver rating.

- 100 West is part of a mixed used building in the Makati Central Business District. Office space allocated is approximately 14,333 sq. m.

Ongoing Construction

- Activa is a 1.37-hectare mixed use development at the corner of EDSA and Aurora Boulevard and lies in close proximity to the Cubao LRT and Cubao MRT Stations. The development will have the following: BPO office tower, a traditional office tower, residential tower, hotel and a retail mall. The designs for the BPO office and mall portions are pre-certified with LEED Gold rating.

- Studio 7 is a two (2)-tower mixed-use complex comprising of residential and office buildings on a retail and parking podium. Located along major thoroughfare EDSA in Quezon City, it is strategically located close to the GMA Kamuning Metro Rail Transit 3 Station and is a pre-certified LEED Silver rating.

The Group will continue to carry out an intensive marketing campaign so to maintain high occupancy rates in its investment properties to maximize leasing revenues.

The table below shows a breakdown of FLI's recorded gross leasing related revenues for the year ended December 31, 2021 and 2020 (amounts in Thousands of Pesos, except percentages).

	Years ended December 31			
	2021		**2020 (As Restated)**	
	Amount	**% to total**	Amount	% to total
Office	**₱4,795,698**	**85.8%**	₱6,456,121	85.8%
Retail / Commercial	**796,103**	**14.2%**	1,071,835	14.2%
Total	**₱5,591,801**	**100.0%**	₱7,527,956	100.0%

1.6. Marketing and Sales

1.6.1 Real Estate Sales Segment

FLI develops customer awareness through marketing and promotion efforts and referrals from satisfied customers. The Parent Company has a real estate marketing team, a network of sales offices located in the Philippines and tie-ups with independent brokers/marketing partners in other countries such as Europe, Hongkong, the Middle East, Japan, and Singapore. FLI's marketing personnel, together with in-house sales agents and accredited agents, gather demographic and market information to help assess the feasibility of new developments and to assist in future marketing efforts for such developments.

FLI conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers, and brochures designed specifically for the target market. Advertising and promotional campaigns are conceptualized and conducted by FLI's marketing personnel and by third-party advertising companies. These campaigns are complemented with additional advertising efforts, including booths at shopping centers, such as Festival Supermall, and other high traffic areas, to promote open houses and other events.

FLI also believes that the OFW population, as well as expatriate Filipinos, constitute a significant portion of the demand for affordable and middle-income housing either directly or indirectly by remitting funds to family members in the Philippines to purchase property. To this end, the Parent Company has appointed and accredited independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, Singapore, Hongkong, the United Kingdom and the Middle East. These brokers act as the Parent Company's marketing and promotion agents in these territories to promote the Parent Company and its products. The Parent Company also sponsors road shows in countries to promote its projects, targeting potential buyers, especially the OFW and Filipino expatriate markets. FLI also markets its properties using the Internet or via Digital marketing platforms.

Sales for FLI's housing and land development projects are made through both in-house sales agents and independent brokers. Both FLI's in-house sales agents and independent brokers are compensated through commissions on sales. In-house sales agents also receive a monthly allowance and are provided administrative support by FLI, including office space and expense allowances.

In addition to in-house sales agents and independent brokers, FLI also employs representatives who staff its sales offices and provide customers with information about FLI's products, including financing and technical development characteristics. FLI also assigns each project a sales and operations coordinator who will provide customers with assistance from the moment they make their sales reservation, during the process of obtaining financing, and through the steps of establishing title on their new home. FLI also has personnel who can advise customers on financing options, collecting necessary documentation and applying for a loan. FLI also helps design down payment plans for its low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, FLI has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

1.6.2 Leasing Segment

Various professional, multinational commercial real estate leasing agents (including, but not limited to Jones Lang LaSalle, Santos Knight Frank and Colliers) are accredited to find tenants for its office space. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease.

FLI also maintains, through its subsidiaries, an in-house leasing team to do marketing and administration of its office & commercial spaces.

1.7. Customer Financing for Real Estate Projects

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of FLI's housing and land development business. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. FLI also provides a significant amount of in-house financing to qualified buyers.

In-house financing

FLI offers in-house financing to buyers who chose not to avail of Government or bank financing. FLI typically finances 80% of the total purchase price, which is secured primarily by a first mortgage over the property sold. The loans are then repaid through equal monthly installments over periods mostly from 5 to 10 years. The interest rates charged by FLI for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the term of the loan.

PAG-IBIG Fund

A substantial number of buyers of the Parent Company's socialized housing units finance their purchases through the Home Development Mutual Fund, or PAGIBIG Fund. To provide a liquidity mechanism to private developers, the PAGIBIG Fund has instituted a take-out mechanism for conditional sales, installment contract receivables and mortgages and repurchases of receivables from housing loans of its members.

Mortgage loans

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by each bank and who are able to comply with each bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Philippine Guarantee Corporation (PhilGuarantee). To assist prospective buyers, obtain mortgage financing from commercial banks, FLI also has arrangements with several banks to assist qualified customers to obtain financing for housing unit purchases.

Deferred cash purchases

In addition to the aforementioned financing arrangements, FLI has offered so-called "deferred cash" purchases, particularly for its high-end and leisure developments. Under this arrangement, the entire purchase price is amortized in equal installments over a fixed period, which is typically 24 months. Title to the property passes to the buyer only when the contract price is paid in full or when the buyer executes a real estate mortgage in favor of the Parent Company which can be annotated on the title to the property.

1.8. Real Estate Development

FLI's real estate development activities principally include the purchase of undeveloped land or entering into joint venture agreements covering undeveloped land, the development of such land into residential subdivisions or other types of development projects, the sale of lots, the construction and sale of housing units and the provision of financing for some sales. Some projects are also developed through long-term land leases.

FLI plans to continue initiatives to further integrate its operations. FLI had established in 2017 a separate construction company (Dreambuilders Pro, Inc.) to undertake construction of specific projects and products, such as MRBs, to improve its cost competitiveness. Moreover, FLI has embarked on targeted digitalization processes, such as the use of building information modeling for design, as well as the acquisition and implementation of other software for bidding and project management, all in an effort to improve both cost and process efficiencies. Online platforms are continuously being developed and enhanced to ensure efficient touchpoints to its business partners such as customers, contractors, sellers and brokers. The Company also has separate property management teams with digital customer service applications to focus on monitoring and delivering the services to its clients.

Some development and construction work are contracted out to a number of qualified independent contractors on the basis of either competitive bidding or the experience FLI had with a contractor on prior project. FLI weighs each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments.

FLI maintains relationships with over 100 independent contractors and deals with them on an arm's length basis.

FLI does not enter into long-term arrangements with contractors. Construction contracts typically cover the provision of contractor's services in relation to a particular project or phase of a project. Progress payments are made to contractors during the course of a project development upon the accomplishment of pre-determined project performance milestones. Generally, FLI retains 10% of each progress payment in the form of a guarantee bond or cash retention for up to one year from the date the contracted work is completed and accepted by FLI to meet contingency costs.

FLI is not and does not expect to be dependent upon one or a limited number of suppliers or contractors. Its agreements with its contractors are in the nature of supply of labor and materials for the development and/or construction of its various real estate projects.

1.9. Competition

1.9.1. Real Estate Sales Segment

Real estate development and selling is very competitive. FLI believes it is strongly positioned in the affordable to middle-income residential market segments. Success in these market segments depends on acquiring well-located land at attractive prices often in anticipation of the direction of urban growth.

The Parent Company believes that the name and reputation it has built in the Philippine property market contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land / project developers in the Philippines. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete on the basis of the pricing of its products, offering a wider range of product types for different market sectors. Its brand name and its track record of successfully completing quality projects also give credibility to our products.

FLI directly competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on a specific market segment and geographic coverage. Its direct competitors include Ayala Land Inc., Vista Land, Robinsons Land, SMPHI and DMCI Homes.

The Parent Company faces significant competition in the Philippine property development market including land acquisition. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines.

FLI's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. Based on the Parent Company's current development plans, the Parent Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Parent Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

1.9.2. Leasing Segment

With regard to the Parent Company's assets dedicated to office space leasing and shopping mall operations, the Parent Company competes with property companies such as Ayala Land Inc., Robinsons Land Corp. and SM Prime Holdings in retail space leasing. In office space leasing, particularly to call centers and other BPO operators, the Parent Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Corporation, SM Prime, and Megaworld Corporation.

1.10. Related-Party Transactions

The Parent Company is a member of the Filinvest Group. The Parent Company and its subsidiaries, in their ordinary course of business, engage in transactions with FDC and its subsidiaries. The Parent Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Significant related party transactions for the year ended 31 December 2021 are as follows:

(a) *Transactions with bank under common control of the ultimate parent (EWBC)*
On 03 January 2012, the Group entered into a Receivable Purchase Agreement with EWBC, an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EWBC all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EWBC will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EWBC, including safekeeping of the collections in trust until these are remitted to EWBC, ten (10) days after the beginning of each month.

For the performance of the said services, the Group charges EWBC a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contract receivables sold to EWBC, this will be subsequently distributed to EWBC under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EWBC and the Group has no liability to EWBC for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱45.24 million and ₱38.29 million as of December 31, 2021 and 2020, respectively, are maintained with EWBC. The Group also maintains cash and cash equivalents with EWBC.

On September 20, 2018, FLI acquired a lot from a third-party seller. Total consideration is payable on installment basis until 2022 (presented as "Accounts payable and accrued expenses" in the Audited Financial Statements). On September 21, 2018, the third-party seller entered into a Receivable Purchase Agreement with EWBC for the purchase of the remaining amounts receivable from FLI amounting to ₱3.79 billion, on a without recourse basis. The amounts receivable from FLI was sold to EWBC for a total consideration of ₱3.13 billion.

As of December 31, 2021, the amounts payable to Seller (effectively to EWBC) related to the above purchase of land amounted to ₱2.14 billion and is presented as part of accounts payable and accrued expenses in the statement of financial position.

(b) *Transactions with Ultimate Parent (ALG)*
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

(c) *Transactions with Parent Company (FDC)*
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

In 2021, FDC made short-term interest-bearing advances to the Group amounting to ₱2.65 billion. These loans bear interest ranging from 2.76% to 4.00% and have maturities of 7 days to 5 months. There are no outstanding advances as of December 31, 2021.

In 2020, certain employees of FLI were transferred to FDC. The related retirement benefits of these employees amounting to ₱12.07 million as of December 31, 2020 was also transferred with a corresponding payable to the FDC.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price.

(d) *Transactions with an Associates*

Filinvest Alabang, Inc (FAI)
'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges. The account also includes dividend receivable amounting to nil and ₱404.00 million as of December 31, 2020 and 2019, respectively, declared by FAI both years 2020 and 2019 (see Note 12). FAI is also the land lessor for our retail mall and center (item g), supplier of water and STP services in Filinvest

City.

Pro-excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances. DPI also provides project and construction management services for FLI projects.

FMI
Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses. It is also the land sub-lessor of FCMI.

CTI
Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

SPI
Transactions with SharePro, Inc. relates to sharing of common expenses and service fees for technical and project management.

In 2021, certain employees of FLI were transferred to SPI. The related retirement benefits of these employees amounting to ₱143.08 million as of December 31, 2021 was also transferred with a corresponding payable to the SPI.

(e) *Transactions with Affiliates*
Transactions with affiliate relates to sharing of common expenses paid by the Parent Company on their behalf.

FILRT entered into a service agreement with FDC Retail Electricity Sales whereby FILRT shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

FILRT also entered into a service agreement with Professional Operations Maintenance Experts Incorporated. whereby FILRT shall engage and pay the services rendered by the latter to operate and maintain its equipment and premises.

FILRT also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the FILRT's parking facilities.

(f) The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱26.40 million, ₱28.08 million and ₱34.17 million in 2021, 2020 and 2019, respectively. Post-employment benefits of key management personnel amounted to ₱22.28 million, ₱18.77 million and ₱22.41 million in 2021, 2020 and 2019, respectively.

(g) *Leases with related parties - Group as lessee*
The Group has several land lease transactions with related parties:

(a) Mall land lease with FAI
The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

(b) Land lease with FAI

The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third-party lessee. The lease term will expire on December 31, 2034.

(c) FCMI land lease with FMI
FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

(d) PDDC lease with FAI
PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2021 and 2020, the amount included in lease liabilities payable to related parties is ₱5,530.6 million and ₱5,566.3 million, respectively (see Note 15).

1.11. Intellectual Property

The "Filinvest" trademark was registered with the Intellectual Property Office ("IPO") on September 15, 2011. "Filinvest" is the brand FLI uses and by which it is known to the public.

Below are FLI service marks registered with the IPO:

TRADEMARK	DATE OF REGISTRATION	TRADEMARK	DATE OF REGISTRATION
One Oasis	10 Dec 2009	Ashton Fields	03 Nov 2016
One Oasis Ortigas	10 Dec 2009	Sandia Homes	24 Nov 2016
We Build the Filipino Dream	10 Dec 2009	Valle Alegre	24 Nov 2016
The Linear Makati & Design	12 Aug 2010	Valle Dulce	24 Nov 2016
Filinvest (New Logo)	15 Sept 2011	Havila	08 Dec 2016
Studio A	20 Dec 2012	Princeton Heights	08 Dec 2016
The Signature	17 Apr 2014	Asenso Village	29 Dec 2016
Fortune Hill	22 May 2014	Hampton Orchards	29 Dec 2016
Fora Rotunda Tagaytay	14 Aug 2014	Tierra Vista	29 Dec 2016
The Leaf	20 Nov 2014	Blue Isle	19 Jan 2017
Vinia	20 Nov 2014	Palmridge	19 Jan 2017
Citi di Mare	25 Dec 2014	Cyberzone Properties,	16 Feb 2017
One Binondo	12 Feb 2015	Spring Heights	27 Apr 2017
I-Go	20 Feb 2015	The Enclave at Filinvest	27 Apr 2017
Bali Oasis	26 Feb 2015	Filinvest International	04 May 2017
Bali Oasis 2	26 Feb 2015	The Filinvest IT Zone	11 May 2017
Citi di Mare (Logo and	26 Feb 2015	8 Spatial	22 June 2017
Kembali	26 Feb 2015	Ciudad de Calamba	06 July 2017
One Spatial	26 Feb 2015	Verde Spatial	06 July 2017
Serulyan Mactan	26 Feb 2015	One Filinvest	14 July 2017
Capri Oasis	05 Mar 2015	Marina Town	30 July 2017
Timberland Heights (Horizontal Orientation)	14 May 2015	The Levels	30 July 2017
Timberland Heights (Stacked	14 May 2015	Studio City	29 Dec 2019
Kembali (Reversed Logo)	25 June 2015	Marina Spatial	10 Aug 2017
The Glades	09 July 2015	Grand Cenia Residences	17 Aug 2017
100 West	23 July 2015	Sanremo Oasis	17 Aug 2017
Activa	13 Aug 2015	East Spatial	24 Aug 2017
The Veranda	27 Aug 2015	Phuket Oasis	24 Aug 2017
Studio 7	12 Nov 2015	Sorrento Oasis	24 Aug 2017
Umi Garden Suites	11 Feb 2016	Studio Zen	24 Aug 2017

TRADEMARK	DATE OF REGISTRATION	TRADEMARK	DATE OF REGISTRATION
The Enclave Alabang	11 Feb 2016	Austine Homes	14 Sept 2017
Filinvest (Reversed Logo)	24 Mar 2016	Eastbay Palawan	07 Mar 2020
Filinvest Premiere	24 Mar 2016	Palm Estates	14 Sept 2017
Futura	24 Mar 2016	Filinvest Futura	07 Dec 2017
The Ranch	12 May 2016	Filinvest Prestige	07 Dec 2017
The Prominence	26 May 2016	Futura by Filinvest	07 Dec 2017
Aldea Real	07 July 2016	Prestige by Filinvest	07 Dec 2017
Filinvest Technology Park	07 July 2016	Brentville International	17 Dec 2017
La Brisa Townhomes	07 July 2016	New Leaf	04 Jan 2018
Montebello	07 July 2016	The Wood Estates	18 Jan 2018
Punta Altezza	07 July 2016	Asiana Oasis	15 Feb 2018
Springfield View	07 July 2016	Ventura Real	29 Mar 2018
The Glens	07 July 2016	Nature Grove	19 Apr 2018
Vista Hills	07 July 2016	Belize Aspire	19 Apr 2018
Woodville	07 July 2016	Southwind	12 July 2018
Panglao Oasis	14 July 2016	Centro Spatial	02 Sept 2018
Amare Homes	04 Aug 2016	Laeuna de Taal	14 Feb 2019
Nusa Dua	04 Aug 2016	Amalfi	14 Feb 2019
Pine View	04 Aug 2016	Futura East	02 Sept 2018
Santoso Villas	04 Aug 2016	Futura Tierra	02 Sept 2018
Blue Palm Estate	11 Aug 2016	Manna East by Filinvest	04 Oct 2018
Bluegrass County	11 Aug 2016	Futura Vinta	02 June 2019
Pueblo Solana	11 Aug 2016	Belize Oasis	02 June 2019
Summerbreeze	11 Aug 2016	Futura Centro	16 May 2019
Savannah Fields	01 Sept 2016	venti-lite	08 Feb 2020
Park Spring	02 Nov 2017	Filinvest Gaia New	13 Oct 2020
Aspire by Filinvest	07 Dec 2017	Columna	20 Nov 2020
Filinvest Aspire	07 Dec 2017	Studio N	11 Sept 2020
Meridian Place	08 Sept 2016	Studio N (Tradename)	11 Sept 2020
Alta Spatial	30 Sept 2016	Futura One Fora	10 Jan 2021
Kembali Coast	30 Sept 2016	Brentville International	28 May 2021
The Tropics	30 Sept 2016	Perth Oasis City Di Mare	10 Jan 2021
Maui Oasis	20 Oct 2016		

Filinvest Mimosa, Inc.

	Mark	Application No. / Registration No.	Date Registered
1	FILINVEST MIMOSA+ LEISURE CITY (word mark)	04-2017-00007244	10-Oct-19
2	MIMOSA+	04-2017-00007243	14-Sep-17
3	FILINVEST MIMOSA+ LEISURE CITY (trademark)	04-2019-00014901	29-Dec-19

Filinvest Clark Mimosa, Inc. (formerly, "Filinvest Cyberzone Mimosa, Inc.")

	Mark	Application No. / Registration No.	Date Registered
1	GOLF RIDGE (tradename)	04-2019-017968	05-Mar-20
2	GOLF RIDGE PRIVATE ESTATE	04-2019-020214	11-Apr-20

Filinvest REIT Corp.

	Mark	Application No./ Registration No.	Date Registered
1	FILREIT	04-2021-512915	01-Aug-21
2	FILRT	04-2021-512917	01-Aug-21
3	FILINVEST REIT CORP.	04-2021-512912	08-Oct-21
4	FILINVEST REIT CORPORATION	04-2021-512913	08-Oct-21
5	FILINVEST REIT	04-2021-512916	12-Nov-21

The Company has pending applications with the IPO for the following trademarks:

Timberland Heights
Filinvest Innovation Park Ciudad de Calamba
Futura Primo Bataan

The Company has likewise filed an application with the World Intellectual Property Office (WIPO) for the international registration of the "Filinvest" trademark under the Madrid Protocol. Accordingly, "Filinvest" is now registered in the following countries:

COUNTRY	DATE REGISTERED
Malaysia	04 Mar 2015
United States of America	08 Mar 2016
Qatar	15 May 2016
Kuwait	04 Sept 2016
United Arab Emirates	22 Mar 2017
Thailand	22 May 2017
Singapore	24 Aug 2017
Japan	22 June 2018
Taiwan	01 July 2018
Cambodia	19 July 2018
Hong Kong	24 Aug 2018
China	21 Sept 2018 (Class 37);
Korea	19 Nov 2018

Statements of Certificate of Protection of the "Filinvest" trademark have also been issued by the following countries:

COUNTRY	DATE
United Kingdom	14 Apr 2015
Australia	01 July 2015
Denmark	14 Sept 2015
Norway	16 Sept 2015
Switzerland	11 Dec 2015
Austria	16 Aug 2018
Benelux	20 Aug 2018
Sweden	14 Nov 2018

1.12. Government and Environmental Regulations

The real estate business in the Philippines is subject to significant Government regulations over, among other things, land acquisition, development planning and design, construction and mortgage financing and refinancing.

After the project plan for subdivision is prepared, FLI applies for a development permit with the local government. If the land is designated agricultural land, FLI applies with the Department of Agrarian Reform (DAR) for a Certificate of Conversion or Exemption, as may be proper. A substantial majority of FLI's existing landbank is subject to the DAR conversion process.

Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Approvals must be obtained at both the national and local levels. Evidently, the Parent Company's results of operations are expected to continue to be affected by the nature and extent of the regulation of its business, including the relative time and cost involved in procuring approvals for each new project, which can vary for each project.

The Parent Company is also subject to the application of the Maceda Law, which gives purchasers of real property on an installment basis certain right regarding cancellations of sales and obtaining refunds from developers.

FLI believes that it has complied with all applicable Philippine environmental laws and regulations. Compliance with such laws, in FLI's opinion, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position.

1.13. Employees and Labor

As of December 31, 2021, the Parent Company had a total of 881 full-time employees. This includes 47 executives, 156 managers, 176 supervisors and 502 rank and file employees. Management believes that FLI's current relationship with its employees is generally good and neither FLI nor any of its subsidiaries have experienced a work stoppage or any labor related disturbance as a result of labor disagreements. None of FLI's employees or any of its subsidiaries belongs to a union. FLI currently does not have an employee stock option plan.

FLI anticipates that there will be no significant change in the number of its employees in 2021.

FLI provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. FLI has also provided a mechanism through which managers and staff are given feedback on their job performance, which FLI believes will help to ensure continuous development of its employees. FLI also offers employees benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees.

1.14. Risks

There are risk factors that may affect the Parent Company or its operations. The risks may relate to its business or may relate to the Philippines where substantially all of its business activities are conducted and all of its assets are located.

RISKS RELATING TO THE COMPANY'S BUSINESS

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2021, FLI's consolidated interest-bearing debt (defined as the sum of consolidated loans payable and consolidated bonds payable) amounted to ₱68.47 billion of which current and non-current portions amounted to ₱11.90 billion and ₱56.57 billion, respectively. If the Company is unable to refinance or repay its debt, FLI would have to consider financing options such as the sale of its assets that may cause it to modify, delay, or abandon its future development plans. To mitigate this risk, the Company adopts stringent monitoring mechanism designed to manage its debt levels and ensure that they are within sustainable limits. The Company's interest-bearing debt-to-equity ratio remains healthy at 0.76x as of December 31, 2021. The Company continues to manage its leverage by increasing its revenues and cost efficiencies to generate more cash from operations, thereby limiting the need to take on debt.

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

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

The Company is subject to a wide range of government regulations, which, while varying from one locality to another,typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. Use of lands may be limited by zoning, comprehensive land use plans ("**CLUP**") and reclassification ordinances enacted and implemented by local government units ("**LGU**"), such as provinces, cities ormunicipalities. In addition, projects that are to be located on agricultural land must get a conversion or exemption clearance from the Philippine Department of Agrarian Reform ("**DAR**") so that the land can be converted to non- agricultural use or certified as exempt from the coverage of the Comprehensive Agrarian Reform Program pursuant to Republic Act No. 6657 or the "Comprehensive Agrarian Reform Law of 1988," as amended ("**RA 6657**"). In certaincases, tenants occupying agricultural land may have to be relocated at the Company's expense.

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

Other regulations applicable to the Company include land registration laws and regulations, real property taxation, aswell as standards regarding the suitability of the site, road access, necessary community facilities, open spaces, watersupply, sewage systems, garbage disposal systems, electricity supply, lot sizes, easements, the length of the housing blocks, and house construction. All subdivision development plans are required to be filed with and approved by the DHSUD and LGU with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, suchas infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company and its subsidiaries or associates or partners, will be able to obtain governmental approvalsfor their projects, or that these approvals can be secured without delay, or that when given, such approvals will not berevoked. In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing units. Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD based on its own findings or upon complaint from an interested partyand there can be no assurance that the Company and its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled orsuspended. Moreover, under Republic Act No. 7279 or the "Urban Development and Housing Act of 1992" ("**RA 7279**"), the Company may, in certain instances, be required to devote at least twenty percent (20%) of the total projectarea or cost for socialized housing. The price per unit that the Company is permitted to charge for socialized housing is subject to a pre-specified maximum, fixed by proper Government agencies and which could be reduced or increased at any time. Any of the foregoing circumstances or events could affect the Company's ability to complete projects ontime, within budget, at a profit or any at all, and could have a material adverse effect on the Company's financial condition and results of operations. The Company monitors government regulations to ensure compliance at all times and to anticipate its effects on operations.

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

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

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

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

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

Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the applicable security systems and personal data stored in these systems. Anyone who circumvents the security measures on these systems could misappropriate the Company's confidential information or cause interruptions in its services or operations. The internet is a public network and data is sent over this network from many sources. In the past, computer viruses or software programs that disable or impair computershave been distributed and have rapidly spread over the internet. Computer viruses could be introduced into the Company's systems, or those of the third-party systems, which could disrupt the Company's operations or make its systems inaccessible to the third parties. The Company may be required to expend significant capital and other resources to protect against the threat of security breaches or to alleviate problems caused by breaches. The Company'ssecurity measures may be inadequate to prevent security breaches, and its business operations would be negatively impacted if security breaches are not prevented. The company implements information technology and security protocols to ensure that its systems are protected and functioning at all times.

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

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

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

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

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

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

To the extent the Company acquires or invests in areas that are outside of the Company's existing business, the Company will face challenges, including with respect to the Company's ability to develop the expertise required to successfully engage in the businesses it acquires or invests in and to make such businesses successful, the Company'sability to develop a reputation in industries into which it might expand, the Company's ability to attract and retain customers, suppliers and managers for new businesses; and competition from companies engaged in similar businessesin the markets that the Company has targeted for entry which is dependent, in part, upon the number, size, operating history, expertise, reputation and financial resources of those competitors. Furthermore, to the extent such investmentsare undertaken as joint ventures, there can be no assurance that the Company's public and private partners will meet their joint venture obligations in a timely manner or at all.

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

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

The business in which the Company currently operates and may in the future operate are capital-intensive. The real estate business requires significant capital expenditures to develop and implement new projects and complete existingprojects. In the year ended December 31, 2020 the Company spent ₱11.3 billion on capital expenditures. For the year ended December 31, 2021, based on the Company's records, the Company spent P15.3 billion on capital expenditure. for land acquisition, land development, housing and condominium construction and investment properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

a. The accounting policies applied.
b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

Refer to the 2021 audited consolidated financial statements of the Company for the detailed discussion of the deferral.

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

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

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

The companies controlled by the Gotianun Family have a number of commercial transactions with the Company. As of December 31, 2021, the Company had an outstanding net amount due from related parties (after deducting amounts due from related parties) of ₱267.9 million. These related party transactions, apart from outstanding compensation to directors, officers, stockholders and related interests, also include non-interest-bearing cash advances and various charges to and from non-consolidating affiliates for management fees, rent, share of expenses and commission charges. The Company also applies this principle to contracts between different companies within the Company. See "*Related Party Transactions*" and the notes to the Company's consolidated financial statements.

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

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

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

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

The Company is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subjectthe Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the market or that the Company will be able to recover any losses incurred from third parties, regardless of whether any companyis at fault. There can be no assurance that losses relating to litigation would not have a material adverse effect on the Company's business, financial condition and results of operation, or that provisions made for litigation related losseswill be sufficient to cover the Company's ultimate loss or expenditure. See "*Business—Legal Proceedings*." The Company continues to monitor all project implementations and contract commitments to ensure compliance with agreements as to minimize the probability of litigations against the Company.

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

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

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

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

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

The Company is exposed to risks associated with the operation of their investment properties and the development of their office space and retail leasing business and the integration of such investment propertieswith its core housing and land development business.

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

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

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

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

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

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

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

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

The Company's office tenants include POGOs. As of December 31, 2021, the Company's POGO tenants accounted for 7% of total GLA of its office properties.

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

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

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

The reduction, closure of or prohibition of the business of POGOs in or from the Philippines, may materially and negatively affect the demand for office property in Metro Manila. For example, in December 2020, news reports cited Colliers' fourth quarter property report which indicated that the net take-up of office space in 2020 decreased by 120%, and vacancy in Metro Manila reached 9.1%, primarily attributable to POGOs vacating 154,000 sq.m. of office space in aggregate during the same period, and the downsizing or pre-termination of co-working space providers over and above the expected new office supply of more than 886,000 sq.m. There is no certainty that any of such tenants may not be subject to increased or new governmental regulation, taxation or enforcement action in the future that may materially disrupt the Company's operations and materially and adversely affect its financial condition and results of operations.

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

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

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

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

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

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

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

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

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company maynot be able to pass onto its customers as increased prices.

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

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

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

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

The Company relies on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects, particularly for their affordable and middle-income projects. Approximately 22% of the Company's real estate sales for the year ended December 31, 2021 is attributed to sales to OFWs. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reductionin the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers. Any of these events could adversely affect demand for the Company's residential real estate projects from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company continues to offer affordable products and reasonable payment terms.

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

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

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

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

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

For sales of residential units in the Company's middle-income and high-end projects, from time to time the Companygenerally commences construction of a unit even before the full amount of the required down payment is made, and thus, before the sale is recorded as revenue. Therefore, the Company risks having spent cash to begin construction ofa unit before being assured that the sale will eventually be booked as revenue, particularly, if the buyer is unable to complete the required down payment and the Company is unable to find another purchaser for such property.

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

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

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

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

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

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

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

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

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

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

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

Certain projects of the Company benefit from certain tax incentives and tax exemptions. In particular:

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

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

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

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

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

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

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

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

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

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

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

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

On December 7, 2021, the Department of Finance issued Revenue Regulations No. 21-2021 ("**RR 21-2021**") to implement Sections 294 (E) and 295 (D) of the CREATE Act. RR 21-2021 provides that the VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity of a registered export enterprise, for a maximum period of 17 years from the date of registration, unless otherwise extended under the Strategic Investments Priority Plan. It also provides that sales to existing registered export enterprises located inside ecozones and freeport zones shall also be qualified for VAT zero-rating until the expiration of the transitory period.

On March 9, 2022, the BIR issued Revenue Memorandum Circular No. 24-2022 ("**RMC 24-2022**") to clarify the transitory provisions under RR 21-2021 and certain issues pertaining to the effectivity and VAT treatment of transactions by registered business enterprises particularly the registered export enterprises. RMC 24-2022 clarified, among others, that sale of goods or services to existing registered non-export enterprises located inside the ecozones or freeport zones shall be subject to 12% VAT.

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

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

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

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

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

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

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

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

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

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

The Company has registered with the IPO a variety of marks including "FILINVESTLAND, INC," and the Filinvest logo. Generally, the registrations of these marks and/or trademarks are effective for aperiod of ten years from the date of the original registrations and may be renewed for periods of ten years at their expiration upon the filing of appropriate requests with the IPO. There can be no assurance that any renewal applications or applications to register other marks will be approved or that the actions the Company has taken will be adequate to prevent third parties from using the "Filinvest" name or Filinvest Company corporate brands and logosor from naming their products using the same brands the Filinvest

Company uses. In addition, there can be no assurance that third parties will not assert rights in, or ownership of, the Filinvest Company name, trademarks and other intellectual property rights. Because the Company believes that the reputation and track record it has establishedunder the “Filinvest” and “FLI” names are key to its future growth, the Company’s business, financial condition andresults of operations may be materially and adversely affected by the unauthorized use of these names and of any associated trademarks by third parties or if the Company were restricted from using such marks.

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

The residential housing industry in the Philippines has been and continues to be characterized by a significant shortage of mortgage financing, particularly in the low-cost housing sector. For example, a significant portion of the financing for purchases of socialized housing projects is provided by Government-sponsored housing funds such as the Pag- IBIG Fund, which is financed primarily through mandatory contributions from the gross wages of workers and the amount of funding available and the level of mortgage financing from these sources is limited and may vary from yearto year. The Company depends on the availability of mortgage financing provided by these Government-mandated funds for substantially all of its socialized housing sales, which represented 1% of the Company’s total real estate sales for 2020 and 2.8% of the Company’s total real estate sales for 2021. In the event potential buyers of socialized housing products are unable to obtain financing from these Government-mandated funds, this could result in reduced sales for these products and, in turn, could have a material adverse effect on the Company’s business, financial condition and results of operations. The Company continues to tap banks to finance the purchases of buyers to ensure financing is always available.

RISKS RELATING TO THE PHILIPPINES

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

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

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

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

- decreases in business, industrial, manufacturing or financial activity in the Philippines, in Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companiesin the Philippines or in the Asian or global markets;

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

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

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

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

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

Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatilityin the value of the Peso against the U.S. Dollar and other currencies. As of February 28, 2022, according to BSP data, the Peso has depreciated 1.02% to ₱51.291 per U.S. $1.00 from ₱50.78 per U.S. $1.00 for the period ended December 31, 2021 and depreciated by 5.7% from ₱48.036 per U.S. $1.00 at the end of 2020. The Company's business may be disrupted by terrorist acts, crime, natural disasters and outbreaks of infectious diseases in the Philippines or fears of such occurrences.

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

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

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

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

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

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China, later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with over (1) million confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. As of December 31, 2021, the COVID-19 disease has continued to spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially.

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

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

Act during and after the effectivity of quarantine measures may affect the Company and businesses that transact with it. Until the measures are finalized, its potential effects or duration remain uncertain.

In March 2021, the Philippines, and in particular, Metro Manila experienced another surge of COVID-19 infections, prompting the Philippine Government to reimplement ECQ in Metro Manila and nearby areas from March 29, 2021 to April 11, 2021. From April 12, 2021 to May 14, 2021, the quarantine classification for these areas were downgraded to the MECQ classification. Thereafter, beginning May 15, 2021, the Philippine Government further reclassified the quarantine classification for the same regions to the GCQ classification. On July 30, 2021, due to rising cases brought about by the COVID-19 Delta variant, the Office of the President announced that Metro Manila would be reverting back to ECQ from GCQ beginning on August 6 to August 24. As of July 31, 2021, the Philippine Department of Health reported 1,588,965 total cases of the novel coronavirus nationwide with 27,889 deaths attributed to COVID-19. The Philippines continues to add thousands of cases reported per day with 8,147 new cases on July 31, 2021.

The Philippine GDP grew 5.7% in 2021 from a contraction of 9.5% in 2020. However, the extent of the impact of COVID-19 on the Philippine economy and the speed and certainty of any economic recovery cannot be predicted for certain, and any new surge in infections may result in stricter quarantine or lockdown measures across provinces, cities and municipalities may lead to further contraction of the Philippine economy, closure of businesses, and rise in unemployment rates.

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

Further, under the Bayanihan Act, lessors, such as the Company, were required to extend rent deferrals to small and medium enterprises that requested for such concessions during the imposition of ECQ and MECQ in Metro Manila. Although the Company did not provide any rental abatements or waivers to its commercial office tenants during the imposition of ECQ in Metro Manila or Cebu, the Company offered deferred rental payments without interest or penalties to its micro, small and medium enterprise ("**MSME**") tenants for the duration of the implementation of ECQ and MECQ, and may do so in the future if required by law or regulation. The Company has also granted requests of certain commercial office tenants to defer or stagger rental payments. As of February 28, 2022, the Company has collected a majority of the receivables arising out of such rent deferrals and is coordinating closely with tenants for the payment of outstanding receivables.

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

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

To manage these risks, the Company intends to maintain and focus its office leasing strategy on top multinational global firms including BPO, IT, and traditional companies and headquarters of companies and to continue offering fixed rates and lease terms ranging from three (3) to five (5) years. For its retail and mall spaces, the Company allowed repurposement of spaces such as focusing on exhibits, which are shorter term and easily scalable as to size and type of tenant, to comply with the IATF protocols. For its trading business, the Company shifted from the traditional face-to-face sales and marketing activities to digital processes, virtual interaction and use of online platforms. The Company has also implemented various measures for the safety of its customers, tenants, suppliers, service providers and employees in compliance with the World Health Organization's and the Department of Health's guidelines on COVID-19.

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

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

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

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

These and other related factors, which are not within the Company's control, could affect travel patterns, reduce the number of business and commercial travelers and tourists or potentially deter foreign visitors from traveling to or in the Philippines. Any occurrences of such events may disrupt the Company's operations and could materially and adversely affect the Company's business, financial condition and results of operations.

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

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

On March 27, 2014, the Government and the Moro Islamic Liberation Front ("**MILF**") signed a peace agreement, the Comprehensive Agreement on Bangsamoro. On September 10, 2014, the draft of the Bangsamoro Basic Law ("**BBL**") was submitted by former President Aquino to Congress. The BBL is a draft law intended to establish the Bangsamoro political entity in the Philippines and provide for its basic structure of government, which will replace the existing Autonomous Region in Muslim Mindanao. Following the Mamasapano incident where high-profile terrorists clashed with armed members of the

Bangsamoro Islamic Freedom Fighters and MILF leading to the deaths of members of the Special Action Force ("**SAF**") of the Philippine National Police, MILF, the Bangsamoro Islamic Freedom Fighters, and several civilians, the Congress stalled deliberations on the BBL. Following the release of the full report on the Mamapasano incident by the Philippine National Police Board of Inquiry in March 2015, former President Aquino, on March 27, 2015, formed Peace Council consisting of five original members to study the draft BBL. Seventeen co-conveners were later named as part of the Peace Council. The Council examined the draft law and its constitutionality and social impact. The Council Members testified before the House of Representatives and the Senate, and submitted their report, which endorses the draft BBL but with some proposed amendments. On May 13 and 14, 2015, the Senate conducted public hearings on the BBL in Zamboanga and Jolo, Sulu, with the Zamboanga City government and sultanate of Sulu opposing their inclusion in the proposed Bangsamoro entity. On May 30 and 31, 2018, the House of Representatives and the Senate approved their own versions of the bill on the BBL and onJuly 18, the bicameral committee approved the final version. On July 26, 2018, President Duterte signed into law Republic Act No. 11054 or the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Organic Law**"). The Bangsamoro Organic Law established an autonomous political entity known asthe Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Autonomous Region**"), replacing the Autonomous Region in Muslim Mindanao ("**ARMM**") created under Republic Act No. 6734. A plebiscite was heldon January 21, 2019 and February 06, 2019, with majority of the residents in ARMM and Cotabato City voting in favor of the Bangsamoro Organic Law. As such, the law was deemed ratified and the Bangsamoro Autonomous Region was formally created. It is composed of Cotabato City which voted for its inclusion in the new region and thefive provinces under ARMM: Basilan (except Isabela City), Lanao del Sur, Maguindanao, Tawi-Tawi and Sulu. The Bangsamoro Autonomous Region, unlike the unitary form of government under the ARMM, has a parliamentary- democratic government. The Bangsamoro parliament has the power to enact laws in the Bangsamoro Autonomous Region. Moreover, the Bangsamoro Autonomous Region enjoys fiscal autonomy (unlike ARMM).

President Duterte has also advocated for a shift to a federal-parliamentary form of government. In December 2016, President Duterte signed Executive Order No. 10 creating a 25-member consultative committee to study and review the provisions of the 1987 Constitution. On January 25, 2018, President Duterte appointed 19 of the 25 members of the consultative committee. On January 16, 2018, the House of Representatives adopted a resolution to convene asa constituent assembly to amend the 1987 Constitution. The proposals, among others, include a shift to a federal- parliamentary form of government and the division of executive powers between a President (as the head of state) and a Prime Minister (as the head of government). As of December 31, 2021, the Senate has yet to pass a similar resolution to form a constituent assembly. Disagreement between the two (2) houses of Congress still remains as to the voting procedure in the constituent assembly, particularly on whether the Houseand the Senate must vote jointly or separately. This issue has not been resolved and is expected to be brought to the Supreme Court.

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

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

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

Philippine National Elections will be held on May 9, 2022.

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

The Company's land and real property may be subject to compulsory acquisition or expropriation proceedings undertaken by the Government.

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

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

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

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

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

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

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

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**"), and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to contain the spread of the virus. In May 2020, S&P and Moody's affirmed its rating of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. On February 2022, Fitch once again affirmed its credit rating for the Philippines but revised its outlook from stable to negative.

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

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

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

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

January 2013, the Philippines sent notice to the Chinese embassy in Manila that it intended to seek international arbitration to resolve the dispute under UNCLOS. China has rejected and returnedthe notice sent by the Philippines to initiate arbitral proceedings.

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

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

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

Item 2. PROPERTIES

2.1. Land Bank

Since its incorporation, the Parent Company has invested in properties situated in what the Parent Company believes are prime locations across the Philippines for existing and future housing and land development projects. It is important for the Parent Company to have access to a steady supply of land for future projects. In addition to directly acquiring land for future projects, the Parent Company has also adopted a strategy of entering into joint venture arrangements with landowners for the development of raw land into future project sites for housing and land development projects. This allows FLI to reduce its capital expenditures for land and substantially reduces the financial holding costs resulting from owning land for development.

Under the joint venture agreements, the joint venture partner contributes the land free from any lien, encumbrance, tenants or informal settlers and the Parent Company undertakes the development and marketing of the products. The joint venture partner is allocated either the developed lots or the proceeds from the sales of the units based on pre-agreed distribution ratio.

Potential land acquisitions and participation in joint venture projects are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market, the suitability or the technical feasibility of the planned development. The Parent Company identifies land acquisitions and joint venture opportunities through active search and referrals.

As of December 31, 2021, the Parent Company had a land bank of approximately 1,873.8 hectares of raw land for the development of its various projects, including approximately 201 hectares of land under joint venture agreements, which the Parent Company's management believes is sufficient to sustain several years of development and sales.

Details of the Parent Company's raw land inventory as of December 31, 2021 are set out in the table below:

FLI Land Bank as of December 31, 2021
In Hectares

Location	Company Owned	Under Joint Venture	Total	% to Total
Luzon				
Metro Manila	34.4	-	34.4	1.8%
Rizal	714.1	9.2	723.3	38.6%
Bulacan	252.1	-	252.1	13.5%
Bataan	12.3	-	12.3	0.7%
Pampanga	-	24.9	24.9	1.3%
Camarines Sur	1.9	-	1.9	0.1%
Pangasinan	3.5	-	3.5	0.2%
Cavite	299.5	58.8	358.3	19.1%
Laguna	226.7	0.7	227.4	12.1%
Batangas	45.6	42.1	87.7	4.7%
	1,590.0	**135.7**	**1,725.7**	**92.1%**
Visayas				
Cebu	1.5	35.7	37.2	2.0%
Negros Occidental	4.7	-	4.7	0.2%
	6.2	**35.7**	**41.9**	**2.2%**
Mindanao				
Davao	6.4	29.5	35.9	1.9%
South Cotabato	70.3	-	70.3	3.8%
	76.7	**29.5**	**106.2**	5.7%
Total	**1,672.8**	**201.0**	**1,873.8**	**100.0%**

In addition to above, FLI has the ff land under a joint development or long-term leasing agreement available to FLI for development

Location	Area in has.	Remarks
Filinvest Mimosa Plus	201.6	Being developed with FDC
New Clark City	288.0	Being developed with BCDA
Total	**489.6**	

2.2. Current Development Projects

The following are the most recently launched projects and projects with new phases and buildings:

PROJECT	LOCATION
HORIZONTAL	
Amarilyo Crest	Rizal
Pineview	Cavite
Sandia	Batangas
Tierra Vista	Bulacan
The Grove	Rizal
Savannah Place	Cavite
Futura Homes Palm Estates	Bacolod
Futura Homes Mactan	Cebu
Futura Homes Iloilo	Iloilo
Futura Homes Koronadal	South Cotabato
Anila Park Residences	Rizal
Aria at Serra Monte	Rizal
The Prominence	Quezon City
Futura Homes Davao	Davao
New Fields at Manna	Rizal
Meridian Place	Cavite
Valle Dulce	Laguna
Ventura Real	Rizal
Claremont Expansion	Pampanga
Southwinds	Laguna
Futura Zamboanga	Zamboanga
Enclave	Muntinlupa
New Leaf	Cavite
Mira Valley	Rizal
Hampton Orchard	Pampanga
Futura Mira	Calamba
Futura Plains	Rizal
Tropics 4	Cainta

PROJECT	LOCATION
MRB	
One Oasis Cebu	Cebu
One Oasis Cagayan de Oro	Cagayan de Oro
Panglao Oasis	Taguig
One Spatial	Pasig
San Remo	Cebu
Centro Spatial	Davao
One Spatial Iloilo	Iloilo
Marina Spatial	Dumaguete
8 Spatial	Davao
Maui Oasis	Manila
Alta Spatial	Valenzuela City
Bali Oasis	Pasig
Maldives Oasis	Davao
Sorrento Oasis	Pasig
Veranda	Davao
Futura East	Cainta
Centro Spatial	Manila
Belize	Muntinlupa
Futura Vinta	Zamboanga
HRB	
Activa	Quezon City
Levels	Alabang
Studio City	Alabang
Studio N (Block 50)	Alabang

On-going developments of the abovementioned projects are expected to require additional funds but FLI believes that it will have sufficient financial resources for these anticipated requirements, both from debt financing and generation from operations.

2.3. Investment Properties

FLI has the following operating strategic investment properties: Festival Supermall, Fora Mall, Main Square Molino, Il Corso, PBCom Tower, Northgate Cyberzone, EDSA Transcom Building, Cebu Cyberzone, Pasay Cyberzone (Bay Area) and Clark Mimosa Cyberzone.

FLI has currently several projects under development that will be rental assets when completed.
Please refer to Section 1.5.2 for a detailed discussion of these properties.

2.4. Property and Equipment

FLI's corporate headquarters is located along EDSA, Mandaluyong City. It also owns a property in SMPC being used as sales training headquarters. FLI is also renting spaces for its sales offices in Quezon City, Rizal, Pampanga, Tarlac, Bulacan, Puerto Princesa City, Davao City, Butuan, Tagum, Cagayan de Oro, and Zamboanga City. The terms of the leases are usually for one year, and thereafter, the terms of the lease shall be on short term basis or upon the option of both parties, a new contract is drawn. The Parent Company does not intend to acquire properties for the next 12 months except as needed in the ordinary course of business.

Part of the PPE of the company are the tractor and equipment being used for construction works under supervision by DPI, and the plant for DCS as owned and operated by its subsidiary PDDC.,

Item 3. LEGAL PROCEEDINGS

The Company is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. However, the Company does not believe that any such lawsuits or legal actions will have a significant impact on its financial position or results of its operations. Noteworthy are the following cases involving the Company:

FLI vs. Abdul Backy Ngilay, et al.,
G.R. No. 174715
Supreme Court

This is a civil action for the declaration of nullity of deeds of conditional and absolute sale of certain real properties located in Tambler, General Santos City, covered by free patents and executed between FLI and the plaintiff's patriarch, Hadiji Gulam Ngilay, instituted in 1998. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of the properties. On appeal, the Court of Appeals ("CA") rendered a decision partly favorable to FLI but nullified the sale of some properties involved. FLI filed a petition for review on certiorari to question that portion of the decision declaring as void the deeds of sale of properties covered by patents issued in 1991. The Supreme Court ("SC") affirmed the decision of the CA but declared with finality that FLI's purchase of sales patents issued in 1991 was void and ordered the Ngilays to return Pl4,000,000.00 to FLI. The RTC issued a Writ of Execution dated 16 February 2015. To satisfy the monetary judgment in favor of FLI, four parcels of land owned by the Ngilays and covered by Transfer Certificates of Title ("TCT") Nos. P-6886, 147-201005034, 147-2014000465, and 147-2014000468, were levied on execution and sold at public auction to FLI as highest bidder. The Sheriff's Certificate of Sale over the properties was registered with the Registry of Deeds of General Santos City. FLI filed a motion for the surrender of the certificates of titles of the Ngilays so that FLI's affidavit of consolidation of ownership can be annotated on the titles and new certificates of title will be issued in FLI's name. This motion was partially granted; 3 titles, namely Transfer Certificates of Title ("TCT") Nos. 147-2014005034, 147-2014000465, and 147-2014000468, are surrendered to the Register of Deeds of General Santos City. But the sale by the Sheriff of the property covered by TCT No. P-6886 was declared invalid, because the sale of the property covered by said title was not one of the sales previously declared by the SC as invalid. The Sheriff was ordered to look for another property of Ngilay for execution and to issue an amended certificate of sale for the 3 Ngilay properties in favor of FLI. We are awaiting the Court's issuance of an order approving the amended certificate of sale along with resolution of the Court on the Moner Ngilay's Motion to Exclude his property from execution, with FLI's opposition already filed.

Republic of the Philippines vs. Rolando Pascual, et al.,
G.R. No. 222949
Supreme Court

The National Government through the Office of the Solicitor General filed suit against Rolando Pascual, Rogelio Pascual, and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable being forest land. The case was instituted in 2002 and dismissed by the RTC Branch 36 of General Santos City on 16 November 2007 for lack of merit. On appeal, the Court of Appeals reversed the Decision of the RTC and ordered the case to be remanded for a full-blown trial on the merits. FLI filed a Motion for Partial Reconsideration, which was denied by the CA. On 4 April 2016, FLI filed its Petition for Review with the SC, but the latter also affirmed the Decision of the CA remanding the case for reversion filed by the Republic of the Philippines to the RTC of General Santos City for further proceedings. In an Order dated 18 September 2018, the hearing was reset to 19 March 2019, the RTC set the case for Judicial Dispute Resolution on 20 August 2019. The Judicial Dispute Resolution was terminated.

On February 13, 2020, FLI filed its Amended Answer incorporating its cross-claim against defendant Rodel Land, Inc. The pre-trial set on April 14, 2020 was reset to March 18, 2021 which was again reset to September 23, 2021 due to the COVID-19 pandemic. The pre-trial was subsequently reset to March 8, 2022 where in the proceedings via video conference, FLI moved for the dismissal of the complaint due to the non-appearance of the handling counsel from the Office of the Solicitor General and for failure of the Government to file its pre-trial brief. The Court however, ordered the resetting of the pre-trial for the last time to May 17, 2022.

Antonio E. Cenon and Filinvest Land, Inc. vs. San Mateo Landfill, Mayor Rafael Diaz,Brgy. Pintong Bukawe, Director Julian Amador and the Secretary, Department of Environment and Natural Resources
SC-G.R. No. 251303
Supreme Court

On 9 February 2009, FLI and its First Vice President, Engr. Antonio E. Cenon ("Plaintiffs") filed an action for injunction and damages against the respondents to stop and enjoin the construction of a 19-hectare landfill in a barangay in close proximity to Timberland Heights in San Mateo, Rizal. Plaintiffs sought preliminary and permanent injunctive relief and damages and the complete and permanent closure of the dump site. After presenting evidence, plaintiffs rested their case. Defendant San Mateo Sanitary Landfill and defendant Mayor separately filed a Demurrer to Evidence. In an Order dated 22 August 2016, the Court granted both Demurrers to Evidence and dismissed the case for insufficiency of evidence. Plaintiffs appealed to the Court of Appeals. In the Decision dated May 31, 2019, the Court of Appeals denied the plaintiffs' appeal. Plaintiffs filed a Motion for Reconsideration. The Motion for Reconsideration was denied in a Resolution of the Court of Appeals dated January 6, 2020. A Petition for Review on Certiorari was filed by plaintiffs with the Supreme Court on March 6, 2020. On November 10, 2020, plaintiffs received a copy of the July 13, 2020 Resolution of the Supreme Court which denied the Petition. Plaintiffs filed a Motion for Reconsideration of the said Resolution which is pending with the Supreme Court.

Manila Paper Mills International, Inc. vs. Filinvest Land, Inc., et al., Civil Case No. DC-721-17
Regional Trial Court
Branch 90, Dasmariñas City, Cavite

In its Complaint dated July 14, 2017, Manila Paper Mills International, Inc. ("MPMII") claims it owns three parcels of land in Dasmariñas City, Cavite covered by TCT Nos. T-636128, T-636130 and T-636131. These areas allegedly overlap with FLI's lots which now form part of FLI's project, The Glens located in San Pedro, Laguna. The Complaint prays for the cancellation of FLI's certificates of title that overlap with MPMII's as well as the payment of damages. MPMII also prayed for the issuance of a temporary restraining order or preliminary injunction to enjoin FLI from possessing, altering, transferring ownership, or disposing of the subject properties.

FLI sought the dismissal of the Complaint on the following grounds: (a) the court has no jurisdiction over the amended complaint's prayer for injunctive relief; (b) the amended complaint should be dismissed because the original complaint lacks cause of action (MPMII's corporate personality has ceased in 2004) and may not therefore be subject to amendment; (c) the correct filing fees were not paid and in view of its impropriety, the amendment circumvents the need for separate filing and payment of new docket fees.

The trial court subsequently denied FLI's motion for the dismissal of the Complaint. In the course of the proceedings for MPMII's application for preliminary injunction, the court ordered MPMII to submit the tax declarations covering its supposed properties. As MPMII failed to comply with the Order FLI filed an Urgent Motion to Dismiss on February 2, 2021 grounded on the failure of MPMII to submit the said tax declarations. In the hearing of March 5, 2021 set for the hearing on the Urgent Motion to Dismiss and on MPMII's prayer for injunction, the Court dismissed the case and granted FLI's Urgent Motion to Dismiss for MPMII's failure to timely submit the said tax declarations. MPMII filed its Motion for Reconsideration dated March 12, 2021 which remains pending to date.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There was no matter which was submitted to a vote of security holders in 2021.

Part II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR ISSUER'S COMMON EQUITY & RELATED STOCKHOLDER MATTERS

The shares of the Company were listed on the Philippine Stock Exchange (PSE) in 1993 under the symbol "FLI". The following table shows, for the periods indicated, the high, low and period end closing prices of the shares as reported in the PSE.

Period		High	Low	End
2021	4th Quarter	1.17	1.08	1.10
	3rd Quarter	1.19	1.08	1.10
	2nd Quarter	1.15	1.04	1.10
	1st Quarter	1.24	1.07	1.10
2020	4th Quarter	1.19	0.91	1.12
	3rd Quarter	1.03	0.82	0.91
	2nd Quarter	1.10	0.89	0.99
	1st Quarter	1.56	0.77	0.91
2019	4th Quarter	1.66	1.45	1.50
	3rd Quarter	2.05	1.56	1.57
	2nd Quarter	1.99	1.50	1.88
	1st Quarter	1.66	1.42	1.52

On 28 February 2022, FLI's shares closed at the price of Php1.10 per share. The number of shareholders of record as of said date was 5,629. Common shares outstanding as of 28 February 2022 is 24,249,759,506.

The top 20 Stockholders of FLI's common shares as of 28 February 2021 are as follows:

	Name	No. of Shares	% to Total
1	Filinvest Development Corporation	15,681,457,022	64.67%
2	PCD Nominee Corporation (Filipino)	4,593,989,925	18.94%
3	PCD Nominee Corporation (Non-Filipino)	3,373,331,093	13.91%
4	PGI Retirement Fund Inc.	115,281,500	0.48%
5	Philippines International Life Insurance Co. Inc.	60,000,000	0.25%
6	Josefina Multi-Ventures Corporation	54,809,000	0.23%
7	Pryce Corporation	50,802,000	0.21%
8	Don Manuel Investments Corporation	47,918,000	0.20%
9	F. Yap Securities, Inc.	32,000,000	0.13%
10	Michael Gotianun	11,235,913	0.05%
11	Lucio W. Yan &/or Clara Y. Yan	10,687,500	0.04%
13	Joseph M. Yap &/or Josephine G. Yap	7,694,843	0.03%
12	Joseph M. Yap	6,444,115	0.03%
14	Hinundayan Holdings Corporation	5,100,000	0.02%
15	Executive Optical, Inc.	5,040,647	0.02%
16	Berck Y. Cheng or Alving Y. Cheng or Diana Y. Cheng or Cheryl Y. Cheng	5,000,000	0.02%
17	Jonathan Dee Co	5,000,000	0.02%
18	R Magdalena Bosch	4,877,928	0.02%
19	Veronica P. Fernandez	4,064,940	0.02%
20	Luis L. Fernandez	3,251,952	0.01%

No securities were sold within the past three years which were not registered under the Revised Securities Act and/or the Securities Regulation Code ("Code").

The holder of 8,000,000,000 of preferred shares is FDC.

Recent Sale of Unregistered Securities

No securities were sold by FLI in the past three (3) years which were not registered under the Code.

Declaration of Dividends

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.0155 per share for all common shareholders of record as of May 21, 2021 and ₱0.0155 per share for all common shareholders of record as of November 15, 2021 or a total of ₱751.74 million. The Group has remaining unpaid cash dividend amounting to ₱18.7 million as of December 31, 2021.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.000155 per share for all preferred shareholders of record as of May 21, 2021 and ₱0.000155 per share for all preferred shareholders of record as of November 15, 2021 or a total of ₱2.48 million. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2021.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.0324 per share for all common shareholders of record as of July 10, 2020 and ₱0.0324 per share for all common shareholders of record as of November 16, 2020 or total of ₱1.57 billion. The Group has remaining unpaid cash dividend amounting to ₱49.0 million as of December 31, 2020.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.0006 per share for all preferred shareholders of record as of July 10, 2020 and ₱0.0006 per share for all preferred shareholders of record as of November 16, 2020 or a total of ₱5.10 million. The Group also paid dividends amounting ₱42.4 million for dividends in arears for preferred shareholders.

On April 22, 2019, the BOD approved the declaration and payment of cash dividend of ₱0.0619 per share or total of ₱1.50 billion for all shareholders of record as of May 22, 2019. The Group has remaining unpaid cash dividend amounting to ₱18.65 million as of December 31, 2019.

The declaration of dividends is contingent upon FLI's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividend declaration imposed by the terms of agreements to which FLI is a party).

Pursuant to the loan agreements entered into by the Company and certain financial institutions, the Company needs the lenders' prior consent in cases of cash dividend declaration.

Item 6. BOND ISSUANCES

On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum.

On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum.

On July 7, 2017, FILRT issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017.

On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of 8.00 billion comprising of 7.00 billion, 7-year fixed rate bonds due in 2022 and 1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum.

On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2021, ₱5.30 billion of the related bonds payable was paid.

On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2021, ₱2.70 billion of the related bonds payable remain outstanding.

The Group's bonds payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.5x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2021 and 2020, the Group has not been cited in default on any of its outstanding obligations.

Item 7. MANAGEMENT DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

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Plan of Operations for 2022

In terms of real property trading business segment, FLI's business strategy has placed emphasis on the development and sale of residential lots and housing units mainly to lower and middle-income markets which accounts for approximately 50% of total demand throughout the Philippines as its core. This business segment includes landed housing, medium-rise buildings (MRB) and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market.

In 2022, FLI intends to retain its dominant position as the leader in MRB projects by launching 5 new projects nationwide and 8 additional buildings of existing projects. Aside from the MRBs, FLI has pipelined 12 horizontal residential projects and 1 HRB project. FLI projects are geographically diversified and can be found in 22 provinces across the country. FLI also focuses on projects that have short construction periods to minimize construction risks. Home buyers are typically first-time home owners and ultimate end-users.

As far as the leasing business is concerned, the Parent Company continues the build-up of its office and retail leasing portfolio to generate recurring revenues. Included in its pipeline expected to be completed in 2022, are 9 office spaces located in Alabang, Makati City, Quezon City, Cebu, Ortigas CBD, Dumaguete and Clark Mimosa. The Company is also expected to start the leasing operations of its first dormitel, "The Crib" in Clark Mimosa and its industrial park in New Clark City.

Results of operations for the year ended December 31, 2021 compared to year ended December 31, 2020

Pursuant to the adoption of PIC Q&A 2018-12-H, PFRS 15 - Accounting for Common Usage Service (CUSA) Charges, the figures for December 31, 2020 and 2019 were restated for comparability to current period where chargeable collections / reimbursements i.e. CAMC/CUSA and aircon charges are presented as part of the rental services revenues while chargeable expenses are presented as part of the cost of rental services. Figures for December 31, 2018 do not include the effect of the adoption of PIC Q&A 2018-12 for CUSA and aircon charges and may not be comparable to the December 31, 2021, 2020 and 2019 figures.

	2021	2020 (As Restated)	Change Increase (Decrease)	
REVENUE				
Real Estate Sales	**11,274.51**	9,837.12	1,437.39	14.61%
Rental Services	**5,591.80**	7,527.96	(1,936.16)	(25.72%)
Total revenue	**16,866.31**	17,365.08	(498.77)	(2.87%)
EQUITY IN NET EARNINGS OF AN ASSOCIATE	**112.02**	516.45	(404.43)	(78.31%)
OTHER INCOME				
Interest Income	**409.61**	404.14	5.47	1.35%
Others	**350.98**	340.71	10.27	3.01%
	17,738.92	18,626.38	(887.46)	(4.76%)
COSTS				
Real Estate Sales	**6,443.69**	5,586.83	856.85	15.34%
Rental Services	**2,430.62**	2,150.07	280.55	13.05%
OPERATING EXPENSES				
General And Administrative Expenses	**1,979.12**	2,243.60	(264.48)	(11.79%)

	2021	2020 (As Restated)	Change Increase (Decrease)	
Selling And Marketing Expenses	**911.82**	1,078.27	(166.46)	(15.44%)
INTEREST AND OTHER FINANCE CHARGES	**2,426.79**	3,189.46	(762.67)	(23.91%)
	14,192.04	14,248.24	(56.20)	(0.39%)
INCOME BEFORE INCOME TAX	**3,546.88**	4,378.14	(831.26)	(18.99%)
PROVISION FOR INCOME TAX				
Current	**350.99**	596.53	(245.54)	(41.16%)
Deferred	**(1,109.34)**	(176.14)	(933.20)	529.80%
	(758.35)	420.39	(1,178.74)	(280.39%)
NET INCOME	**4,305.23**	3,957.75	347.48	8.78%
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	**3,803.38**	3,733.44	69.93	1.87%
Noncontrolling interest	**501.85**	224.31	277.54	123.73%
	4,305.23	3,957.75	347.48	8.78%

For the year ended December 31, 2021, FLI's net income from its business segments registered an increase of ₱347.48 million or 8.78%, from ₱3,957.75 million in 2020 to ₱4,305.23 million in 2021 primarily due to higher real estate sales coupled with lower income tax as a result of tax adjustment brought about by CREATE Act.

Revenues and other income

Total consolidated revenues and other income decreased by ₱887.46 million or 4.76% year-on-year from ₱18,626.38 million in 2020 to ₱17,738.92 million in 2021 due to lower revenues generated from leasing business tempered by increased real estate sales revenues from residential business.

Real estate sales grew by ₱1,437.39 million or by 14.61% compared to prior year, from ₱9,837.12 million in 2020 to ₱11,274.51 million in 2021 primarily attributed to higher construction percentage of completion achieved during the year. Real estate sales booked during the year broken down by product type are as follows: Medium Income 67.3% (inclusive of MRB and HRB); Affordable and low affordable 22.2%; High-End 7.8%; Socialized 2.8%.

Rental and related services decreased by ₱1,936.16 million or by 25.72% vs. last year, from ₱7,527.96 million in 2020 to ₱5,591.80 million in 2021 mainly due to decline in mall and office revenues as a result of lower occupancy and rental concessions provided primarily to mall and retail tenants. Reduced occupancy was caused by the pre-termination of leases by POGO tenants. Prior year 2020 rental revenues include pre-covid quarantine period for 2.5 months (From January 01, 2020 to March 15, 2020).

Equity in net earnings of an associate decreased by ₱404.43 million or by 78.31% year-on-year from ₱516.45 million in 2020 to ₱112.02 million in 2021 due to lower net income reported by FAI. FAI's 2020 income included gain on sale of Spectrum Alabang Properties, Inc. (SAPI) shares to its joint venture partner, Mitsubishi.

Interest income increased by ₱5.47 million or by 1.35% compared to prior year from ₱404.14 million in 2020 to ₱409.61 million in 2021 due to higher interest income derived from installment contract receivables for in-house financing scheme.

Other income improved by ₱10.26 million or by 3.01% vs. last year from ₱340.71 million in 2020 to ₱350.98 million in 2021 due to higher income generated from processing fees.

Costs and Expenses

Cost of real estate sales increased by ₱856.85 million or by 15.34%, year-on-year from ₱5,586.83 million in 2020 to ₱6,443.69 million in 2021 due to higher real estate revenues realized during the year.

Cost of rental services increased by ₱280.55 million or by 13.05% compared to prior year from ₱2,150.07 million in 2020 to ₱2,430.62 million in 2021 due to higher direct operating expenses during the year.

General and administrative expenses decreased by ₱264.48 million or by 11.79% vs. last year from ₱2,243.60 million in 2020 to ₱1,979.12 million in 2021 primarily due to lower depreciation and taxes tempered by increased repairs and maintenance expenses for the managed projects.

Selling & marketing expenses declined by ₱166.45 million or by 15.44% year-on-year from ₱1,078.27 million in 2020 to ₱911.82 million in 2021 due to lower sales-related advertisement and promotional expenses brought about by reduced physical selling activities during the year.

Interest and other finance charges

Interest and other finance charges decreased by ₱762.67 million or by 23.91% compared to prior year from ₱762.67 million in 2020 to ₱3,189.46 million in 2021 due to lower borrowing costs incurred coupled with higher capitalized interest during the year.

Provision for Income Tax

Total provision for income tax decreased by ₱1,178.74 million or 280.39% vs. last year from a tax expense of ₱420.39 million in 2020 to a tax benefit of ₱758.35 million in 2021 primarily due to lower taxable income, lower tax rate (from 30% to 25%) coupled with necessary adjustments made for prior year's deferred tax assets and deferred tax liabilities as a result of newly enacted CREATE Act.

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

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

	2021	2020	Change Increase (Decrease)	
ASSETS				
Current Assets				
Cash And Cash Equivalents	**9,658.26**	6,693.56	2,964.70	44.29%
Contracts Receivable	**5,337.93**	4,156.94	1,180.99	28.41%
Contract Assets	**4,177.82**	5,400.33	(1,222.51)	(22.64%)
Other Receivables	**2,710.46**	3,362.18	(651.72)	(19.38%)
Real Estate Inventories	**68,726.92**	65,544.57	3,182.35	4.86%
Other Current Assets	**4,933.31**	4,637.14	296.17	6.39%
Total Current Assets	**95,544.70**	89,794.72	5,749.99	6.40%
Noncurrent Assets				
Contract Asset - Net Of Current Portion	**4,152.76**	3,533.73	619.02	17.52%
Investment In Associates	**5,045.09**	4,787.79	257.30	5.37%
Investment Properties	**72,077.99**	69,264.96	2,813.03	4.06%
Property And Equipment	**4,794.02**	3,348.15	1,445.88	43.18%
Deferred Income Tax Assets	**95.55**	82.41	13.15	15.95%
Goodwill	**4,567.24**	4,567.24	0.00	0.00%
Other Noncurrent Assets	**6,946.18**	5,626.16	1,320.01	23.46%
Total Noncurrent Assets	**97,678.83**	91,210.43	6,468.40	7.09%
TOTAL ASSETS	**193,223.53**	181,005.15	12,218.39	6.75%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts Payable And Accrued Expenses	**11,738.49**	13,117.03	(1,378.54)	(10.51%)
Contract Liabilities	**1,171.38**	1,249.05	(77.67)	(6.22%)
Lease Liabilities - Current Portion	**248.59**	328.80	(80.21)	(24.39%)

	2021	2020	Change Increase (Decrease)	
Due To Related Parties	**204.32**	112.02	92.30	82.39%
Income Tax Payable	**8.52**	29.02	(20.50)	(70.64%)
Loans Payable - Current Portion	**4,912.20**	8,866.37	(3,954.17)	(44.60%)
Bonds Payable - Current Portion	**6,991.75**	5,294.52	1,697.23	32.06%
Total Current Liabilities	**25,275.25**	28,996.80	(3,721.55)	(12.83%)
Noncurrent Liabilities				
Loans Payable - Net Of Current Portion	**27,270.55**	29,238.65	(1,968.11)	(6.73%)
Bonds Payable - Net Of Current Portion	**29,297.17**	26,369.01	2,928.16	11.10%
Contract Liabilities - Net Of Current Portion	**774.21**	767.22	6.99	0.91%
Lease Liabilities - Net Of Current Portion	**6,099.43**	5,824.16	275.26	4.73%
Net Retirement Liabilities	**459.63**	580.12	(120.49)	(20.77%)
Deferred Income Tax Liabilities - Net	**5,317.27**	6,513.04	(1,195.77)	(18.36%)
Accounts Payable And Accrued Expenses - Net Of Current Portion	**8,939.80**	8,337.20	602.60	7.23%
Total Noncurrent Liabilities	**78,158.06**	77,629.40	528.65	0.68%
Total Liabilities	**103,433.31**	106,626.20	(3,192.90)	(2.99%)
Equity				
Common Stock	**24,470.71**	24,470.71	-	-
Preferred Stock	**80.00**	80.00	-	-
Additional Paid-In Capital	**5,612.32**	5,612.32	-	-
Treasury Stock	**(221.04)**	(221.04)	-	-
Retained Earnings	**57,425.03**	43,776.19	13,648.85	31.18%
Revaluation Reserve On Financial Assets At Fair Value Through Other Comprehensive Income	**(2.62)**	(2.62)	-	-
Remeasurement Losses On Retirement Plan	**(16.17)**	(15.14)	(1.03)	6.82%
Share In Other Components Of Equity Of An Associate	**372.45**	372.45	-	-
Equity attributable to equity holders of the parent	**87,720.68**	**74,072.87**	13,647.81	18.42%
Noncontrolling Interest	**2,069.54**	306.08	1,763.47	576.16%
Total Equity	**89,790.22**	74,378.94	15,411.28	20.72%
TOTAL LIABILITIES AND EQUITY	**193,223.53**	181,005.15	12,218.39	6.75%

As of December 31, 2021, FLI's total consolidated assets stood at ₱193.23 billion from the ₱181.00 billion balance as of December 31, 2020, increased by ₱12.23 billion or by 6.75%. The following are the material changes in account balances:

44.29% Increase in Cash and cash equivalents
Primarily due to higher net cash provided by investing activities due to REIT IPO proceeds tempered by accelerated resumption of construction activities, lower net cash provided by financing activities due to principal and interests payments tempered by increased net cash provided by operating activities on account of increased collections.

4.41% Overall Increase in Contract Receivables and Contract Assets
(a) *28.41% increase in contract receivables*
- Mainly due to completion of residential projects where the receivables become due and demandable. These include customers granted with extended payments in 2020 in support to "Bayanihan" Act.

(b) *6.75% decrease in contract assets (22.64% decrease in contract assets – current portion; 17.52% increase in contract assets – net of current portion)*
- Mainly due to increased collections for a mixed of ongoing and completed residential developments

19.38% Decrease in Other receivables
Mainly due to decline in receivables from mall and office tenants.

15.75% Overall increase in Other assets
Mainly due to increase in BTO rights, input VAT and creditable withholding taxes

15.95% Increase in Deferred Tax Assets
Mainly due to increased advance rentals.

5.37% Increase in Investments in Associates
Mainly due to decline in share in equity in net earnings mitigated by share in revaluation increment on land in FAI

3.62% Overall Decrease in Accounts Payable and Accrued Expenses
10.51% decrease in Accounts Payable and Accrued Expenses – current portion; 7.23% increase in Accounts Payable and Accrued Expenses – net of current portion
Mainly due to the increased payments to contractors, vendors and suppliers

3.51% Overall Decrease in Contract Liabilities
6.22% decrease in contract liabilities – current portion; 0.91% increase in contract liabilities – net of current portion
Mainly due to the accounts already qualified for revenue recognition.

82.39% Increase in Due to related parties
Mostly due to unpaid service fees and shared operational expenses to SPI.

70.64% Decrease in Income tax payable
Primarily due to the lower taxable income for the year and lower tax rate due to CREATE Act.

18.36% Decrease in Deferred Tax Liabilities
Mainly due to adjustments made the as of January 1, 2021 beginning balance as a result of CREATE Act

18.42% Increase in Total equity attributable to equity holders
Mainly due to the increase in retained earnings as a result of REIT IPO and net income during the year

576.16% Increase in Non-controlling interests
Largely due to net income after tax share of minority interests and sale of noncontrolling interests of FILRT

Performance Indicators	**2021**	**2020**
Earnings per Share - Basic[1]	0.16	0.15
Earnings per Share - Diluted[2]	0.16	0.15
Price Earnings Ratio[3]	6.88	7.47
Interest-bearing Debt to Equity Ratio[4]	0.76	0.94
Debt Ratio[5]	0.54	0.59
EBITDA to Total Interest Paid [6]	2.08	2.34

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

[2] *Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.*

[3] *Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2021 and 2020*

[4] *Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.*

[5] *Debt Ratio is computed as total liabilities divided by total assets*

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

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

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

	2020 (As Restated)	2019 (As Restated)	Change Increase (Decrease)	
REVENUE				
Real Estate Sales	9,837.12	17,013.12	(7,176.00)	(42.18%)
Rental Services	7,527.96	8,296.47	(768.52)	(9.26%)
Total revenue	17,365.08	25,309.59	(7,944.51)	(31.39%)
EQUITY IN NET EARNINGS OF AN ASSOCIATE	516.45	401.53	114.93	28.62%
OTHER INCOME				
Interest Income	404.14	571.70	(167.56)	(29.31%)
Others	340.71	678.22	(337.51)	(49.76%)
	18,626.38	26,961.04	(8,334.66)	(30.91%)
COSTS				
Real Estate Sales	5,586.83	9,853.87	(4,267.04)	(43.30%)
Rental Services	2,150.07	2,416.14	(266.07)	(11.01%)
OPERATING EXPENSES				
General And Administrative Expenses	2,243.60	2,474.72	(231.12)	(9.34%)
Selling And Marketing Expenses	1,078.27	1,448.57	(370.30)	(25.56%)
INTEREST AND OTHER FINANCE CHARGES	3,189.46	2,492.97	696.50	27.94%
	14,248.24	18,686.27	(4,438.03)	(23.75%)
INCOME BEFORE INCOME TAX	4,378.14	8,274.77	(3,896.63)	(47.09%)
PROVISION FOR INCOME TAX				
Current	596.53	1,273.75	(677.22)	(53.17%)
Deferred	(176.14)	481.21	(657.36)	(136.60%)
	420.39	1,754.97	(1,334.58)	(76.05%)
NET INCOME	3,957.75	6,519.80	(2,562.05)	(39.30%)
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	3,733.44	6,283.63	(2,550.19)	(40.58%)
Noncontrolling interest	224.31	236.17	(11.86)	(5.02%)
	3,957.75	6,519.80	(2,562.05)	(39.30%)

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

Revenues and other income

Total consolidated revenues and other income went down by ₱8,334.66 million or 30.91%, from ₱26,961.04 million in 2019 to ₱18,626.38 million in 2020 due to lower revenues generated from both business segments of real estate sales and rental and related services.

Real estate sales decreased by ₱7,176.00 million or by 42.18%, from ₱17,013.12 million in 2019 to ₱9,837.12 million in 2020. Real estate sales booked during the current period broken down by product type are as follows: Medium Income 76.7% (inclusive of MRB and HRB); Affordable and low affordable 14.0%; High-End 8.3%; Socialized 1.0%. The lower real estate sales can be attributed to lower construction percentage of completion primarily due to temporary suspension of construction activities and decreased collections reaching the required threshold for revenue recognition, as a result of extension of payment due dates, respectively in compliance to "Bayanihan Act" in response to Covid-19 pandemic.

Rental and related services decreased by ₱768.51 million or by 9.26%, from ₱8,296.47 million in 2019 to ₱7,527.96 million in 2020 due to lower revenues from mall and other commercial centers as a result of their closure and limited operations during quarantine period imposed to control the spread of COVID-19 pandemic. This is partially offset by 8% increase in office leasing revenue which continued to be 100% operational during the quarantine period.

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

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

Costs and Expenses

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

Cost of rental services decreased by ₱266.07 million or by 11.01%, from ₱2,416.14 million to ₱2,150.07 million due to lower direct expenses for the period.

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

Selling and marketing expenses decreased by ₱370.30 million or by 25.56%, from ₱1,448.57 million in 2019 to ₱1,078.27 million in 2020 due to lower broker's commission, service fees and direct costs of sales offices as a result of limited selling activities brought about by quarantine measures.
Interest and other finance charges

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

Provision for Income Tax

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

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

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

	2020 (Audited)	2019	Change Increase (Decrease)	
ASSETS				
Current Assets				
Cash And Cash Equivalents	6,693.56	4,773.62	1,919.94	40.22%
Contracts Receivable	4,156.94	1,446.19	2,710.75	187.44%
Contract Assets	5,400.33	5,998.42	(598.09)	(9.97%)
Other Receivables	3,362.18	3,175.05	187.14	5.89%
Real Estate Inventories	65,544.57	63,018.44	2,526.13	4.01%
Other Current Assets	4,637.14	4,388.48	248.66	5.67%
Total Current Assets	89,794.72	82,800.20	6,994.52	8.45%
Noncurrent Assets				
Contract Asset - Net Of Current Portion	3,533.73	7,117.32	(3,583.59)	(50.35%)
Investment In Associates	4,787.79	4,170.68	617.11	14.80%
Investment Properties	69,264.96	66,461.06	2,803.90	4.22%
Property And Equipment	3,348.15	3,288.72	59.43	1.81%
Deferred Income Tax Assets	82.41	52.44	29.97	57.16%
Goodwill	4,567.24	4,567.24	-	-
Other Noncurrent Assets	5,626.16	5,238.77	387.39	7.39%
Total Noncurrent Assets	91,210.43	90,896.23	314.20	0.35%
TOTAL ASSETS	181,005.15	173,696.43	7,308.72	4.21%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts Payable And Accrued Expenses	13,117.03	13,164.86	(47.84)	(0.36%)
Contract Liabilities	1,249.05	972.76	276.29	28.40%
Lease Liabilities - Current Portion	328.80	318.12	10.68	3.36%
Due To Related Parties	112.02	100.78	11.24	11.16%
Income Tax Payable	29.02	142.74	(113.71)	(79.67%)
Loans Payable - Current Portion	8,866.37	6,887.48	1,978.89	28.73%
Bonds Payable - Current Portion	5,294.52	4,294.64	999.87	23.28%
Total Current Liabilities	28,996.80	25,881.38	3,115.42	12.04%
Noncurrent Liabilities				
Loans Payable - Net Of Current Portion	29,238.65	28,640.75	597.90	2.09%
Bonds Payable - Net Of Current Portion	26,369.01	23,590.04	2,778.97	11.78%
Contract Liabilities - Net Of Current Portion	767.22	779.65	(12.43)	(1.59%)
Lease Liabilities - Net Of Current Portion	5,824.16	5,551.95	272.22	4.90%
Net Retirement Liabilities	580.12	512.44	67.68	13.21%
Deferred Income Tax Liabilities - Net	6,513.04	6,512.61	0.42	0.01%
Accounts Payable And Accrued Expenses - Net Of Current Portion	8,337.20	10,063.31	(1,726.12)	(17.15%)
Total Noncurrent Liabilities	77,629.40	75,650.76	1,978.64	2.62%
Total Liabilities	106,626.20	101,532.14	5,094.07	5.02%
Equity				
Common Stock	24,470.71	24,470.71	-	-
Preferred Stock	80.00	80.00	-	-
Additional Paid-In Capital	5,612.32	5,612.32	-	-
Treasury Stock	(221.04)	(221.04)	-	-
Retained Earnings	43,776.19	41,661.65	2,114.54	5.08%
Revaluation Reserve On Financial Assets At Fair Value Through Other Comprehensive Income	(2.62)	(2.62)	-	-
Remeasurement Losses On Retirement Plan	(15.14)	(24.29)	9.15	(37.67%)
Share In Other Components Of Equity Of An Associate	372.45	361.79	10.66	2.95%
Equity attributable to equity holders of the parent	**74,072.87**	**71,938.53**	2,134.34	2.97%
Noncontrolling Interest	306.08	225.77	80.31	35.57%

	2020	2019	Change	
	(Audited)		Increase (Decrease)	
Total Equity	74,378.94	72,164.29	2,214.65	3.07%
TOTAL LIABILITIES AND EQUITY	181,005.15	173,696.43	7,308.72	4.21%

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

40.22% Increase in Cash and cash equivalents
Primarily due to lower net cash used in investing activities as a result of suspension of construction activities and higher net cash provided by financing activities for the P8.1 billion bond issuance last November 2020 despite decline in net cash provided by operating activities on account of extension of payment due dates.

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

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

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

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

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

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

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

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

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

11.15% Increase in Due to related parties

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

79.67% Decrease in Income tax payable

Primarily due to the lower taxable income for the year.

7.25% Increase in Loans payable

Mainly due to the ₱10.68 billion newly availed loans offset by ₱8.22 billion repayments of existing loans.

13.55% Increase in Bonds payable

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

4.82% Increase in Lease liabilities

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

13.21% Increase in Retirement liabilities

The increase was due to actuarial valuation adjustment on the present value of defined benefit obligation.

7.64% Decrease in Accounts payable and accrued expenses

The decrease was due to decline in deposits from tenants and reduction in payables to contractors and suppliers

2.97% Increase in Total equity attributable to equity holders

Mainly due to the increase in retained earnings as a result of net income during the year.

35.57% Increase in Non-controlling interests

Largely due to net income after tax share of minority interests.

Performance Indicators	**2020**	**2019**
Earnings per Share - Basic[1]	0.15	0.26
Earnings per Share - Diluted[2]	0.15	0.26
Price Earnings Ratio[3]	7.47	5.77
Interest-bearing Debt to Equity Ratio[4]	0.94	0.88
Debt Ratio[5]	0.59	0.58
EBITDA to Total Interest Paid [6]	2.34	3.71

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

[2] Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

[3] Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2020 and 2019

[4] Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.

[5] Debt Ratio is computed as total liabilities divided by total assets

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

Seasonality

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

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

	2019 (As Restated)	2018	Change Increase (Decrease)	
REVENUE				
Real Estate Sales	17,013.12	14,404.20	2,608.92	18.11%
Rental Services	8,296.47	5,608.26	2,688.21	47.93%
Total revenue	25,309.59	20,012.46	5,297.13	26.47%
EQUITY IN NET EARNINGS OF AN ASSOCIATE	401.53	537.02	(135.49)	(25.23%)
OTHER INCOME				
Interest Income	571.70	977.29	(405.59)	(41.50%)
Others	678.22	678.42	(0.20)	(0.03%)
	26,961.04	22,205.19	4,755.86	21.42%
COSTS				
Real Estate Sales	9,853.87	8,339.21	1,514.66	18.16%
Rental Services	2,416.14	1,130.51	1,285.63	113.72%
OPERATING EXPENSES				
General And Administrative Expenses	2,474.72	2,322.06	152.66	6.57%
Selling And Marketing Expenses	1,448.57	1,442.59	5.99	0.41%
INTEREST AND OTHER FINANCE CHARGES	2,492.97	1,192.44	1,300.52	109.06%
	18,686.27	14,426.80	4,259.47	29.52%
INCOME BEFORE INCOME TAX	8,274.77	7,778.38	496.39	6.38%
PROVISION FOR INCOME TAX				
Current	1,273.75	1,029.49	244.26	23.73%
Deferred	481.21	673.02	(191.80)	(28.50%)
	1,754.97	1,702.51	52.46	3.08%
NET INCOME	6,519.80	6,075.87	443.93	7.31%
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	6,283.63	5,894.41	389.23	6.60%
Noncontrolling interest	236.17	181.47	54.70	30.14%
	6,519.80	6,075.87	443.93	7.31%

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

Revenues and other income

Total consolidated revenues and other income went up by ₱4,755.86 million or 21.42%, from ₱22,205.19 million in 2018 to ₱26,961.04 million in 2019 due to higher rental and related services, and real estate sales.

Real estate sales increased by ₱2,608.92 million or by 18.11%, from ₱14,404.20 million in 2018 to ₱17,013.12 million in 2019. Real estate sales booked during the current period broken down by product type are as follows: Medium Income 71.5% (inclusive of MRB and HRB); Low affordable and Affordable

19.1%; High-End 7.4%; Socialized 2.0%. The higher real estate sales can be attributed to higher percentage of completion for MRB and HRB, and higher completion of down payments from 2018 sales. Rental and related services increased by ₱2,688.21 million or by 47.93%, from ₱5,608.26 million in 2018 to ₱8,296.47 million in 2019. Filinvest Axis Tower 2, located in Northgate Cyberzone Alabang, was completed in 2019 adding 39,341 sq.m. of GLA to the office portfolio.
Interest income decreased by ₱405.59 million or by 41.50%, from ₱977.29 million in 2018 to ₱571.70 million in 2019. The decrease was due to lower interest income derived from cash and cash equivalents and contract receivables as more buyers opt to avail of bank financing schemes instead of in-house payment schemes.
Other income decreased by ₱0.20 million or by 0.03% from ₱678.42 million in 2018 to ₱678.22 million in 2019. The decrease was due to lower income generated from service fees, processing fees, and management, leasing and other related fees.
Costs and Expenses

Cost of real estate sales increased by ₱1,514.66 million or by 18.16%, from ₱8,339.21 million in 2018 to ₱9,853.87 million in 2019 as a result of higher realized real estate revenues.
Cost of rental and related services increased from ₱1,130.51 million in 2018 to ₱2,416.14 million in 2019 due to the adoption of PFRS 16, Leases that resulted to the capitalization of right of use assets and recognition of related amortization expense with lower amount as compared to the supposed rent expense before the adoption.

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

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

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

Total provision for income tax increased by ₱52.46 million or by 3.08% from ₱1,702.51 million in 2018 to ₱1,754.97 million in 2019. The provision for current income tax increased by ₱244.26 million or by 23.73%, from ₱1,029.49 million in 2018 to ₱1,273.75 million in 2019 due to higher taxable income as a result of increased revenues. Provision for deferred income tax decreased by ₱191.80 million or by 28.50%, from ₱673.02 million in 2018 to ₱481.21 million in 2019 due to temporary differences between financial and taxable income.
There are no significant elements of income or loss that did not arise from the Company's continuing operations

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

	2019	2018	Change	
	(Audited)		Increase (Decrease)	
ASSETS				
Current Assets				
Cash And Cash Equivalents	4,773.62	6,419.56	(1,645.94)	(25.64%)
Contracts Receivable	1,446.19	800.85	645.34	80.58%
Contract Assets	5,998.42	3,798.83	2,199.59	57.90%
Other Receivables	3,175.05	2,348.36	826.68	35.20%
Real Estate Inventories	63,018.44	67,853.03	(4,834.59)	(7.13%)

	2019	2018	Change	
	(Audited)		Increase (Decrease)	
Other Current Assets	4,388.48	3,874.33	514.15	13.27%
Total Current Assets	82,800.20	85,094.96	(2,294.76)	(2.70%)
Noncurrent Assets				
Contract Asset - Net Of Current Portion	7,117.32	6,243.27	874.05	14.00%
Investment In Associates	4,170.68	4,056.02	114.66	2.83%
Investment Properties	66,461.06	50,018.37	16,442.69	32.87%
Property And Equipment	3,288.72	3,833.12	(544.40)	(14.20%)
Deferred Income Tax Assets	52.44	85.98	(33.54)	(39.01%)
Goodwill	4,567.24	4,567.24	-	-
Other Noncurrent Assets	5,238.77	4,961.52	277.26	5.59%
Total Noncurrent Assets	90,896.23	73,765.52	17,130.71	23.22%
TOTAL ASSETS	173,696.43	158,860.48	14,835.95	9.34%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts Payable And Accrued Expenses	13,164.86	12,446.82	718.04	5.77%
Contract Liabilities	972.76	2,156.96	(1,184.20)	(54.90%)
Lease Liabilities - Current Portion	318.12	0.00	318.12	0.00%
Due To Related Parties	100.78	181.27	(80.49)	(44.40%)
Income Tax Payable	142.74	109.00	33.73	30.95%
Loans Payable - Current Portion	6,887.48	1,969.94	4,917.55	249.63%
Bonds Payable - Current Portion	4,294.64	6,993.57	(2,698.93)	(38.59%)
Total Current Liabilities	25,881.38	23,857.56	2,023.82	8.48%
Noncurrent Liabilities				
Loans Payable - Net Of Current Portion	28,640.75	22,978.54	5,662.22	24.64%
Bonds Payable - Net Of Current Portion	23,590.04	27,840.69	(4,250.65)	(15.27%)
Contract Liabilities - Net Of Current Portion	779.65	1,053.22	(273.57)	(25.97%)
Lease Liabilities - Net Of Current Portion	5,551.95	0.00	5,551.95	0.00%
Net Retirement Liabilities	512.44	598.40	(85.96)	(14.37%)
Deferred Income Tax Liabilities - Net	6,512.61	6,011.67	500.94	8.33%
Accounts Payable And Accrued Expenses - Net Of Current Portion	10,063.31	9,248.78	814.54	8.81%
Total Noncurrent Liabilities	75,650.76	67,731.30	7,919.46	11.69%
Total Liabilities	101,532.14	91,588.86	9,943.28	10.86%
Equity				
Common Stock	24,470.71	24,470.71	-	-
Preferred Stock	80.00	80.00	-	-
Additional Paid-In Capital	5,612.32	5,612.32	-	-
Treasury Stock	(221.04)	(221.04)	-	-
Retained Earnings	41,661.65	36,882.34	4,779.30	12.96%
Revaluation Reserve On Financial Assets At Fair Value Through Other Comprehensive Income	(2.62)	(2.62)	-	-
Remeasurement Losses On Retirement Plan	(24.29)	(148.58)	124.30	(83.66%)
Share In Other Components Of Equity Of An Associate	361.79	361.79	-	-
Equity attributable to equity holders of the parent	**71,938.53**	**67,034.93**	4,903.60	7.31%
Noncontrolling Interest	225.77	236.70	(10.93)	(4.62%)
Total Equity	72,164.29	67,271.62	4,892.67	7.27%
TOTAL LIABILITIES AND EQUITY	173,696.43	158,860.48	14,835.95	9.34%

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

25.64% Decrease in Cash and cash equivalents
Although the Company's operations yielded higher operating net cash inflows directly attributable to higher net revenue,the total cash and cash equivalents declined as of December 31, 2019. The decline was due to higher net cash outflows in investing activities related to the investment properties under construction.

34.30% Increase in Contract assets and contract receivables
The increase was due to higher realized revenues during the year brought about by increased qualified accounts for revenue recognition as a result of increased cash sales.

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

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

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

2.83% Increase in Investment in Associates

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

As of December 31, 2018, investment in CTI amounting to ₱51.30 million was reported under "Other noncurrent assets" due to pending SEC approval and issuance of amended articles of incorporation. In 2019, the 30% interest in CTI of FLI was classified as an investment in associate.
The investment in associate balance for FMI was also increased by ₱48.35 million upon adoption of PFRS 16, Leases.The above increases were partly netted off by the lower equity in net earnings and dividend declared for the year amounting to ₱401.53 million and ₱404.00 million, respectively, as compared to 2018's equity in net earnings and dividend declared amounting to ₱537.02 million and ₱678 million, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance Indicators	**2019**	**2018**
Earnings per Share - Basic[1]	0.26	0.24
Earnings per Share - Diluted[2]	0.26	0.24
Price Earnings Ratio[3]	5.77	5.80
Interest-bearing Debt to Equity Ratio[4]	0.88	0.89
Debt Ratio[5]	0.58	0.58
EBITDA to Total Interest Paid [6]	3.71	3.12

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

[2] Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

[3] Price Earnings Ratio is computed as closing price of the Parent Company’s shares of stock divided by actual earnings per share for the years ended December 31, 2019 and 2018

[4] *Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.*

[5] *Debt Ratio is computed as total liabilities divided by total assets*

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

Seasonality

There were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations.

Significant Subsidiaries

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

The table below presents FILRT's information on revenues, net income and financial soundnesss indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2021, 2020, and 2019:

	FILRT		
	For the years ended December 31,		
	2019	**2020**	**2021**
	(millions)		
Gross Revenues	₱3,739.2	₱3,882.0	₱3,442.0
Net Income	1,634.4	1,859.8	1,855.1
As a % of FLI Group's			
Gross Revenues and Other Income	13.87%	20.84%	19.40%
Net Income	25.07%	46.99%	43.09%

	For the years ended December 31,		
	2019	**2020**	**2021**
Current Ratio[1]	0.59	1.06	2.58
Debt Ratio[2]	0.64	0.80	0.57
Net Profit Margin[3]	0.44	0.48	0.54
Return on Equity[4]	0.21	0.36	0.31
Asset-to-Equity Ratio[5]	2.79	4.94	2.34

1. Current Ratio = Current Assets divided by Current Liabilities
2. Debt Ratio = Total Liabilities divided by Total Assets
3. Net Profit Margin = Net Income divided by Revenue
4. Return on Equity = Annualized Net Income divided by Total Equity.
5. Asset-to-Equity Ratio = Total Assets divided by Total Equity

(b) Filinvest Asia Corporation (FAC)

The table below presents FAC's information on revenues, net income and financial soundnesss indicators, all before elimination of intercompany transactions, as of and for the years ended December 31, 2021, 2020, and 2019:

	FAC		
	For the years ended December 31,		
	2019	2020	2021
		(millions)	
Gross Revenues	₱770.1	₱851.4	₱438.9
Net Income	548.2	548.2	252.7
As a % of FLI Group's			
Gross Revenues and Other Income	2.86%	4.57%	2.47%
Net Income	8.41%	13.85%	5.87%

	For the years ended December 31,		
	2019	2020	2021
Current Ratio[1]	0.58	0.50	0.47
Debt Ratio[2]	0.82	0.68	0.42
Net Profit Margin[3]	0.71	0.64	0.58
Return on Equity[4]	2.60	1.37	0.43
Asset-to-Equity Ratio[5]	5.63	3.15	1.72

1. Current Ratio = Current Assets divided by Current Liabilities
2. Debt Ratio = Total Liabilities divided by Total Assets
3. Net Profit Margin = Net Income divided by Revenue
4. Return on Equity = Annualized Net Income divided by Total Equity.
5. Asset-to-Equity Ratio = Total Assets divided by Total Equity

Other Disclosures

Aside from the possible material increase in interest rates of the outstanding long-term debts with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of FLI within the next 12 months. The Parent Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments, or any significant amount in its accounts payable that have not been paid within the stated terms.

There are no known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried uniformly over the calendar year; there are no significant elements of income or loss that did not arise from its continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Parent Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships to the Parent Company with unconsolidated entities or other persons created during the reporting period, except those discussed.

The Group does not have any contingent liability or borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.

Item 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURE

SyCip, Gorres, Velayo & Co (SGV) has been the duly appointed independent auditors for the years covered by this report.

SGV has been recommended for election as external auditor for the year 2020. FLI, in compliance with SRC Rule 68(3)(b)(iv) relative to the seven-year rotation requirement of its external auditors, has designated Ms. Wanessa Salvador as its engagement partner starting CY 2020. Thus, Ms. Salvador is qualified to act as such until year 2024. The representatives of SGV are expected to be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

There are no changes in and disagreements with FLI's independent accountants on accounting and financial disclosures during the past two years ended December 31, 2021.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND PRINCIPAL OFFICERS

Jonathan T. Gotianun *Chairman of the Board*	Mr. Gotianun, 68, Filipino, was first elected as a Director of FLI on 17 June 1994. He also serves as the Chairman of the Board of Directors of FDC and East West Banking Corporation ("EWBC"), both publicly-listed companies. He is also the Chairman of the Board of Davao Sugar Central Co., Inc. ("DSCC"), Cotabato Sugar Central Co. Inc. ("CSCC") and FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.
Lourdes Josephine Gotianun-Yap *Director, President and Chief Executive Officer*	Mrs. Yap, 66, Filipino, was first elected as a Director of FLI on 24 November 1989. Mrs. Yap, who was elected as the President and CEO of FLI on 31 October 2012, is also a Director, President and CEO of FDC, Chairperson of the Board of Filinvest REIT Corp ("FILRT"), and a Director of EWBC, all publicly-listed companies. She is the Chairperson and CEO of Filinvest Alabang, Inc. ("FAI"), a Director of FDCUI and in other companies within the Filinvest Group. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.
Mercedes T. Gotianun *Chairperson Emerita*	Mrs. Gotianun, 93, Filipino, served as a Director of FLI from 1989 to 2019 and its Chief Executive Officer from 1997 to 2007. She also served as a Director of FDC from 1980 to 2019. She is also a Director of EWBC, a publicly-listed company, and a Director in Pacific Sugar Holdings Corporation ("PSHC"), FDCUI and its subsidiary power companies. She obtained her college degree from the University of the Philippines.
Michael Edward T. Gotianun *Director*	Mr. Gotianun, 64, Filipino, was first elected as a Director of FLI on 08 May 2015. He is also a Director of FDC, a publicly-listed company, FAI and Festival Supermall, Inc. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979.
Efren C. Gutierrez *Director*	Mr. Gutierrez, 86, Filipino, was a Director of FLI from 1994 to 2001, and was re-elected to FLI's Board in 2006. He was first elected as a Director of FLI on 17 June 1994. He served as the President of FAI from 1999 to 2005. He is currently the Chairman of the Board of The Palms Country Club, Inc. ("TPCCI") He is not a Director of any other publicly-listed company. He obtained his Bachelor of Laws degree from the University of the Philippines.
Nelson M. Bona *Director*	Mr. Bona, 71, Filipino, was first elected as director of FLI on 11 June 2020. He is the former Chief Finance Officer and Compliance Officer of FLI. He previously served as Executive Vice-President, Treasurer and Chief Finance Officer of FDC. He is currently a director of FDC. He was formerly an Executive Vice-President of EWBC and Managing Director of Millenia Broadband Communications, Inc. and Filinvest Capital, Inc. He obtained his Bachelor of Arts in Commerce degree from the University of Sto. Tomas. He also earned units towards an MBA from the De La Salle University and attended the Advance Finance Program of Harvard Business School.
Francis Nathaniel C. Gotianun *Director*	Mr. Gotianun, 38, Filipino, was first elected as a director of FLI on 22 April 2016. He is the Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as a Director of Filinvest Mimosa, Inc. and as the President and CEO of TPCCI. He also serves as a Director of FILRT, a publicly-listed company. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.

Val Antonio B. Suarez *Lead Independent Director*	Mr. Suarez, 63, Filipino, was first elected as an independent director of FLI on 08 May 2015. He is also an independent director of FDC, FILRT and Lepanto Consolidated Mining Company, all publicly-listed companies. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange. He is a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University School of Law and a Master of Laws degree from Georgetown University Law Center.
Ernesto S. De Castro *Independent Director*	Mr. De Castro, 75, Filipino, was first elected as an independent director of FLI on 22 April 2019. He is the President of ESCA Incorporated since July 1993. He is not a Director of any other publicly-listed company. He graduated from the University of the Philippines Diliman in 1967 with a bachelor's degree in Civil Engineering and obtained his Masters of Engineering in the same university in 1968. He obtained Doctor of Philosophy in Civil Engineering (Major in Structures) in Lehigh University, Bethlehem, Pennsylvania, USA in 1975.
Gemilo J. San Pedro *Independent Director*	Mr. San Pedro, 67, Filipino, was first elected as an independent director of FLI on 17 July 2019. He also serves as an independent director of FILRT. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on 30 June 2015, he served various leadership roles at SyCip Gorres Velayo & Co. (SGV & Co.). He was a partner in SGV & Co. from 1991 to 2015 and Professional Practice Director and Quality and Risk Management Leader from 2004 to 2015. He finished his Bachelor of Science in Commerce-Major in Accounting degree at Rizal Memorial Colleges, Davao City. He obtained his Master of Business Administration, concentration in Finance and Inter¬national Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA in 1983.
Tristaneil Las Marias *Executive Vice President and Chief Strategy Officer*	Mr. Las Marias, 47, Filipino, is the Executive Vice-President and Chief Strategy Officer of FLI. He also serves as a Director of FILRT, a publicly-listed company. He started in 1997 as Head of Regional Projects and went on to hold a higher position as Senior Vice-President and Cluster Head for Visayas and Mindanao projects as well as Southwest and Central Luzon. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University
Ana Venus A. Mejia *First Senior Vice President, Treasurer and Chief Finance Officer*	Ms. Mejia, 56, Filipino, has been with the Filinvest Group for 26 years. She started in January 1996 as Assistant Controller of FDC and has served the Group in various capacities. She was appointed as Treasurer of FLI in 2012. She also serves as Treasurer and Chief Finance Officer of FILRT. Prior to joining Filinvest, she worked with Shoemart and Sycip, Gorres, Velayo & Company. She is Certified Public Accountant and magna cum laude graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.
Vince Lawrence Abejo *First Senior Vice President and Chief Sales and Marketing Officer*	Mr. Abejo, 49, Filipino, is the Chief Sales and Marketing Officer of FLI. He has twenty-two (22) years combined experience in sales and marketing, strategy and corporate affairs and general management. He has held various key marketing positions in the real estate industry as well as across different industries – FMCG, telecoms, tobacco and healthcare and geographies (Philippines, Switzerland, Malaysia and Vietnam). He graduated from the University of the Philippines (Diliman), with a degree in BS Administration on 1994 and completed an Advanced Management Program from Harvard Business School in 2012.
Maria Victoria Reyes-Beltran	Atty. Reyes-Beltran, 55, Filipino, is the General Counsel and Compliance Officer of FLI. She also serves as Compliance Officer of FILRT. Prior to joining FLI,

Senior Vice-President, General Counsel and Compliance Officer	she served as Director of the Office of Internal Legal Counsel of R.G. Manabat & Co., a professional partnership firm affiliated with KPMG International. She also served as General Counsel of the Corporate Legal Unit of JG Summit Holdings, Inc. and Universal Robina Corporation, its subsidiaries, and regional operations in Southeast Asia as well as Corporate Secretary of the printed media unit of the group. She obtained her Bachelor of Arts degree major in Philosophy from the University of the Philippines and her Bachelor of Laws degree from San Beda College of Law. She completed her Master of Laws in International Commercial Law at the Ateneo School of Law and course on Structuring International Joint Venture at the University of California, Davis Campus.
Francis V. Ceballos *Senior Vice President and Head of the Industrial/Logistics Business*	Mr. Ceballos, 56, Filipino, joined FLI last 2010 and is currently the Senior Vice-President and Head of the Industrial/Logistics Business. He graduated from Ateneo de Manila University with a degree in Management Engineering and obtained his MBA from the Asian Institute of Management.
Winnifred H. Lim *Senior Vice President and Chief Technical Planning Officer*	Engr. Lim, 57, Filipino, is the Senior Vice- President and Chief Technical Planning Officer of FLI. He started as the company's Engineering Head last 2000 and currently leads Engineering, Architecture, Planning and Design, Survey, and Special Projects. He obtained his Master's Degree in Structural Engineering at the University of the Philippines Diliman.
Edgardo C. Raymundo *Chief Audit Executive*	Mr. Raymundo, 59, is the Chief Audit Executive of FLI. A certified public accountant (CPA), Mr. Raymundo was previously a Senior Auditor of Pepsi-Cola Distributors. Prior to that, he was a Senior Auditor of SGV and Co. He obtained his Bachelor's degree in Accountancy from the Polytechnic University of the Philippines.
Harriet Joan C. Ducepec *First Vice-President, Chief of Staff and Chief Risk Officer*	Ms. Ducepec, 56, Filipino, is the Chief of Staff and Chief Risk Officer of FLI. She has been with the Filinvest Group for 25 years, joining in October 1996 as Assistant Vice President and Head of Corporate Planning and Market Research. She is the Head of the Executive Management Staff under the Office of the President and CEO. She has over 30 years of experience in corporate planning in both real estate and banking industries. Prior to joining Filinvest, she worked with ASB Realty, United Coconut Planters Bank, Union Bank of the Philippines and International Corporate Bank. She obtained her Bachelor of Arts degree in Economics, cum laude, from the University of the Philippines Diliman and completed the Strategic Business Economics Program from the University of Asia and the Pacific.
Janeth B. de los Reyes *First Vice President, Deputy Chief Finance Officer*	Ms. de los Reyes, 48, Filipino, is the Deputy Chief Finance Officer of FLI. Prior to joining FLI, she worked with Ortigas Land Group for more than three (3) years as its Chief Transformation Officer (CTO). Prior to her appointment as CTO, she served as the Ortigas Land Group's AVP & Head of Corporate Finance. She is an experienced Finance Professional with two (2) decades of experience in the Real Estate Industry. She has led finance teams both at controllership and operations in financial reporting and analysis; tax compliance; billing and collection and treasury management; strategic planning, budgeting and forecasting; and procurement. She also worked for SyCip Gorres Velayo & Company in both Assurance and Business Advisory and Risk Consulting service lines. She obtained her Bachelor of Science in Accountancy degree in De La Salle University – Manila. Ms. de los Reyes then obtained her Master in Business Administration from the Ateneo Graduate School of Business – Makati. Ms. de los Reyes is a Certified Public Accountant, a licensed Real Estate Broker and has an NCII Certification in Organic Agriculture Production.
Melissa C. Ortiz *Investor Relations Officer*	Ms. Ortiz, 51, Filipino, is the Investor Relations Officer of FLI. She was previously head of investor relations for ABS-CBN Corporation, head of corporate and financial planning for Nutriasia Philippines and head of financial planning and investor relations for MERALCO. She is a Certified Public Accountant. She obtained her Bachelor's Degree in Business Administration from the University of the Philippines and obtained her Master's Degree in

	Business Administration and Master of Science degree in Computational Finance from De La Salle University.
Katrina O. Clemente-Lua Assistant Corporate Secretary and Corporate Information Officer	Ms. Clemente-Lua, 38, Filipino, was appointed as FLI's Assistant Corporate Secretary and Corporate Information Officer on March 16 , 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of FLI in October 2018. Prior to joining FLI, she served as the Legal Counsel of Philippine Stratbase Consultancy, Inc. and Executive Director of Stratbase ADR Institute. She was previously an associate of Carag Jamora Somera & Villareal Law Offices as well as Senior Corporate Affairs Officer of Anchor Land Holdings. She obtained her Bachelor of Arts degree in Legal Management from De La Salle University and her Juris Doctor degree from Ateneo de Manila University.

The members of the Nomination Committee of FLI are Efren C. Gutierrez (Chair), Lourdes Josephine Gotianun Yap, Val Antonio B. Suarez (Independent Director), Gemilo S. San Pedro (Independent Director) and Rizalangela L. Reyes. Ms. Reyes sits in the committee in an ex-officio capacity as the head of FLI's Human Resources Department.

The Audit and Risk Management Oversight Committee of FLI is composed of Gemilo S. San Pedro (Chair/Independent Director), Val Antonio B. Suarez (Independent Director), Jonathan T. Gotianun and Efren C. Gutierrez.

The directors of FLI are elected at the annual stockholders' meeting to hold office for one (1) year and until their respective successors have been duly appointed or elected and qualified. 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.

There is no person who is not an executive officer of the Parent Company who is expected to make a significant contribution to the business. The Parent Company, however, engages the regular services of consultants. At December 31, 2019, the Parent Company had 7 consultants in the area of business development, marketing, planning and design and construction management.

Except as discussed in section 1.10, there are no transactions or any proposed transactions during the last two years, to which the Parent Company was or is to be a party, in which any director or officer, any nominee for election as a director, any security holder or any member of the immediate family or any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Except for the following cases, none of the members of FLI's Board nor its executive officers are involved in any major criminal, bankruptcy or insolvency investigations or proceedings for the past five years and up to December 31, 2021, nor have they been found by judgment or decree to have violated securities or commodities laws and enjoined from engaging in any business, securities, commodities or banking activities: (a) criminal cases filed in 2007 before the DOJ in I.S. Nos. 2007-001 and 2007-011 and which were dismissed by the DOJ on 26 March 2009 and 07 April 2009, respectively; (b) criminal complaints in the Prosecutor's Office (filed against certain FLI officers) arising from alleged unlawful collection and application of subdivision dues and other charges being collected by a homeowners' association which was dismissed on 23 January 2012, and (c) the complaint for estafa filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, which was dismissed, although MPMII filed a Petition for Review before the Secretary of Justice

Item 10. EXECUTIVE COMPENSATION

The aggregate compensation paid or incurred during the last two fiscal years and the estimate for this year are as follows:

(a) Name and Principal Position	(b) Year	(c) Salary (Php)	(d) Bonus (Php)	(e) Other Annual Compensation	TOTAL
Lourdes Josephine Gotianun-Yap *(Director, President and Chief Executive Officer)* Tristaneil D. Las Marias *(Executive Vice President, Chief Strategy Officer)* Ana Venus A. Mejia *(First Senior Vice President, Chief Finance Officer, Treasurer)* Francis V. Ceballos *(Senior Vice President)* Vince Lawrence L. Abejo *(First Senior Vice President, Chief Sales and Marketing Officer)*					
CEO and top four (4) highest compensated officers	2022 - Estimated	26.02Mn	1.69Mn	-	22.72Mn
	2021	24.79Mn	1.61Mn	-	26.40Mn
	2020	26.09Mn	1.99Mn	-	28.08Mn
All officers and directors as a group unnamed	2022 - Estimated	22.05Mn	1.34Mn	-	23.39Mn
	2021	21.00Mn	1.28Mn	-	22.28Mn
	2020	21.17Mn	1.73Mn	-	22.90Mn

Non-executive and independent directors receive a per diem of Php50,000.00 for every stockholders', Board and Board Committee meeting attended. For the year 2021, the total per diem for each of the non-executive director and independent directors is as follows:

Name of Director	Amount (in Php)
Jonathan T. Gotianun*	--
Lourdes Josephine Gotianun-Yap*	--
Michael Edward T. Gotianun*	--
Nelson M. Bona*	--
Francis Nathaniel C. Gotianun*	--
Efren C. Gutierrez	750,000
Val Antonio B. Suarez (Independent Director)	850,000
Ernesto S. De Castro (Independent Director)	550,000
Gemilo J. San Pedro (Independent Director)	850,000
Total	PhP3,000,000

** These directors do not receive per diem in their capacity as directors of the Company.*

Other than as discussed in the Information Statement, there are no other existing arrangements for the payment of compensation or remuneration to the directors in their capacity as such, but the Company may, without any obligation, grant additional compensation if certain performance driven goals are met, subject to such approvals as may be required by law.

There are no outstanding warrants or options held by the Company's CEO, the above-named executive officers, and all officers and directors as a group which are subject to the approval by the stockholders at the annual stockholders' meeting.

There is no action to be taken at the annual meeting of the stockholders on 23 April 2021 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of FLI will participate. Neither is there any proposed grant or extension to any such persons of any option, warrant or right to purchase any securities of FLI.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1. Security Ownership of Certain Beneficial Owners as of December 31, 2021:

Title of Class of Securities	Name/ Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Preferred	**Filinvest Development Corporation**[1] The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	8,000,000,000	100.00%
Common	**Filinvest Development Corporation** The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	15,681,457,022	64.67%
Common	**PCD Nominee Corporation (Filipino)** G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	Please see footnote 3 below	Filipino	4,593,989,925	18.94%
Common	**PCD Nominee Corporation (Non-Filipino)** G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	Please see footnote 2 below.	Non-Filipino	3,373,331,093	13.91%

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as of the date of the annual report, was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock. Ms. Josephine G. Yap is usually appointed by Filinvest Development Corporation ("FDC") as its representative with authority to vote FDC's shares in stockholders' meetings of FLI.

[1] Ms. Lourdes Josephine Gotianun-Yap is typically appointed by Filinvest Development Corporation ("FDC") as its representative, with authority to vote FDC's shares in stockholders' meetings of FLI

[1] Based on the report provided to us by the Company's stock transfer agent, no individual holds more than five (5%) of the Company's outstanding shares.

[1] Based on the report provided by the Company's stock transfer agent, one participant holds 5% or more of the Company's outstanding shares, namely Hongkong and Shanghai Banking Corporation (8.098%).

11.2. Security Ownership of Management as of February 28, 2022

As of **28 February 2022**, 3,378,161,130 or 13.93% of the total outstanding voting shares of FLI are owned by foreigners.

The names, citizenship, number of shares held and percentage to total of persons forming part of the Board of Directors and Management of the Company as of **28 February 2022** as shown in the Public Ownership Report are as follows:

Title of Class of Securities	Name	Amount and Nature of Ownership	Citizenship	Percentage of Ownership
Common	Mercedes T. Gotianun	1 (Direct)	Filipino	0.00% (D)
Common	Lourdes Josephine Gotianun-Yap	7,694,934 (D)* 24,577,345 (I)	Filipino	0.03% (D) 0.10% (I)
Common	Jonathan T. Gotianun	61 (D) 2,225,437 (I)	Filipino	0.00% (D) 0.00% (I)
Common	Michael Edward T. Gotianun	11,235,928 (D)	Filipino	0.04% (D)
Common	Efren C. Gutierrez	13,083 (D)	Filipino	0.00% (D)
Common	Francis Nathaniel C. Gotianun	32,518(D)	Filipino	0.00% (D)
Common	Nelson M. Bona	1 (D)	Filipino	0.00% (D)
Common	Val Antonio B. Suarez	1 (D)	Filipino	0.00% (D)
Common	Ernesto S. De Castro	1 (D)	Filipino	0.00% (D)
Common	Gemilo J. San Pedro	1 (D)	Filipino	0.00% (D)
Common	Luis L. Fernandez	4,064,940 (D)	Filipino	0.01% (D)
Common	Ana Venus A. Mejia	200,000 (I)	Filipino	0.00% (I)
N.A.	Tristaneil D. Las Marias	0	Filipino	N.A.
N.A.	Sharon P. Pagaling-Refuerzo	0	Filipino	N.A.
N.A.	Harriet C. Ducepec	0	Filipino	N.A.
N.A.	Edgardo C. Raymundo	0	Filipino	N.A.
N.A.	Vince Lawrence Abejo	0	Filipino	N.A.
N.A.	Francis V. Ceballos	0	Filipino	N.A.
Common	Winnifred H. Lim	1,026,563 (I)	Filipino	0.00% (I)
N.A.	Maria Victoria M. Reyes-Beltran	0	Filipino	N.A.
N.A.	Reynaldo Juanito S. Nieva II	0	Filipino	N.A.
N.A.	Alexis Avalone Ojeda	0	Filipino	N.A.
N.A.	Janeth B.. de los Reyes	0	Filipino	N.A.

** Includes shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap*

Total ownership of all directors and officers as a group as of 28 February 2022 is 0.20% of the total issued and outstanding common shares of stock.

11.3. Voting Trust Holders of 5% or more

There are no persons holding 5% or more of a class of shares under any voting trust or similar agreement.

11.4. Changes in Control

There are no arrangements which may result in a change in control of FLI. There has been no change in control of FLI since the beginning of the last fiscal year. There were no matters submitted to a vote of the security holders during the fourth quarter of the calendar year covered by this report.

Item 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Parent Company and its subsidiaries, in their normal course of business, have certain related party transactions with affiliates principally consisting of advances and intercompany charges.

Please refer to the Detailed Discussion on the Parent Company's Subsidiaries, Joint Ventures, Affiliate and Related Party Transactions in Section 1.3, 1.4, 1.5 and 1.10, respectively.

PART lV – COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

Compliance with Best Practices on Corporate Governance

For the year 2021, 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 Re-vised 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 casted 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

Before the annual meeting, a stockholder of FLI may nominate individuals to be independent directors, taking into account the following guidelines:

A. "Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgement in carrying out his responsibilities as director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

   i. Is not a director or officer or substantial stockholder of FLI or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

   ii. Is not a relative of any director, officer or substantial stockholder of FLI, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

   iii. Is not acting as a nominee or representative of a substantial shareholder of FLI, any of its related companies or any of its substantial shareholders;

   iv. Has not been employed in an executive capacity by FLI, any of its related companies or any of its substantial shareholders within the last two (2) years;

   v. Is not related as a professional adviser of FLI, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm;

   vi. Has not engaged and does not engage in any transaction with FLI or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.

B. When used in relation to FLI, subject to the requirements above:

   i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

   ii. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An independent director of FLI shall have the following qualifications:

i. He shall have at least one (1) share of stock of FLI;

ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of FLI for at least five (5) years;

iii. He shall possess integrity/probity; and

iv. He shall be assiduous.

D. No person enumerated under Part II, Item A, Par. 8 of the Revised Manual of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

   i. He becomes an officer or employee of FLI, or becomes any of the persons enumerated under items (A) hereof:

   ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of FLI;

   iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member;

   iv. If he becomes disqualified under any of the grounds stated in FLI's Revised Manual on Corporate Governance.

E. Pursuant to SEC Memorandum Circular No. 04, Series of 2017, the following additional guidelines 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 in 2021.

Board	**Name**	**Date of Election**	**No. of Meetings Held during the year**	**No. of Meetings Attended**	**%**
Chairman	Jonathan T. Gotianun	April 23, 2021	8	8	100%
Member	Lourdes Josephine Gotianun-Yap	April 23, 2021	8	8	100%
Member	Michael Edward T. Gotianun	April 23, 2021	8	8	100%
Member	Francis Nathaniel C. Gotianun	April 23, 2021	8	8	100%
Member	Efren C. Gutierrez	April 23, 2021	8	8	100%
Member	Nelson M. Bona	April 23, 2021	8	5	63%
Independent	Val Antonio B. Suarez	April 23, 2021	8	8	100%

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Independent	Ernesto S. De Castro	April 23, 2021	8	8	100%
Independent	Gemilo J. San Pedro	April 23, 2021	8	8	100%

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. Lourdes Josephine Gotianun-Yap	President and Chief Executive Officer Chairperson – Executive Committee Member – Compensation Committee
Mr. Michael Edward T. Gotianun	Member – Executive Committee Member – Technical Committee
Mr. 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	No. of Meetings Attended	%
Chairperson	Lourdes Josephine Gotianun-Yap	April 23, 2021	9	9	100%
Member	Jonathan T. Gotianun	April 23, 2021	9	8	89%
Member	Michael Edward T. Gotianun	April 23, 2021	9	9	100%
Member	Francis Nathaniel C. Gotianun	April 23, 2021	9	9	100%
Member	Andrew T. Gotianun, Jr.**	April 23, 2021	9	2**	22%

*Committee members are appointed annually.
** Mr. Andrew T. Gotianun, Jr. passed away on May 21, 2021.

The functions, duties and responsibilities of the Board of Directors may be delegated, to the fullest extent permitted by law, to an Executive Committee to be established by the Board of Directors. The Executive Committee shall consist of five (5) members, at least three (3) of whom shall be members of the Board of Directors. All members of the Executive Committee shall be appointed by and under the control of the Board of Directors.

The Executive Committee may act on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority vote of the Board of Directors, except with respect to: (i) approval of any action for which shareholders' approval is also required; (ii) the filing of vacancies in the Board of Directors; (iii) the amendment or repeal of these By-Laws or the adoption of new by-laws; (iv) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and (v) the distribution of cash dividends to shareholders.

The act of the Executive Committee on any matter within its competence shall be valid if (i) it is approved by the majority vote of all its members in attendance at a meeting duly called where a quorum is present and acting throughout, or (ii) it bears the written approval or conformity of all its incumbent members without necessity for a formal meeting.

The Executive Committee shall hold its regular meeting at least once a month or as often as it may determine, in the principal office of the Corporation or at such other place as may be designated in the notice, 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

Committee Members

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Gemilo J. San Pedro	April 23, 2021	3	3	100%
Member (ID)	Val Antonio B. Suarez	April 23, 2021	3	3	100%
Member	Jonathan T. Gotianun	April 23, 2021	3	3	100%
Member (NED)	Efren C. Gutierrez	April 23, 2021	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, semi-annual and annual financial statements before submission to the Board with particular focus on the following matters:

  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements

- Coordinate, monitor, and facilitate compliance with existing laws, rules and regulations;

- Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report; and

- Establish and identify the reporting line of the CAE so that the reporting level allows the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the audit Committee functionally. The Audit committee shall ensure that the internal auditors shall have free and full access to the Corporation's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

(b) Risk Management

- Develop and oversee the Corporation's risk management program;

- Oversee the system of limits to discretionary authority that the Board delegates to the Management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached;

- Advise the Board on its risk appetite levels and risk tolerance limits;

- Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;

- Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

- Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;

- Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board; and

Other duties and responsibilities are provided in the Audit and Risk Management Committee Charter.

Compensation Committee

Committee Members

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	April 23, 2021	1	1	100%
Member	Lourdes Josephine Gotianun-Yap	April 23, 2021	1	1	100%
Member	Jonathan T. Gotianun	April 23, 2021	1	1	100%
Member (ID)	Gemilo J. San Pedro	April 23, 2021	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.

Corporate Governance Committee

Committee Members

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	April 23, 2021	2	2	100%
Member	Jonathan T. Gotianun	April 23, 2021	2	2	100%
Member (ID)	Ernesto S. De Castro	April 23, 2021	2	2	100%
Member (ID)	Gemilo J. San Pedro	April 23, 2021	2	2	100%
Chairman (ID)	Val Antonio B. Suarez	April 23, 2021	2	2	100%

* Committee members are appointed annually.

Corporate Governance Committee

The Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of the Chairman of the Board and at least three (3) members of the Board, all of whom shall be independent directors. The Chairman of the Committee shall be an independent director.

The Corporate Governance Committee shall have the following duties and responsibilities:

(a) Ensure the effectiveness and due observance of corporate governance principles and guidelines of the Board, its committees' and executive management;

(b) Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

(c) Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

(d) Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

(e) Make recommendations to the Board regarding the continuing education of directors, assignment to Board Committees and succession plan for the Board members and senior officers;

(f) Determine the nomination and election process for the Corporation's directors and other positions requiring appointment by the Board, define the general profile of board members that the Corporation may need and ensure that appropriate knowledge, competencies and expertise will complement the existing skills of the Board;

(g) Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates;

(h) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;

(i) Review with the Compliance Officer, at least on annual basis, any legal or regulatory matter that could have a significant impact on the Corporation's financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and

(j) Obtain an annual report from the Compliance Officer regarding the adequacy of the Corporation's compliance program.

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.

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 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.

Related Party Transaction Committee

Committee Members

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%
Chairman (ID)	Val Antonio B. Suarez	April 23, 2021	2	2	100%
Member (NED)	Efren C. Gutierrez	April 23, 2021	2	2	100%
Member (ID)	Gemilo J. San Pedro	April 23, 2021	2	2	100%

* Committee members are appointed annually.

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 is composed of at least three (3) non-executive directors, two (2) of whom must be independent, including the Chairman of the Committee.

The Related Party Transaction Committee has the following duties and responsibilities:

(a) Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, related party transactions ("RPTs") are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and the SEC;

(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) Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and in case of merger or consolidation

(f) Oversee 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:

  i. 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;

  ii. 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

  iii. 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.

PART V – EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC Form 17-C

a) Exhibits

Exhibits as indicated in the Index to Exhibits are either not applicable to the Parent Company or require no answer.

b) 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:

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	14
Public Ownership Report	4
Report on Number of Shareholders and Board Lot	12
Initial Statement of Beneficial Ownership of Securities (23-A)	1
Statement of Changes in Beneficial Ownership of Securities (23-B)	4
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	3
Other Disclosures	
Certification – Qualifications of Independent Directors	1
Clarifications of News Articles	None
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	13
c) Other Matters	9

PART VII – SUSTAINABILITY REPORT

A copy of Filinvest Land, Inc.'s 2021 Sustainability Report can also be accessed via https://filinvestland.com/investor-relations/sustainability

PART VII – REINVESTMENT PLAN PROGRESS REPORT

REINVESTMENT PLAN

As sponsor of FILRT, the REIT Law requires the Company to reinvest (a) any proceeds realized by it from the sale of FILRT shares or other securities issued in exchange for income-generating real estate transferred to the FILRT and (b) any money raised by the Company from the sale of any of its income generating real estate to FILRT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines within one (1) year of receipt of the proceeds.

Following current regulations, Filinvest Land intends to invest its net proceeds in the construction and development of its various office, retail and residential projects. Filinvest Land plans to invest the net proceeds in nine (9) office buildings, three (3) retail projects, five (5) mid-rise residential buildings as well as industrial lots. It also plans to use the funds for the purchase of land parcels for residential and commercial purposes and to expand the capacity of the District Cooling System in the Northgate Cyberzone. All disbursements for such projects are intended to be distributed within one year upon receipt of the proceeds from the secondary offer of FILRT shares. All of the projects for which the proceeds will be spent are located within the Philippines and none are to be spent outside of the Philippines. Filinvest Land does not intend to reinvest the net proceeds from the Offer Shares in any infrastructure project.

Filinvest Land shall monitor the actual disbursements of projects proposed in the Reinvestment Plan on a quarterly basis. For purposes of monitoring, Filinvest Land prepares quarterly progress reports of actual disbursements on the projects covered by the Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in the Reinvestment Plan, Filinvest Land, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect

As of December 31, 2021, the remaining balance of the proceeds from the FILRT IPO amounted to ₱9.69 billion.

A copy of Filinvest Land, Inc.'s REIT Reinvestment Plan Progress Report can be accessed via https://filinvestland.com/investor-relations/reinvestment-plan

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Form 17 A, Item 7

Consolidated Financial Statements

1. Statement of Management's Responsibility for Financial Statements
2. Independent Auditor's Report on Consolidated Financial Statements
3. Consolidated Statements of Financial Position as of December 31, 2021 and 2020
4. Consolidated Statements of Income for the years ended December 31, 2021, 2020, and 2019
5. Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020, and 2019
6. Notes to Consolidated Financial Statements

Supplementary Schedules

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

1. Schedule A. Financial Assets
2. Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
3. Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
4. Schedule D. Long-term Debt
5. Schedule E. Indebtedness to Related Parties
6. Schedule F. Guarantees of Securities of Other Issuers
7. Schedule G. Capital Stock

CERTIFICATE OF ACKNOWLEDGMENT

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

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

LOURDES JOSEPHINE GOTIANUN YAP	PASSPORT P6722593B

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

SIGNATURES

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

This instrument, consisting of 3 pages, including this page on which this acknowledgment is written, has been signed on the left margin of each and every page thereof by the same person(s) and witnesses.

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

WITNESS MY HAND AND SEAL at the Embassy of the Philippines in Singapore this day of 24 March 2022

RENEE GAYLE M. CHUA
Vice Consul

Doc. No. : 3622
Book No. : 1
Series of : 2022
O.R. No. : XXXX
Fee Paid : GRATIS

PHILIPPINE EMBASSY SINGAPORE

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong, Metro Manila on ______________.

By:

Lourdes Josephine Gotianun-Yap
President and CEO

SUBSCRIBED AND SWORN to before me this ______ day of ___________ affiants exhibiting to me their Competent evidence of identity as follows:

Name	Competent evidence of Identity	Issue Date	Expiry Date	Place issued
L. Josephine G. Yap	Passport no. P6722593B	28-Apr-21	27-Apr-31	PE Singapore

Doc No. ______
Page No. ______
Book No. ______
Series of 2021

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong, Metro Manila on ______________.

By:

____
Jonathan T. Gotianun
Chairman of the Board

____
Lourdes Josephine Gotianun-Yap
President / CEO

____
Ana Venus Mejia
Treasurer / CFO

k Clent
____
Katrina O. Clemente- Lua
Assistant Corporate Secretary

APR 1 2 2022

SUBSCRIBED AND SWORN to before me this ______ day of ___________ affiants exhibiting to me their Competent evidence of identity as follows:

Name	Competent evidence of Identity	Issue Date	Expiry Date	Place issued
Jonathan T. Gotianun	Passport no. P5509919A	03-Jan-18	02-Jan-28	DFA/Manila
L. Josephine G. Yap	Passport no. P6722593B	28-Apr-21	27-Apr-31	PE Singapore
Katrina O. Clemente- Lua	Passport no. P2463944B	06-July-19	05-July-29	DFA/NCR South
Ana Venus Mejia	Passport no. P3387436B	30-Sep-19	29-Sep-29	DFA/NCR East

Doc No. 309
Page No. 63
Book No. II
Series of 2021

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong, ~~Metro Manila on~~ MANDALUYONG CITY.

By:

Jonathan T. Gotianun
Chairman

Lourdes Josephine Gotianun-Yap
President and CEO

Ana Venus Mejia
Chief Financial Officer

Katrina O. Clemente- Lua
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR day of 3 1 2022 affiants exhibiting to me their Competent evidence of identity as follows:

Name	Competent evidence of Identity	Issue Date	Expiry Date	Place issued
Jonathan T. Gotianun	Passport no. P5509919A	03-Jan-18	02-Jan-28	DFA/Manila
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Ana Venus Mejia	Passport no. P3387436B	30-Sep-19	29-Sep-29	DFA/NCR East

Doc No. 131
Page No. 7
Book No. III
Series of 2022

ATTY. JAN LOUIE ANTONNI S. CABRAL
Notary Public
2F 161-B Shaw Boulevard, Mandaluyong City
Notarial Commission No. 0575 2020
Until December 31, 2021 Extended until
June 30, 2022 per S.C. B.M. No. 3795
PTR: 8817345 01/03/2022
IBP No. 169436 01/02/2022
ROLL NO. 74152
Admitted to Philippine Bar: July 2020

CERTIFICATE OF ACKNOWLEDGMENT

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

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

LOURDES JOSEPHINE GOTIANUN YAP	PASSPORT P6722593B

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

This instrument, consisting of 3 pages, including this page on which this acknowledgment is written, has been signed on the left margin of each and every page thereof by the same person(s) and witnesses.

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

WITNESS MY HAND AND SEAL at the Embassy of the Philippines in Singapore this day of 24 March 2022

RENEE GAYLE M. CHUA
Vice Consul

Doc. No. : 3651
Book No. : 1
Series of : 2022
O.R. No. : XXXX
Fee Paid : GRATIS

LAND, INC.
...vay Hills
...City, Metro Manila
...(632) 918-8188
... hotline: (632) 588-1688
...nber: (632) 918-8189
...ilinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC. and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2021, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

LOURDES JOSEPHINE GOTIANUN-YAP
President/CEO

MAR 2 2 2022

Signed this ____ day of _______, 2022

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

LOURDES JOSEPHINE GOTIANUN-YAP
President/CEO

ANA VENUS A. MEJIA
Treasurer and CFO

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ____ day of MAR 2 8 2022 20__, affiant exhibiting to me ______________, as his/her competent evidence of identity.

Signed this ____ day of MAR 2 2 2022, 2022

Doc. No. 445;
Page No. 90;
Book No. 9;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 7 0 9 5 7

COMPANY NAME

F I L I N V E S T   L A N D ,   I N C .   A N D   S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

7 9   E D S A ,   B r g y .   H i g h w a y   H i l l s ,
M a n d a l u y o n g   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	8918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,646	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	8918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2021 and 2020 and for the three years in the period ended December 31, 2021 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the output method as the measure of progress in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of costs to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers and managers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

Refer to Note 6 to the consolidated financial statements for the disclosures on revenue recognition.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year.

In determining revenue from real estate sales, we obtained an understanding of the Group's processes for determining POC under the output method and performed tests of relevant controls. We obtained certified POC reports prepared by internal project engineers for mid-rise real estate development and third-party project managers for high-rise real estate development. We assessed the competence and objectivity of the project engineers and managers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period, and obtained supporting details of POC reports.

For the cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed, to supporting documents such as project accomplishment reports and progress billings from contractors.

For the recognition of costs to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating sales commission capitalized and portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (e.g., net contract price) against the related contract to sell, and, (c) the POC against the POC used in recognizing the related revenue from real estate sales.

Recoverability of Goodwill

The Group is required to test the amount of goodwill for impairment at least annually. As of December 31, 2021, goodwill attributable to the Festival Supermall structure, Filinvest Asia Corporation and Filinvest REIT Corp., which are considered significant, amounted to ₱4,567.24 million. Management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rates, gross margins, discount rates and terminal growth rates.

Refer to Notes 3 and 4 to the consolidated financial statements for the disclosures about goodwill.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include revenue growth rates, gross margins, discount rates and terminal growth rates.

We compared the key assumptions used, such as revenue growth rates and terminal growth rates against the historical performance of the cash-generating units and relevant external data and gross margins against the historical rates, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2020, January 31, 2020, valid until January 30, 2023
PTR No. 8854361, January 3, 2022, Makati City

March 22, 2022

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

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20 and 30)	**₱9,658,260**	₱6,693,557
Contracts receivables (Notes 6, 8 and 30)	**5,337,931**	4,156,939
Contract assets (Notes 6 and 30)	**4,177,819**	5,400,329
Other receivables (Notes 9 and 30)	**2,710,463**	3,362,183
Real estate inventories (Note 10)	**68,726,921**	65,544,567
Other current assets (Notes 6 and 11)	**4,933,311**	4,637,141
Total Current Assets	**95,544,705**	89,794,716
Noncurrent Assets		
Contract assets - net of current portion (Notes 6 and 30)	**4,152,756**	3,533,733
Investments in associates (Note 12)	**5,045,090**	4,787,787
Investment properties (Notes 3 and 13)	**72,077,989**	69,264,957
Property and equipment (Note 14)	**4,794,021**	3,348,145
Deferred income tax assets (Note 28)	**95,553**	82,405
Goodwill (Note 4)	**4,567,242**	4,567,242
Other noncurrent assets (Note 16)	**6,946,175**	5,626,161
Total Noncurrent Assets	**97,678,826**	91,210,430
TOTAL ASSETS	**₱193,223,531**	₱181,005,146
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 17 and 30)	**₱11,738,491**	₱13,117,027
Contract liabilities (Note 6)	**1,171,384**	1,249,050
Lease liabilities - current portion (Note 15)	**248,590**	328,796
Due to related parties (Notes 20 and 30)	**204,317**	112,021
Income tax payable	**8,522**	29,022
Current portion of loans payable (Notes 18, 26 and 30)	**4,912,198**	8,866,369
Current portion of bonds payable (Notes 19, 26 and 30)	**6,991,749**	5,294,517
Total Current Liabilities	**25,275,251**	28,996,802

(Forward)

	December 31	
	2021	2020
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18, 26 and 30)	**₱27,270,545**	₱29,238,654
Bonds payable - net of current portion (Notes 19, 26 and 30)	**29,297,173**	26,369,011
Contract liabilities - net of current portion (Note 6)	**774,212**	767,219
Lease liabilities - net of current portion (Note 15)	**6,099,428**	5,824,164
Net retirement liabilities (Notes 3 and 25)	**459,630**	580,119
Deferred income tax liabilities - net (Note 28)	**5,317,269**	6,513,036
Accounts payable and accrued expenses - net of current portion (Notes 17 and 30)	**8,939,799**	8,337,198
Total Noncurrent Liabilities	**78,158,056**	77,629,401
Total Liabilities	**103,433,307**	106,626,203
Equity		
Common stock (Note 26)	**24,470,708**	24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)		
Unappropriated	**52,425,032**	38,776,186
Appropriated	**5,000,000**	5,000,000
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Remeasurement losses on retirement plan - net of tax (Note 25)	**(16,169)**	(15,136)
Share in other components of equity of associates (Note 12)	**372,449**	372,449
Equity attributable to equity holders of the parent	**87,720,681**	74,072,868
Noncontrolling interests (Notes 1 and 31)	**2,069,543**	306,075
Total Equity	**89,790,224**	74,378,943
TOTAL LIABILITIES AND EQUITY	**₱193,223,531**	₱181,005,146

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		
	2021	2020 (As restated, see Note 2)	2019 (As restated, see Note 2)
REVENUE			
Real estate sales (Note 6)	**₱11,274,509**	₱9,837,122	₱17,013,120
Rental and related services (Notes 6, 13, 15 and 16)	**5,591,801**	7,527,956	8,296,472
Total revenue	**16,866,310**	17,365,078	25,309,592
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 12)	**112,023**	516,450	401,525
OTHER INCOME			
Interest income (Notes 7, 8, 20 and 23)	**409,608**	404,142	571,701
Others - net (Notes 20 and 24)	**350,978**	340,713	678,222
	17,738,919	18,626,383	26,961,040
COSTS			
Real estate sales (Note 10)	**6,443,688**	5,586,834	9,853,871
Rental and related services (Notes 13 and 16)	**2,430,623**	2,150,070	2,416,140
OPERATING EXPENSES			
General and administrative expenses (Note 21)	**1,979,124**	2,243,604	2,474,723
Selling and marketing expenses (Note 22)	**911,817**	1,078,274	1,448,573
INTEREST AND OTHER FINANCE CHARGES (Notes 18, 19 and 23)	**2,426,791**	3,189,462	2,492,965
	14,192,043	14,248,244	18,686,272
INCOME BEFORE INCOME TAX	**3,546,876**	4,378,139	8,274,768
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)	**(758,352)**	420,389	1,754,968
NET INCOME	**₱4,305,228**	₱3,957,750	₱6,519,800
Net income attributable to:			
Equity holders of the parent	**₱3,803,377**	₱3,733,443	₱6,283,634
Noncontrolling interest	**501,851**	224,307	236,166
	₱4,305,228	₱3,957,750	₱6,519,800
Basic/Diluted Earnings Per Share (Note 27)	**₱0.16**	₱0.15	₱0.26

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		
	2021	2020	2019
NET INCOME	**₱4,305,228**	₱3,957,750	₱6,519,800
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss			
Remeasurement gains (loss) on retirement plan, net of tax (Notes 25 and 28)	**(1,032)**	9,149	124,296
Remeasurement gain from an associates investment	–	10,655	–
	(1,032)	19,804	124,296
TOTAL COMPREHENSIVE INCOME	**₱4,304,196**	₱3,977,554	₱6,644,096
Total comprehensive income attributable to:			
Equity holders of the parent	**₱3,802,345**	₱3,753,247	₱6,407,930
Noncontrolling interest	**501,851**	224,307	236,166
	₱4,304,196	₱3,977,554	₱6,644,096

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Losses on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 31)	Total Equity
					For the Year Ended December 31, 2021							
Balances as at January 1, 2021	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱38,776,186**	**₱5,000,000**	**(₱2,619)**	**(₱15,136)**	**₱372,449**	**₱74,072,868**	**₱306,075**	**₱74,378,943**
Net income	–	–	–	–	**3,803,377**	–	–	–	–	**3,803,377**	**501,851**	**4,305,228**
Other comprehensive income	–	–	–	–	–	–	–	**(1,032)**	–	**(1,032)**	–	**(1,032)**
Total comprehensive income	–	–	–	–	**3,803,377**	–	–	**(1,032)**	–	**3,802,345**	**501,851**	**4,304,196**
Changes in noncontrolling interests (Note 31)	–	–	–	–	**10,465,661**	–	–	–	–	**10,465,661**	**1,664,244**	**12,129,905**
Dividends declared (Note 26)	–	–	–	–	**(754,223)**	–	–	–	–	**(754,223)**	–	**(754,223)**
Dividend distribution to noncontrolling interest (Note 31)	–	–	–	–	–	–	–	–	–	–	**(402,627)**	**(402,627)**
Impact of adoption of CREATE Act by an associate (Note 12)	–	–	–	–	**134,030**	–	–	–	–	**134,030**	–	**134,030**
Balances as at December 31, 2021	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱52,425,031**	**₱5,000,000**	**(₱2,619)**	**(₱16,168)**	**₱372,449**	**₱87,720,681**	**₱2,069,543**	**₱89,790,224**

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Losses on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 31)	Total Equity
					For the Year Ended December 31, 2020							
Balances as at January 1, 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱41,661,647	₱–	(₱2,619)	(₱24,285)	₱361,794	₱71,938,525	₱225,768	₱72,164,293
Net income	–	–	–	–	3,733,443	–	–	–	–	3,733,443	224,307	3,957,750
Other comprehensive income	–	–	–	–		–	–	9,149	10,655	19,804	–	19,804
Total comprehensive income	–	–	–	–	3,733,443	–	–	9,149	10,655	3,753,247	224,307	3,977,554
Dividends declared (Note 26)	–	–	–	–	(1,618,904)	–	–	–	–	(1,618,904)	–	(1,618,904)
Dividend distribution to noncontrolling interest	–	–	–	–	–	–	–	–	–	–	(144,000)	(144,000)
Appropriation (Note 26)	–	–	–	–	(5,000,000)	5,000,000	–	–	–	–	–	–
Balances as at December 31, 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱38,776,186	₱5,000,000	(₱2,619)	(₱15,136)	₱372,449	₱74,072,868	₱306,075	₱74,378,943

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Losses on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 31)	Total Equity
	For the Year Ended December 31, 2019											
Balance as at January 1, 2019	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱36,893,845	–	(₱2,619)	(₱148,581)	₱361,794	₱67,046,427	₱237,142	₱67,283,569
Net income	–	–	–	–	6,283,634	–	–	–	–	6,283,634	236,166	6,519,800
Other comprehensive income	–	–	–	–	–	–	–	124,296	–	124,296	–	124,296
Total comprehensive income	–	–	–	–	6,283,634	–	–	124,296	–	6,407,930	236,166	6,644,096
Dividends declared (Note 26)	–	–	–	–	(1,501,060)	–	–	–	–	(1,501,060)	–	(1,501,060)
Dividend distribution to noncontrolling interest	–	–	–	–	–	–	–	–	–	–	(218,000)	(218,000)
Deconsolidation from loss of control (Note 2)	–	–	–	–	(14,772)	–	–	–	–	(14,772)	(29,540)	(44,312)
Balances as at December 31, 2019	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱41,661,647	₱–	(₱2,619)	(₱24,285)	₱361,794	₱71,938,525	₱225,768	₱72,164,293

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,546,876**	₱4,378,139	₱8,274,768
Adjustments for:			
Interest income (Note 23)	**(409,608)**	(404,142)	(571,701)
Gain on sale of investment property	**–**	(65,308)	–
Interest expense and amortization of transaction costs (Note 23)	**2,212,916**	3,137,791	2,442,483
Depreciation and amortization (Notes 13, 14 and 16)	**1,446,779**	1,594,368	1,320,598
Equity in net earnings of associates (Note 12)	**(112,023)**	(516,450)	(401,525)
Pension expense, net of contribution and benefits paid (Note 25)	**21,564**	47,174	91,605
Operating income before changes in operating assets and liabilities	**6,706,504**	8,171,572	11,156,228
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**(1,180,992)**	(2,710,747)	(645,342)
Contract assets	**603,487**	4,181,680	(3,073,636)
Other receivables	**651,720**	(187,138)	(422,684)
Real estate inventories	**(1,744,514)**	(2,010,336)	6,736,824
Other assets	**(610,255)**	(282,510)	(536,688)
Increase (decrease) in:			
Accounts payable and accrued expense	**(820,155)**	172,068	(1,767,272)
Contract liabilities	**(70,673)**	263,863	(1,457,770)
Cash generated from operations	**3,535,122**	7,598,453	9,989,660
Income taxes paid, including creditable withholding taxes	**(384,639)**	(710,244)	(1,387,147)
Interest received	**409,608**	404,142	571,701
Net cash provided by operating activities	**3,560,091**	7,292,351	9,174,214
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties and property and equipment (Notes 13 and 14)	**(5,344,944)**	(5,641,194)	(8,792,995)
Build-transfer-operate (BTO) rights (Note 16)	**(1,062,079)**	(717,809)	(249,090)
Investment in associates	**(11,250)**	–	–
Proceeds from sale of investment property	–	737,840	–
Net cash used in investing activities	**(6,418,273)**	(5,621,163)	(9,042,085)

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES (Note 35)			
Proceeds from availment of:			
Loans payable (Notes 18 and 30)	**₱16,600,200**	₱10,680,000	₱15,400,000
Bonds payable (Notes 19 and 30)	**10,000,000**	8,057,682	–
Payments of:			
Loans payable (Note 18)	**(22,598,029)**	(8,219,965)	(4,840,663)
Bonds payable (Note 19)	**(5,300,000)**	(4,300,000)	(7,000,000)
Cash dividend (Note 26)	**(784,224)**	(1,588,558)	(1,482,405)
Interest and transaction costs	**(3,563,316)**	(3,917,635)	(3,260,571)
Lease liabilities (Note 15)	**(351,321)**	(317,948)	(295,937)
Dividends paid to noncontrolling interest (Note 31)	**(402,627)**	(144,000)	(218,000)
Increase in noncontrolling interest (Note 31)	**12,129,905**	–	–
Increase (decrease) in amounts due to related parties	**92,297**	(828)	(80,492)
Net cash provided by (used in) financing activities	**5,822,885**	248,748	(1,778,068)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,964,703**	1,919,936	(1,645,939)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,693,557**	4,773,621	6,419,560
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱9,658,260**	₱6,693,557	₱4,773,621

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On January 20, 2021, FLI announced, through a Philippine Stock Exchange (PSE) disclosure, that its BOD has approved the transition of Cyberzone Properties, Inc. (CPI) into a Real Estate Investment Trust (REIT) company. CPI is intended to be listed on the PSE in compliance with the minimum public ownership requirements under Philippine securities regulations and the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations and under such terms and conditions as FLI's BOD may subsequently approve.

On June 25, 2021, the shareholders of CPI, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Cyberzone Properties, Inc." to "Filinvest REIT Corp.", (ii) reduction of the par value of its shares, and (iii) increase of the CPI's authorized capital stock. The change in name of CPI, the reduction in the par value of its shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.

On August 12, 2021, Filinvest REIT Corp. ("FILRT") was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3%. This transaction resulted in changes to the Group's Cash, Retained earnings and Noncontrolling interest (see Note 31).

On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of ₱1.00 per share amounting ₱110 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and deconsolidation by the Group (see Notes 12 and 24). As a result of the dilution, the investment in DPI is accounted as investment in associate under the equity method.

On December 16, 2020, FLI subscribed to 382,500 shares of stock of Nature Specialists, Inc. (NSI) consisting of 120,000 common shares and 262,500 preferred shares, all with a par value of ₱100 per share with total consideration of ₱47.25 million, equivalent to 75% shareholding. NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc.. NSI has opened on March 14, 2021 but has not reached commercial level of operations as of December 31, 2021 due to restrictions as a result of COVID-19 pandemic.

On December 26, 2019, FILRT and Filinvest Cyberparks, Inc. (FCI), wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell its ownership in Pro-Excel Property Managers, Inc. (Pro-Excel) to Filinvest Alabang, Inc. (FAI). The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Group. The remaining ownership of the Parent Company in Pro-Excel is 33% (see Notes 2 and 12). Subsequently after disposal, the investment in Pro-excel is accounted as investment in associate under the equity method.

On October 11, 2019, ProMixers Aggregates Corp. (PMAC), a wholly owned subsidiary of DPI, was incorporated mainly to operate concrete batching plant, manufacture and supply of pre-cast and construction equipment and rental. PMAC has not started commercial operations as of December 31, 2020.

On March 18, 2019, ProOffice Works Services, Inc. (ProOffice), a wholly owned subsidiary of FLI, was incorporated to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019. On December 23, 2020, FILRT entered into a Deed of Assignment to sell its 60% interest in ProOffice to FLI for a total consideration of ₱17.16 million. Accordingly, ProOffice became a direct subsidiary of FLI. The transaction has no impact to the consolidated financial statements.

On July 18, 2018, the Securities and Exchange Commission (SEC) approved Timberland Sports and Nature Club, Inc.'s (TSNC or the "Club") application for voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, TSNC's Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) conversion of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive non-profit association; and I removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application on voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation.

Approval of the Consolidated Financial Statements

The consolidated financial statements as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were approved and authorized for issue by the BOD on March 22, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (Peso), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand Pesos except as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following reporting reliefs issued and approved by the SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2021, 2020 and 2019 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**2021**	2020	2019
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
Filinvest REIT Corp. (FILRT)[2]	Leasing	**63%**	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%	100%
Filinvest Clark Mimosa, Inc. (FCMI)[3]	Leasing	**100%**	100%	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%	100%
ProOffice Works Services, Inc. (ProOffice)[4]	Property management	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas)[5]	Theater operator	**60%**	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%

(Forward)

Subsidiaries	Nature of Business	**2021**	2020	2019
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%	98%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%	100%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	**75%**	75%	–
FREIT Fund Managers, Inc.[6]	Fund Manager	**100%**	–	–
Co-Living Pro Managers Corp. (CPMC) [7]	Real estate developer	**100%**	–	–

Notes:
1. *FBCI is owned indirectly through FCGCC.*
2. *On August 12, 2021, FILRT shares were listed at the PSE. FLI previously owned 100% of FILRT and sold 36.7% or 1,797.61 million shares in its initial public offering (see Notes 1 and 31).*
3. *Filinvest Cyberzone Mimosa, Inc. (FCMI) was renamed Filinvest Clark Mimosa Inc. on February 15, 2021.*
4. *40% interest is owned by FCI. Effectively, FLI owns 100% of ProOffice.*
5. *FSM Cinemas is owned indirectly through FSI.*
6. *FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to REIT companies.*
7. *CPMC was incorporated on August 2, 2021 in to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has not started commercial operations as of December 31, 2021.*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this report), purchased or sold a significant amount of assets outside the ordinary course of business.

A subsidiary is an entity which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus of deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

<u>Noncontrolling Interest</u>
Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

<u>Business Combinations Involving Entities under Common Control</u>
A business combination involving entities under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group. Common control business combinations are outside the scope of PFRS 3, *Business Combination*.

The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2021. Unless otherwise indicated, adoption of these amendments to existing standards and interpretations did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Group adopted the amendment beginning April 1, 2021. These amendments had no impact on the Group as there are no rent concessions granted to the Group as a lessee.

- Amendments to PFRS 9, *Financial Instruments,* PFRS 7, *Financial Instruments: Disclosures,* PFRS 4*, Insurance Contracts*, and PFRS 16, *Leases*, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:
- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively. These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group.

- *Adoption of PIC Q&A 2018-12-H, PFRS 15 – Accounting for Common Usage Service (CUSA) Charges*

  On February 14, 2018, PIC Q&A 2018-12-H was issued providing guidance on accounting for common usage service which concludes that real estate developers are generally acting as principal for CUSA charges. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-12-H was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-12-H and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  The Group previously availed of the reliefs provided by the SEC and have accounted for the related revenue net of costs and expenses. As at January 1, 2021, the Group adopted PIC Q&A 2018-12-H retrospectively. The Group assessed itself as principal for CUSA and air-conditioning charges, and as an agent for electricity and water usage. Accordingly, the Group presented the revenue from provision of CUSA and air conditioning services and its related costs on a gross basis as part of "Revenue from rental and related services" and "Cost of rental and related services", respectively.

  The adoption did not impact the consolidated statements of financial position and consolidated statements of cash flows.

  Statement of comprehensive income for the year ended December 31:

	2020		2019	
	PFRS 15	Previous PFRS	PFRS 15	Previous PFRS
	(In Thousand)			
Revenues				
Rental and related services	₱7,527,956	₱6,386,219	₱8,296,472	₱7,008,742
Cost				
Rental and related services	2,150,070	1,008,333	2,416,140	1,128,410

- *Adoption of Q&A 2018-12-E (as amended by PIC Q&A 2020-02) – Treatment of Uninstalled Materials in the Calculation of the POC*

  PIC Q&A 2020-02 was issued by the PIC on October 29. 2020. The latter aims to provide conclusion on the treatment of materials delivered on site but not yet installed in measuring performance obligation in accordance with PFRS 15, *Revenue from Contracts with Customers* in the real estate industry.

  The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it does not engage in supply contracts with suppliers for the provision and installation of materials.

- *Adoption of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The adoption of this PIC Q&A as of January 1, 2021 did not impact the consolidated financial statements of the Group. As the Group has been reporting repossessed inventories as allowed under approach 3, there is no change in accounting upon adoption of the PIC Q&A.

Future Changes in Accounting Policy

The Group will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of these standards to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The Group is assessing the impact of this amendment.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35I of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC agenda decision would change the Group’s current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023.

  Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.
  The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

Significant Accounting Policies

Current versus Noncurrent Classification
The Group presents assets and liabilities in its statement of financial position based on a current and noncurrent classification. An asset is current when it is:
a. expected to be realized or intended to be sold or consumed in normal operating cycle;
b. held primarily for the purpose of trading;
c. expected to be realized within twelve (12) months after the reporting period; or
d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
a. it is expected to be settled in normal operating cycle;
b. it is held primarily for the purpose of trading;
c. it is due to be settled within twelve (12) months after the reporting period, or
d. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest test' and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of December 31, 2021 and 2020, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of income.

The Group classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (included in other noncurrent assets; see Note 16).

Dividends earned on holding these equity instruments are recognized in the consolidated statement of income when the Group's right to receive the dividends is established in accordance with PFRS 15, unless the dividends clearly represent recovery of a part of the cost of the investment.

Reclassification of financial assets
The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVPL at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are - 17 -iabilitie initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Group. Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

As of December 31, 2021 and 2020, loans and borrowings consist primarily of accounts payable and accrued expenses excluding deposit from tenants and other payables, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 15, 17, 18, 19 and 20).

Impairment of Financial Assets and Contract Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Modification of financial assets
The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of income.

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development

Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates

The Group's investment in associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any. Initial cost of investment properties consists of cash paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction and directly attributable costs of bringing the investment properties to its intended location and working condition, including borrowing costs.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

<u>Property and Equipment</u>

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5-20
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

The useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets
Intangible assets include goodwill, and build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets
Other current and noncurrent assets including construction materials and supplies are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of “Other assets” and “Accounts payable and accrued expenses”, respectively, in the consolidated statement of financial position.

Impairment of Nonfinancial Assets
The carrying values of investment in associates, property and equipment, investment properties, right-of-use assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. In assessing value-in-use, the

estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue Recognition

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (ie, measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

Common usage service area charges and air conditioning dues (included as part of 'Rental and related services')
CUSA charges are recognized when the related services are rendered. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsiblefor the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

Theater and snack bar sales (included as part of 'Rental and related services')
Revenue from theater sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Contracts receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expense" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

<u>Other Revenue and Income Recognition</u>
Rental Income
Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income
Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

<u>Cost and Expense Recognition</u>
Costs and expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable.

Retirement Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC MC 34-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2023. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions

The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity

Common and Preferred Stock

The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

The partial disposal or acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interests is - 29 -iabilitie in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interests are acquired or sold without loss of control.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Income Tax
Current Income Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the sametaxable entity and the same taxation authority.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Lease Modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 15).

Group as Lessee
Except for short-term leases and lease of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group - 31 -iabilitie lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20- to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Segment Reporting
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, I if applicable, the nature of the regulatory environment. The Group’s mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Any post year-end event up to the date of the auditor's report that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the consolidated financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

Collectability is also assessed by considering factors such as historical experience with customers, and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

b. Revenue recognition method and measure of progress
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

If such indicators are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount.

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges from the lessees of its commercial spaces.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16. In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rental concessions granted by the Group for the years ended December 31, 2021 and 2020 amounted to ₱734.27 million and ₱625.37 million (see Notes 6 and 15).

Adoption of a 'no tax' regime for FILRT
As a REIT entity, FILRT can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of December 31, 2021, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. Accordingly, the Group has derecognized deferred taxes of FILRT as of December 31, 2021.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 32).

<u>Use of Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue Recognition and Measure of Progress for Real Estate Sales
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g. commission), is determined using the percentage of completion. In view of the continuing community quarantines and restricted mobility, the progress of the Group's performance obligation is adversely affected which resulted to lower percentage-of-completion in 2021 and 2020 as compared to previous years.

For the years ended December 31, 2021, 2020 and 2019, real estate sales amounted to ₱11.27 billion, ₱9.84 billion, and ₱17.01 billion billion, respectively (see Note 6).

Evaluation of Impairment of Contract Receivables and Contract Assets
The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the Group's allowance for ECL.

The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 8.

The carrying values of contract receivables and contract assets are as follows:

	2021	2020
	(In Thousands)	
Contracts receivables (Note 8)	**₱5,337,931**	₱4,156,939
Contract assets (Note 6)	**8,330,575**	8,934,062

Leases – Estimating the incremental borrowing rate to measure lease liabilities
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The incremental borrowing rate used by the Group to measure lease liabilities range from 8.18% to 8.54% in 2021 and 2020.

The Group's lease liabilities amounted to ₱6.35 billion and ₱6.15 billion as of December 31, 2021 and 2020, respectively (see Note 15).

Estimating NRV of Real Estate Inventories
The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In line with the impact of COVID-19, the Group experienced limited selling activities that resulted in lower sales in 2021 and 2020. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2021 and 2020, the carrying amount of real estate inventories amounted to ₱68.73 billion and ₱65.54 billion, respectively (see Note 10). No impairment adjustments were recognized in 2021 and 2020 since the costs are lower than NRV.

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of FILRT, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of 5 years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The Group has adjusted the cash flows forecast and assumptions in 2021 to consider the impact associated with the COVID 19 pandemic. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used in 2021 and 2020 was 8.9% to 10% and 9% to 10.85%, respectively. The growth rates used beyond the forecast period for different cash-generating units is 3% to 12%.

As of December 31, 2021 and 2020, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2021 and 2020 (see Note 4).

Recognition of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱1,906.13 million and ₱2,186.24 million as of December 31, 2021 and 2020, respectively (see Note 28). The tax effect of the Group's carryforward benefits of NOLCO for which no deferred income tax assets were recognized amounted to ₱75.38 million and ₱96.71 million in 2021 and 2020, respectively (see Note 28).

Fair Values of Assets and Liabilities
The Group carries and discloses certain assets and liabilities at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these assets and liabilities would affect directly the Group's consolidated statement of income and other comprehensive income (see Notes 13 and 29).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2021 and 2020 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
FILRT	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in FILRT from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in FILRT from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in FILRT becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted in recognition of goodwill amounting to ₱326.55 million.

As of December 31, 2021 and 2020, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall, I Tagaytay, Main Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark. This also includes the hotel operations of TSNC and NSI and the operations of PDDC of a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. Hotel operations are immaterial in 2021.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only. The Group's revenues are earned in the Philippines.

Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2021, 2020 and 2019, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, except for the adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

The information about the financial position and results of operations of these business segments as of and for the years ended December 31 are summarized below (amounts in thousands).

	2021				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Revenue					
External	**₱11,274,509**	**₱5,591,801**	**₱16,866,310**	**₱–**	**₱16,866,310**
Inter-segment	**233,218**		**233,218**	**(233,218)**	**–**
	11,507,727	**5,591,801**	**17,099,528**	**(233,218)**	**16,866,310**
Equity in net earnings of associates	**112,023**	**–**	**112,023**	**–**	**112,023**
Other income	**11,333,805**	**2,544,546**	**13,878,351**	**(13,117,765)**	**760,586**
	₱22,953,555	**₱8,136,347**	**₱31,089,902**	**(13,350,983)**	**₱17,738,919**
Net income	**₱13,289,790**	**₱3,478,276**	**₱16,768,066**	**(12,462,838)**	**₱4,305,228**
Adjusted EBITDA	**₱16,403,290**	**₱5,590,819**	**₱21,994,109**	**(14,547,117)**	**₱7,446,992**
Segment assets	**₱114,176,209**	**₱83,223,266**	**₱197,399,475**	**(4,175,944)**	**₱193,223,531**
Less net deferred tax assets	**–**	**95,553**	**95,553**		**95,553**
Net segment assets	**₱114,176,209**	**₱83,127,713**	**₱197,303,922**	**(4,175,944)**	**₱193,127,978**
Segment liabilities	**67,170,101**	**29,599,056**	**96,769,157**	**6,664,150**	**103,433,307**
Less net deferred tax liabilities	**5,416,353**	**(136,114)**	**5,280,239**	**37,031**	**5,317,270**
Net segment liabilities	**₱61,753,748**	**₱29,735,170**	**₱91,488,918**	**₱6,627,119**	**₱98,116,037**
Cash flows provided by (used in):					
Operating activities	**₱442,988**	**₱6,908,729**	**₱7,351,717**	**₱3,791,626**	**₱3,560,091**
Investing activities	**(1,188,848)**	**(8,570,940)**	**(9,759,788)**	**(3,341,515)**	**(6,418,273)**
Financing activities	**(1,807,044)**	**13,133,583**	**11,326,539**	**(5,503,654)**	**5,822,885**

	2020				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue (as restated, see Note 2)					
External	₱9,837,122	₱7,527,956	₱17,365,078	₱–	₱17,365,078
Inter-segment	61,144	–	61,144	(61,144)	–
	9,898,266	7,527,956	17,426,222	(61,144)	17,365,078
Equity in net earnings of associates	516,450	–	516,450	–	516,450
Other income	9,291,622	484,270	9,775,892	(9,031,037)	744,855
	₱19,706,338	₱8,012,226	₱27,718,564	(₱9,092,181)	₱18,626,383
Net income	₱10,535,014	₱1,979,406	₱12,514,420	(₱8,556,670)	₱3,957,750
Adjusted EBITDA	₱11,650,307	₱5,371,478	₱17,021,785	(₱8,376,266)	₱8,645,519
Segment assets	₱127,394,893	₱63,510,274	₱190,905,167	(₱9,900,021)	181,005,146
Less net deferred tax assets	–	82,405	82,405	–	82,405
Net segment assets	₱127,394,893	₱63,427,869	₱190,822,762	(₱9,900,021)	180,922,741
Segment liabilities	₱53,922,142	₱55,825,136	₱109,747,278	(₱3,121,075)	₱106,626,203
Less net deferred tax liabilities	6,339,213	(20,489)	6,318,724	194,312	6,513,036
Net segment liabilities	₱47,582,929	₱55,845,625	₱103,428,554	(₱3,315,387)	₱100,113,167
Cash flows provided by (used in):					
Operating activities	(₱4,821,733)	₱13,760,967	₱8,939,234	(₱1,646,883)	₱7,292,351
Investing activities	(322,843)	(5,298,320)	(5,621,163)	–	(5,621,163)
Financing activities	912,263	(455,230)	457,033	(208,285)	248,748

	2019				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue (as restated, see Note 2)					
External	₱17,013,120	₱8,296,472	₱25,309,592	₱–	₱25,309,592
Inter-segment	34,362	–	34,362	(34,362)	–
	17,047,482	8,296,472	25,343,954	(34,362)	25,309,592
Equity in net earnings of associates	401,525	–	401,525	–	401,525
Other income	1,935,747	632,521	2,568,268	(1,318,345)	1,249,923
	₱19,384,754	₱8,928,993	₱28,313,747	(₱1,352,707)	₱26,961,040
Net income	₱4,760,397	₱2,342,253	₱7,102,650	(₱582,850)	₱6,519,800
Adjusted EBITDA	₱6,003,896	₱6,203,684	₱12,207,580	(₱520,774)	₱11,686,806
Segment assets	₱130,313,658	₱49,609,668	₱179,923,326	(₱6,226,895)	₱173,696,431
Less net deferred tax assets	3,019	49,416	52,435	–	52,435
Net segment assets	₱130,310,639	₱49,560,252	₱179,870,891	(₱6,226,895)	₱173,643,996
Segment liabilities	₱70,604,255	₱31,548,256	₱102,152,511	(₱620,373)	₱101,532,138
Less net deferred tax liabilities	6,057,332	361,238	6,418,570	94,043	6,512,613
Net segment liabilities	₱64,546,923	₱31,187,018	₱95,733,941	(₱714,416)	₱95,019,525
Cash flows provided by (used in):					
Operating activities	₱4,646,540	₱5,753,086	₱10,399,626	(₱1,225,412)	₱9,174,214
Investing activities	(2,769,256)	(6,272,829)	(9,042,085)	–	(9,042,085)
Financing activities	(1,591,008)	(208,412)	(1,799,420)	21,352	(1,778,068)

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statement of income. Adjusted EBITDA is the Group's EBITDA adjusted by the equity in net earnings from associates for the year:

	2021	2020	2019
		(In Thousands)	
Adjusted EBITDA	**₱7,308,423**	₱8,645,519	₱11,686,806
Depreciation and amortization (Notes 13, 14 and 16)	**(1,446,779)**	(1,594,368)	(1,320,598)
Operating profit	**5,861,644**	7,051,151	10,366,208
Interest and other finance charges (Note 23)	**(2,426,791)**	(3,189,462)	(2,492,965)
Equity in net earnings of an associate (Note 12)	**112,023**	516,450	401,525
Income before income tax	**₱3,546,876**	₱4,378,139	₱8,274,768

6. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue is presented below:

	2021	2020 (As restated, see Note 2)	2019 (As restated, see Note 2)
		(In Thousands)	
Real estate sales by market segment			
Medium income	**₱7,582,470**	₱ 7,545,026	₱12,156,833
Low affordable and affordable	**2,500,696**	1,375,284	3,256,803
High-end and others	**877,766**	814,504	1,254,289
Socialized	**313,577**	102,308	345,195
	11,274,509	9,837,122	17,013,120
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater and parking sales	**63,021**	18,821	150,565
Snack bar sales	**10**	1,920	22,526
	63,031	20,741	173,091
Tenant dues			
Office leasing	**1,210,100**	1,560,292	1,504,945
Mall operations	**282,993**	298,484	366,008
	1,493,093	1,858,776	1,870,953
Total revenue from contracts with customers	**12,830,633**	11,716,639	19,057,164
Rental revenues			
Office leasing	**3,585,598**	4,895,829	4,054,286
Mall operations	**450,079**	752,610	2,198,142
	4,035,677	5,648,439	6,252,428
Total Revenue	**₱16,866,310**	₱17,365,078	₱25,309,592

The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time. Market segment classifications of projects in 2020 and 2019 were updated to conform with the 2021 presentation.

As of December 31, 2021, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	**₱5,337,931**	**₱–**	**₱5,337,931**
Contract assets	**4,177,819**	**4,152,756**	**8,330,575**
Contract liabilities	**1,171,384**	**774,212**	**1,945,596**

As of December 31, 2020, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱4,156,939	₱–	₱4,156,939
Contract assets	5,400,329	3,533,733	8,934,062
Contract liabilities	1,249,050	767,219	2,016,269

Real estate sales contracts are collectible in equal monthly principal installments in varying periods of two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

In 2020, the Parent Company entered into an Agreement for Purchase of Contract Assets with a local bank. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. Total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱900.54 million. There was no similar transaction in 2021.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations. The amount of revenue recognized in 2021 from amounts included in contract liabilities at the beginning of the year amounted to ₱537.44 million.

Performance Obligation

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either (a) a lot; (b) house and lot and (c) condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2021 and 2020 amounted to ₱1.62 billion and ₱3.75 billion, respectively. Performance obligation for the transaction price amounting to ₱1.49 billion and ₱2.73 billion will be satisfied within one year as of December 31, 2021 and 2020, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services presented as tenant dues (d) administration fee. Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets
The rollforward of the cost to obtain contract included in the other current assets is as follows:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱776,795**	₱467,807
Additions	**192,521**	835,535
Amortization (Note 22)	**(495,034)**	(526,547)
Balance at end of year (Note 11)	**₱474,282**	₱776,795

Amortization of cost to obtain contract is recognized in the statements of comprehensive income under selling and marketing expenses.

For the years ended December 31, 2021 and 2020, additions of contract fulfillment costs amounted to ₱3.89 million and ₱1.19 billion, respectively. Amortization of contract fulfillment costs amounted to ₱948.23 million and ₱312.73 million for the years ended December 31, 2021 and 2020, respectively. Contract fulfilment assets is included as part of real estate inventories.

The Group reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

In determining estimated amount of consideration, the Group uses the same principles in determining contract transaction price.

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

7. Cash and Cash Equivalents

This account consists of:

	2021	2020
	(In Thousands)	
Cash	**₱6,443,411**	₱3,886,911
Cash equivalents	**3,214,849**	2,806,646
	₱9,658,260	₱6,693,557

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱23.15 million, ₱34.53 million and ₱18.96 million in 2021, 2020 and 2019, respectively (see Note 23).

There is no restriction on the Group's cash and cash equivalents as at December 31, 2021 and 2020.

8. Contracts Receivable

This account consists of:

	2021	2020
	(In Thousands)	
Contracts receivable	**₱5,133,740**	₱3,963,551
Receivables from government and financial institutions	**204,191**	193,388
	₱5,337,931	₱4,156,939

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 6).

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2021 and 2020, the Group provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms. Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱355.06 million, ₱347.22 million and ₱403.85 million in 2021, 2020 and 2019, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2021 and 2020, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱796.7 million and ₱460.3 million respectively. As of December 31, 2021 and 2020, the remaining unutilized guaranty line amounted to ₱1.57 billion and ₱2.04 billion, respectively.

As of December 31, 2021 and 2020, no impairment losses were recognized from contracts receivables.

9. Other Receivables

	2021	2020
	(In Thousands)	
Receivables from tenants	**₱1,623,286**	₱2,456,106
Due from related parties (Notes 12 and 20)	**472,233**	347,121
Advances to officers and employees	**310,616**	303,460
Receivables from homeowners' associations	**261,127**	230,189
Receivables from buyers	**1,003**	43,174
Others	**89,884**	23,126
	2,758,149	3,403,176
Less: Allowance for expected credit losses	**47,686**	40,993
	₱2,710,463	₱3,362,183

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within a year. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱31.82 million and ₱25.13 million as of December 31, 2021 and 2020, respectively. The Group has recognized provision for expected credit losses amounting to ₱7.70 million in 2021 (nil in 2020 and 2019).

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2021 and 2020, respectively. The Group has not recognized provision for expected credit losses in 2021, 2020 and 2019.

"Receivables from buyers" mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

10. Real Estate Inventories

This account consists of:

	2021	2020
	(In Thousands)	
Real estate inventories – at cost		
Lots, condominium and residential units for sale	**₱42,808,627**	₱41,659,064
Land and land development	**25,918,294**	23,885,503
	₱68,726,921	₱65,544,567

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱41,659,064**	₱38,851,977
Land costs transferred from land and land development	**3,894**	1,194,483
Net transfer to investment properties and property and equipment (Notes 13 and 14)	**−**	(40,831)
Construction/development costs incurred	**7,093,538**	6,576,586
Capitalized borrowing costs	**495,820**	663,683
Cost of real estate sales	**(6,443,688)**	(5,586,834)
	₱42,808,627	₱41,659,064

Capitalization rate for the capitalized borrowing costs is 4.6%, 1.0% and 1.5% in 2021, 2020 and 2019, respectively.

A summary of the movement in land and land development is set out below:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱23,885,503**	₱24,166,459
Land acquisitions	**653,310**	450,018
Land costs transferred to real estate inventories	**(3,894)**	(1,194,483)
Net transfers and others (Notes 13 and 16)	**−**	(222,994)
Site development and incidental costs	**1,383,375**	686,503
	₱25,918,294	₱23,885,503

As of December 31, 2021 and 2020, on account additions to land and land development during the year which remain outstanding amounted to ₱513.18 million and ₱2.90 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱428.85 million, ₱113.48 million and ₱102.37 million for the years ended December 31, 2021, 2020 and 2019, respectively. Capitalization rate is 4.9%, 2.4% and 4.5% in 2021, 2020 and 2019, respectively.

Acquisition of land and land development included under cash flows used in operating activities amounted to ₱1.18 billion, ₱1.02 billion and ₱2.62 billion for the years ended December 31, 2021, 2020 and 2019, respectively.

In 2020, deposits previously held in escrow amounted to ₱281.85 million for the purchase of a parcel of land in Manila has been transferred to land and land development (see Note 16).

11. **Other Current Assets**

This account consists of:

	2021	2020
	(In Thousands)	
Input taxes – net	**₱2,772,002**	₱2,054,956
Creditable withholding taxes	**1,039,951**	928,110
Prepaid expenses	**209,645**	570,337
Cost to obtain contract (Note 6)	**474,282**	776,795
Construction materials and supplies	**166,497**	105,591
Advances to contractors and suppliers	**218,702**	191,397
Short-term deposits (Note 30)	**52,232**	9,955
	₱4,933,311	₱4,637,141

"Input taxes" pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Prepaid expenses" consist of prepayments for commissions on leases, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Cost to obtain contract" includes accrued commissions net of amount paid to brokers relating to the sale of real estate inventories which qualify for revenue recognition.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts of real estate inventories.

12. **Investments in Associates**

This account consists of:

	2021	2020
	(In Thousands)	
At equity:		
Acquisition cost		
Balance at beginning of year	**₱996,619**	₱906,619
DPI	**−**	90,000
SharePro, Inc.	**11,250**	−
Balance at end of year	**1,007,869**	996,619

(Forward)

	2021	2020
	(In Thousands)	
Accumulated equity in net earnings:		
Balance at beginning of year	**₱1,542,297**	₱1,025,847
Equity in net earnings for the year	**112,023**	516,450
Balance at end of year	**1,654,320**	1,542,297
Share in revaluation increment on land at deemed cost*		
Balance at beginning of year	**1,876,422**	1,876,422
Impact of adoption of CREATE Act	**134,030**	–
Balance at end of year	**2,010,452**	1,876,422
Share in other components of equity	**372,449**	372,449
	₱5,045,090	₱4,787,787

**Presented as part of retained earnings in the consolidated statement of changes in equity.*

As of December 31, the carrying value of the Group's investments in associates follows:

	2021	2020
	(In Thousands)	
FAI	**₱4,782,999**	₱4,552,473
DPI	**98,892**	87,702
FMI	**74,580**	74,022
CTI	**53,166**	52,146
Pro-excel	**24,203**	21,444
SharePro	**11,250**	–
	₱5,045,090	₱4,787,787

FAI

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

For the year ended December 31, 2019, dividends declared by FAI and the corresponding share of the Group amounted to ₱2.02 billion and ₱404.0 million, respectively (nil for the years ended December 31, 2021 and 2020). The dividends declared by FAI in 2019 was received in 2020.

Summarized financial information and reconciliation of investment in FAI is as follows:

	2021	2020
	(In Thousands)	
Current assets	**₱12,376,252**	₱13,528,951
Noncurrent assets	**23,980,258**	23,262,765
Total assets	**36,356,511**	36,791,716
Current liabilities	**2,447,298**	3,963,286
Noncurrent liabilities	**6,899,302**	6,991,632
Total liabilities	**9,346,600**	10,954,918
Equity	**₱27,009,910**	₱25,836,798
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱5,401,982**	₱5,167,360
Less upstream sales	**618,983**	614,887
Carrying amount of the investment	**₱4,782,999**	₱4,552,473

	2021	2020
	(In Thousands)	
Revenue and other income	**₱2,077,786**	₱4,926,052
Cost and other expenses	**(1,182,219)**	(1,920,348)
Depreciation	**(243,102)**	(242,019)
Interest expense	**(120,451)**	(177,689)
Interest income	**2,503**	55,488
Income before tax	**534,517**	2,641,484
Income tax expense	**52,042**	84,766
Net income for the year	**₱482,475**	₱2,556,718
Group's equity in net earnings of associate	**₱96,495**	₱511,344

DPI
On December 21, 2020, FDC subscribed to 110,000,000 common shares of DPI with par value of ₱1.00 per share amounting ₱110.00 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and deconsolidation by the Group (see Note 1). As a result of the dilution, the investment in DPI is accounted as investment in associate under the equity method. Gain on deconsolidation amounted to ₱131.17 million (see Note 24). For the years ended December 31, 2021 and 2020, share in net earnings (loss) of DPI amounted to ₱11.19 million and (₱2.30 million), respectively.

FMI
In 2016, FMI was incorporated and operating in the Philippines and handles the lease of the Mimosa Leisure Estate. The Parent Company subscribed for 47.5% of FMI's capital stock amounting to ₱37.83 million. For the years ended December 31, 2021, 2020 and 2016, share in net earnings of FMI amounted to ₱0.56 million, ₱3.12 million and ₱0.77 million, respectively.

On January 1, 2019, FMI adopted PFRS 16, *Leases*, resulting in a transition adjustment in FMI's retained earnings which resulted in the restatement in the beginning investment in FMI amounting to ₱48.35 million.

CTI
In 2019, the 30% interest in CTI of the Parent Company was classified as an investment in associate. CTI is primarily involved in information technology service management. Share in net earnings of CTI amounted ₱1.02 million and ₱0.33 million for the years ended December 31, 2021 and 2020, respectively.

Pro-Excel
On December 26, 2019, FILRT and FCI, wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell ownership in Pro-Excel to FAI. The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Group. As of December 31, 2020, the remaining ownership of the Parent Company in Pro-Excel is 33%. Share in net earnings of Pro-Excel amounted to ₱2.76 million and ₱3.96 million for the years ended December 31, 2021 and 2020, respectively.

SharePro, Inc. (SPI)
SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Group. In December 2021, the Parent Company subscribed for 45.0% of SPI's capital stock amounting to ₱11.25 million. There was no share in net earnings in 2021.

Aggregate financial information on the associates with immaterial interest (FMI, CTI, Pro-excel, DPI and SPI) follows:

	2021	2020
	(In Thousands)	
Carrying amount	**₱262,091**	₱235,314
Share in net income	**15,528**	5,106
Share in total comprehensive income	**15,528**	5,106

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2021 and 2020.

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2021					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 15)	**Total**
			(In Thousands)			
Cost						
Balances at beginning of year	**₱14,798,900**	**₱29,160,153**	**₱216,420**	**₱26,840,127**	**₱5,376,136**	**₱76,391,736**
Additions	**15,286**	**706,238**	**150,818**	**4,140,888**	**–**	**5,013,230**
Transfers (Note 14)	**(352,785)**	**(921,309)**	**–**	**–**	**–**	**(1,274,094)**
Balances at end of year	**14,461,401**	**28,945,083**	**367,238**	**30,981,015**	**5,376,136**	**80,130,872**
Accumulated Depreciation						
Balances at beginning of year	**–**	**6,623,937**	**214,720**	**–**	**288,122**	**7,126,779**
Depreciation (Note 21)	**–**	**825,783**	**149,552**	**–**	**165,770**	**1,141,105**
Transfers (Note 14)	**–**	**(215,002)**	**–**	**–**	**–**	**(215,002)**
Balances at end of year	**–**	**7,234,718**	**364,273**	**–**	**453,892**	**8,052,883**
Net Book Value	**₱14,461,401**	**₱21,710,365**	**₱2,965**	**₱30,981,015**	**₱4,922,244**	**₱72,077,989**

	2020					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
						(In Thousands)
Cost						
Balances at beginning of year	₱15,771,312	₱28,669,503	₱164,814	₱22,649,397	₱5,279,966	₱72,534,992
Additions	12,270	205,738	91,320	4,225,885	96,170	4,631,383
Disposals	(672,802)	–	–	–	–	(672,802)
Transfers (Notes 10 and 14)	(311,880)	284,183	(39,714)	(35,155)	–	(101,836)
Balances at end of year	14,798,900	29,160,153	216,420	26,840,127	5,376,136	76,391,736
Accumulated Depreciation						
Balances at beginning of year	–	5,786,881	146,960	–	140,091	6,073,932
Depreciation (Note 21)	–	837,056	103,517	–	148,031	1,088,605
Transfers (Notes 10 and 14)	–	–	(35,757)	–	–	(35,757)
Balances at end of year	–	6,623,937	214,720	–	288,122	7,126,779
Net Book Value	₱14,798,900	₱22,536,216	₱1,700	₱26,840,127	₱5,088,014	₱69,264,957

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On October 7, 2020, FILRT sold a portion of its South Road Properties with a carrying value of ₱672.8 million for a consideration of ₱737.8 million. The gain on sale amounting to ₱65.3 million is presented as gain on sale of investment property under “Other income” in the consolidated statement o comprehensive income (see Note 24).

Borrowing costs capitalized as part of investment properties amounted to ₱856.96 million, ₱645.27 million and ₱404.10 million, in 2021, 2020 and 2019, respectively. Capitalization rate used is 1.17% to 3.85%, 1.00% to 6.14%, and 2.43% to 6.47% in 2021, 2020 and 2019.

As of December 31, 2021 and 2020, on account additions to investment properties which remain outstanding amounted to ₱1.33 billion and ₱1.66 billion, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

The aggregate fair value of the Group's investment properties amounted to ₱203.28 billion as of December 31, 2021 based on third party appraisals performed in 2021 by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for buildings and Market approach for land.

Under the Income Approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Group's investment properties.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value. The significant unobservable inputs to valuation of the land is the price per square meter ranging from ₱46,000 to ₱275,000.

The Group has no restrictions on the realizability of its investment properties.

Revenue from rental and related services from investment properties amounted to ₱5.38 billion, ₱7.31 billion and ₱8.10 billion in 2021, 2020 and 2019, respectively (see Note 6). Cost of rental and related services arising from investment properties is as follows:

	2021	2020 (As restated, see Note 2)	2019 (As restated, see Note 2)
		(In Thousands)	
Depreciation	**₱1,013,013**	₱779,223	₱600,409
Mall operations	**1,331,730**	1,289,200	1,635,255
Others	**33,619**	3,719	110,923
	₱2,378,362	₱2,072,142	₱2,346,587

"Others" pertain to cost of ticket sales and snack bar sales. The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants. In 2021, 2020 and 2019, depreciation expense recognized as part of "Rental and related services" revenue amounted to ₱67.96 million, ₱161.35 million and ₱201.48 million, respectively.

Deed of Sale on Installment of the 19.2-hectare South Road Properties (SRP)
In July 2015, FLI, FILRT and FAI (collectively referred to as Filinvest Consortium) won the bidding for a 19.20-hectare lot in Cebu's SRP (see Notes 10 and 13). Thereafter, on August 7, 2015, Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer's discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

The 19.2-hectare property mentioned above is a separate property from the other two properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to FLI Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to restitute the Filinvest Consortiun of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020 with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019 the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.The carrying value of the property amounted to ₱1.22 billion and ₱1.20 billion as of December 31, 2021 and 2020, respectively.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2021						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱2,160,594**	**₱1,804,016**	**₱167,788**	**₱112,523**	**₱191,736**	**₱183,444**	**₱4,620,101**
Additions	**131,746**	**439,854**	**8,575**	**23,386**	**2,363**	**33,805**	**639,729**
Transfers (Note 13)	**1,274,094**	**–**	**–**	**–**	**–**	**–**	**1,274,094**
Balances at end of year	**3,566,434**	**2,243,870**	**176,363**	**135,909**	**194,099**	**217,249**	**6,533,924**

(Forward)

	2021						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**₱327,981**	**₱619,901**	**₱128,440**	**₱76,289**	**₱119,345**	**₱–**	**₱1,271,956**
Depreciation and amortization (Note 21)	**60,930**	**142,883**	**16,692**	**28,498**	**3,942**	**–**	**252,945**
Transfers (Note 13)	**215,002**	**–**	**–**	**–**	**–**	**–**	**215,002**
Balances at end of year	**603,913**	**762,784**	**145,132**	**104,787**	**123,287**	**–**	**1,739,903**
Net Book Value	**₱2,962,521**	**₱1,481,086**	**₱31,232**	**₱31,122**	**₱70,811**	**₱217,249**	**₱4,794,021**

	2020						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱2,118,313	₱1,227,672	₱153,222	₱102,306	₱92,761	₱453,675	₱4,147,949
Additions	42,281	341,846	21,354	11,464	106,703	9,549	533,197
Transfers (Note 13)	–	263,844	–	–	–	(279,780)	(15,936)
Deconsolidation (Note 12)	–	(29,346)	(6,788)	(1,247)	(7,728)	–	(45,109)
Balances at end of year	2,160,594	1,804,016	167,788	112,523	191,736	183,444	4,620,101
Accumulated Depreciation and Amortization							
Balances at beginning of year	278,285	336,137	102,659	63,123	79,027	–	859,231
Depreciation and amortization (Note 21)	49,696	288,860	27,703	13,670	43,409	–	423,338
Deconsolidation (Note 12)	–	(5,096)	(1,922)	(504)	(3,091)	–	(10,613)
Balances at end of year	327,981	619,901	128,440	76,289	119,345	–	1,271,956
Net Book Value	₱1,832,613	₱1,184,115	₱39,348	₱36,234	₱72,391	₱183,444	₱3,348,145

In 2021, NSI started operating TSNC as a hotel. As the use of these assets were changed, investment properties amounting to ₱1,274.09 million, gross of accumulated depreciation of ₱215.00 million, were transferred to property, plant and equipment (see Note 14).

As of December 31, 2021 and 2020, on account additions to property and equipment which remain outstanding amounted to ₱0.66 million and ₱2.18 million, respectively, and these are recognized as part of "Accounts payable and accrued expenses" (see Note 17).

15. Leases

Group as lessee

The Group has lease contracts for land as of January 1, 2020. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

The rollforward analysis of right-of-use assets on land as of and for the year ended December 31 follows:

	2021		
	Investment Properties (Note 13)	**Other Noncurrent Assets** (Note 16)	**Total**
		(In Thousands)	
Cost			
At January 1 and December 31	**₱5,376,136**	**₱112,424**	**₱5,488,560**
Accumulated Depreciation			
At January 1	**288,122**	**8,994**	**297,116**
Depreciation (Note 21)	**165,770**	**468**	**166,238**
As at December 31	**453,892**	**9,462**	**463,354**
Net Book Value	**₱4,922,244**	**₱102,962**	**₱5,025,206**

	2020		
	Investment Properties (Note 13)	Other Noncurrent Assets (Note 16)	Total
		(In Thousands)	
Cost			
At January 1	₱5,279,966	₱112,424	₱5,392,390
Additions	96,170	–	96,170
As at December 31	5,376,136	112,424	5,488,560
Accumulated Depreciation			
At January 1	140,091	4,497	144,588
Depreciation (Note 21)	148,031	4,497	152,528
As at December 31	288,122	8,994	297,116
Net Book Value	₱5,088,014	₱103,430	₱5,191,144

The following are the amounts recognized in the consolidated statement of income for the years ended December 31:

	2021	2020
	(In Thousands)	
Depreciation expense of right-of-use assets (included in general and administrative expenses) (Note 21)	**₱166,238**	₱152,528
Interest expense on lease liabilities (included in interest and other finance charges) (Note 23)	**546,378**	504,674
Total amount recognized in statement of income	**₱712,616**	₱657,202

Interest expense capitalized as part of investment properties amounted to ₱116.09 million and ₱108.14 million in 2021 and 2020, respectively.

The rollforward analysis of lease liabilities as of December 31 follows:

	2021	2020
	(In Thousands)	
At January 1	**₱6,152,960**	₱5,870,064
Additions	**–**	96,170
Interest expense (gross of related capitalized borrowing costs) (Note 23)	**546,379**	504,674
Payments	**(351,321)**	(317,948)
As at December 31	**6,348,018**	6,152,960
Lease liabilities – current portion	**248,590**	328,796
Lease liabilities – net of current portion	**₱6,099,428**	₱5,824,164

The Group also has certain lease of land with variable rental payments and lease of office space considered as 'low-value assets'. The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in statement of income for the years ended December 31:

	2021	2020
	(In Thousands)	
Variable lease payments (included in general and administrative expenses) (Note 21)	**₱15,161**	₱11,256
Expenses relating to leases of low-value assets (included in general and administrative expenses) (Note 21)	**1,872**	2,973
Total	**₱17,033**	₱14,229

Shown below is the maturity analysis of the undiscounted lease payments:

	2021	2020
	(In Thousands)	
1 year	**₱363,029**	₱345,345
more than 1 years to 2 years	**376,195**	363,161
more than 2 years to 3 years	**395,440**	375,283
more than 3 years to 4 years	**414,196**	394,731
more than 5 years	**27,834,454**	28,698,182

Group as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2021 and 2020 are as follows:

	2021	2020
	(In Thousands)	
Within one year	**₱3,832,883**	₱5,318,158
After one year but not more than five years	**8,350,500**	11,450,935
After five years	**2,681,971**	5,826,570
	₱14,865,354	₱22,595,663

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental and related services" account in the consolidated statement of income amounted to ₱264.92 million, ₱292.56 million and ₱334.40 million in 2021, 2020 and 2019, respectively. The Group granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱734.37 million and ₱625.37 million in 2021 and 2020, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2021 and 2020 (see Note 3).

16. Other Noncurrent Assets

This account consists of:

	2021	2020
	(In Thousands)	
BTO rights (Note 32)	**₱4,638,348**	₱3,576,269
Advances to contractors and suppliers (Note 11)	**1,594,945**	1,579,205
Advances to joint venture partners	**412,910**	401,890
Input taxes – net of current portion	**230,170**	–
Creditable withholding taxes – net of current portion	**178,626**	–
Right-of-use assets (Note 15)	**112,424**	112,424
Financial assets at FVOCI (Notes 30 and 32)	**15,622**	15,622
Deposits (Note 10)	**12,276**	15,200
Other assets (Note 32)	**83,450**	205,418
	7,278,771	5,906,028
Less accumulated amortization	**332,596**	279,867
	₱6,946,175	₱5,626,161

"BTO rights" relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2021, and 2020, cost of completed portion pertaining to Cebu Towers 1 and 2 of the BTO project amounted to ₱2.7 billion and ₱2.6 billion, respectively. Construction of Cebu Towers 3 and 4 are still on-going and are expected to be completed in 2021 and 2022, respectively.

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

The rollforward analysis of BTO rights and right-of-use assets as of December 31 follows:

	2021		
	BTO Rights	**Right-of-Use Assets** (Note 15)	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱3,576,269**	**₱112,424**	**₱3,688,693**
Additions	**1,062,079**	**–**	**1,062,079**
Balance at end of year	**4,638,348**	**112,424**	**4,750,772**
Accumulated Amortization			
Balance at beginning of year	**270,873**	**8,994**	**279,867**
Depreciation	**52,261**	**468**	**52,729**
Balance at end of year	**323,134**	**9,462**	**332,596**
Net Book Value	**₱4,315,214**	**₱102,962**	**₱4,418,176**

	2020		
	BTO Rights	Right-of-Use Assets (Note 15)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱2,858,460	₱112,424	₱2,970,884
Additions	717,809	–	717,809
Balance at end of year	3,576,269	112,424	3,688,693
Accumulated Amortization			
Balance at beginning of year	192,945	4,497	197,442
Depreciation	77,928	4,497	82,425
Balance at end of year	270,873	8,994	279,867
Net Book Value	₱3,305,396	₱103,430	₱3,408,826

In 2021, 2020 and 2019, related amortization recognized as part of "Cost of rental and related services" amounted to ₱52.26 million, ₱77.93 million and ₱69.55 million, respectively. Rental income amounting to ₱207.90 million and ₱215.5 million and ₱193.3 million in 2021, 2020 and 2019, respectively, was recognized as part of "Revenue from rental and related services".

As of December 31, 2021 and 2020, on account additions to "BTO Rights" which remain outstanding amounted to ₱0.22 million and ₱1.01 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

"Deposits" include utility and security deposits. In 2020, deposits previously held in escrow amounted to ₱281.85 million for the purchase of a parcel of land in Manila has been transferred to land and land development (see Note 10).

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in consolidated statements of financial position.

"Financial assets at FVOCI" consist of quoted and unquoted shares of stock (see Note 30).

Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. The Group did not receive dividends from unquoted shares in 2021, 2020 and 2019.

"Other assets" includes the fee paid by the Parent Company to a third party for the assignment of the developmental rights for another BTO project in Cebu amounting ₱200 million (see Note 32).

17. Accounts Payable and Accrued Expenses

This account consists of:

	2021			2020		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
	(In Thousands)					
Accounts payable (Note 20)	**₱6,119,431**	**₱5,534,413**	**₱11,653,844**	₱7,298,674	₱4,930,111	₱12,228,785
Deposits from tenants	**1,295,788**	**1,429,650**	**2,725,438**	1,981,658	1,381,945	3,363,603
Retention fees payable	**2,001,782**	**550,160**	**2,551,942**	1,495,682	902,347	2,398,029
Accrued expenses	**1,221,753**	**–**	**1,221,753**	1,009,473	–	1,009,473
Deposits for registration	**177,540**	**1,282,493**	**1,460,033**	155,870	1,122,795	1,278,665
Accrued interest on bonds and loans (Notes 18 and 19)	**704,994**	**–**	**704,994**	674,060	–	674,060
Other payables	**217,203**	**143,083**	**360,286**	501,609	–	501,609
	₱11,738,491	**₱8,939,799**	**₱20,678,290**	₱13,117,027	₱8,337,198	₱21,454,225

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 10, 13 and 14). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others.

Accrued expenses account consists of:

	2021	2020
	(In Thousands)	
Suppliers and contractors	**₱1,170,281**	₱937,183
Professional fees	**38,845**	40,848
Utilities	**7,878**	4,423
Payroll	**3,531**	12,721
Interest	**–**	12,131
Other accruals	**1,218**	2,167
	₱1,221,753	₱1,009,473

"Other payables" pertain mainly to withholding taxes, output VAT payables and deferred income. This also includes the amount due to SPI for the retirement benefits of transferred employees (see Notes 20 and 25).

18. Loans Payable

This account consists of:

	2021	2020
	(In Thousands)	
Developmental loans from local banks	**₱32,299,195**	₱38,233,885
Less unamortized transaction costs	**116,452**	128,862
	32,182,743	38,105,023
Less current portion of loans payable	**4,912,198**	8,866,369
Long-term portion of loans payable	**₱27,270,545**	₱29,238,654

Developmental loans from local banks will mature on various dates up to 2026. These Peso-denominated loans bear floating interest rates equal to 91-day PDST-F rate and or PDST-R2 rate and or 3 months BVAL rate plus a spread, or fixed interest rates of 2.75% to 6.51% per annum. Additional loans availed by the Group in 2021, 2020 and 2019 amounted to ₱16.6 billion, ₱10.68 billion and ₱15.4 billion, respectively. These include availment of short-term loans payable amounting to ₱9.9 billion and ₱1.5 billion in 2021 and 2020, respectively. Principal payments made in 2021, 2020 and 2019 amounted to ₱22.59 billion, ₱8.22 billion and ₱4.84 billion, respectively.

As of December 31, 2021 and 2020, short term loans payable, presented under current portion of loans payable amounted to ₱905.00 million and ₱500.00 million, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱1.89 billion, ₱2.59 billion and ₱1.59 billion for the years ended December 31, 2021, 2020, and 2019, respectively.

In 2021, transactions costs capitalized amounted to ₱63.14 million. Amortization of transaction costs amounted to ₱75.55 million, ₱91.63 million and ₱26.85 million in 2021, 2020 and 2019, respectively, and included under "Interest and other finance charges" (see Note 23).

The Group's loans payable is unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest. As of December 31, 2021 and 2020, the Group has not been cited in default on any of its outstanding obligations.

19. **Bonds Payable**

This account consists of:

	2021	2020
	(In Thousands)	
Bonds payable	**₱36,500,000**	₱31,800,000
Less unamortized transaction costs	**211,078**	136,472
	36,288,922	31,663,528
Less current portion of bonds payable	**6,991,749**	5,294,517
Long-term portion of bonds payable	**₱29,297,173**	₱26,369,011

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2021, ₱2.70 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱4.70 million and ₱7.43 million of December 31, 2021 and 2020, respectively. Accretion in 2021, 2020 and 2019 included as part of 'Interest and other finance charges' amounted to ₱2.73 million, ₱8.25 million and ₱9.58 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2021, ₱5.30 billion of the related bonds payable was paid.

   Unamortized debt issuance cost on bonds payable amounted to ₱4.48 million and ₱12.77 million as of December 31, 2021 and 2020, respectively. Accretion in 2021, 2020 and 2019 included as part of "Interest and other finance charges" amounted to ₱8.29 million, ₱9.33 million and ₱9.81 million, respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of 8.00 billion comprising of 7.00 billion, 7-year fixed rate bonds due in 2022 and 1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱12.95 million and ₱26.37 million as of December 31, 2021 and 2020, respectively. Accretion in 2021, 2020 and 2019 included as part of "Interest and other finance charges" amounted to ₱13.42 million, ₱13.83 million and ₱11.98 million, respectively (see Note 23).

d. On July 7, 2017, FILRT issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017.

   Unamortized debt issuance cost on bonds payable amounted to ₱12.96 million and ₱25.83 million as of December 31, 2021 and 2020, respectively. Accretion in 2021, 2020 and 2019 included as part of "Interest and other finance charges" amounted to ₱12.88 million, ₱12.70 million, and ₱12.61 million respectively (see Note 23).

   On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱44.96 million and ₱64.07 million as of December 31, 2021 and 2020, respectively. Accretion in 2021 and 2020 included as part of "Interest and other finance charges" amounted to ₱19.40 million and ₱2.20 million, respectively (see Note 23).

e. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱131.03 million as of December 31, 2021. Accretion in 2021 included as part of "Interest and other finance charges" amounted to ₱0.75 million (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.54 billion, ₱1.43 billion and ₱1.67 billion for the years ended December 31, 2021, 2020 and 2019, respectively. Payments made on these bonds amounted to ₱5.3 billion, ₱4.3 billion and ₱7.0 billion in 2021, 2020 and 2019, respectively.

The Group's bonds payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.5x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2021 and 2020, the Group has not been cited in default on any of its outstanding obligations.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the the Policy.

In the event whrein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed aupon by the parties. As of December 31, 2021 and 2020, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2021				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱6,132,494**	**₱6,132,494**	0.50% to 4.50%	No impairment	19 (a)
Interest income	**4,708**	**–**			
	₱6,137,202	**₱6,132,494**			
Accounts payable and accrued expenses (Note 17)					
Current portion	**(₱378,968)**	**(₱378,968)**	Noninterest-bearing, payable on installment	Unsecured	19 (a)
Noncurrent portion		**(1,765,189)**	Noninterest-bearing, payable on installment	Unsecured	19 (a)
	(₱378,968)	**(₱2,144,157)**			
Ultimate Parent	**₱40**	**₱141**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate SPI					
Service Fee	**86,641**	**86,803**	Due within 30 days	Unsecured	(d)
Associate -CTI					
Service Fee		**3,540**	Due within 30 days	Unsecured	(d)
Associate - Pro-excel					
Management and service fees	**302**	**74,381**	Due within 30 days	Unsecured	(d)
(Forward)					
Associate - DPI					
Other Income	**(₱10,786)**	**₱149,594**	Due within 30 days	Unsecured	(d)
Associate - FMI					
Other Income	**73**	**64,525**	Due within 30 days	Unsecured	(d)

	2021				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
Associate - FAI					
Rent Income	**3,465**	**(131)**	Noninterest-bearing, collectible on demand	Unsecured	(h)
Share in Other Expenses	**(7,697)**	**10,213**	Noninterest-bearing, collectible on demand	Unsecured	(d)
	₱72,038	**₱389,066**			
Affiliates					
Rental income	**₱7,104**		Noninterest-bearing	Unsecured	(g)
Share in common expenses	**746**	**83,167**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)	**₱79,888**	**₱472,233**			
Parent					
Share in Group expenses	**₱69,332**	**(₱10,575)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Associate - FAI					
Share in other expenses	**–**	**(₱62)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – CTI					
Service Fee	**806**	**(20,855)**	Due within 30 days	Unsecured	(d)
Associate - SharePr					
Share in Other Expenses	**(100,843)**	**(100,843)**	Noninterest-bearing, payable on demand	Unsecured	(d)
	(100,037)	**(121,760)**			
Affiliates	**17,474**	**(71,982)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due telated parties	**(₱13,231)**	**(₱204,317)**			

	2020				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱3,264,153	₱3,264,153	0.50% to 4.50%	No impairment	19 (a)
Interest income	27,148	–			
	₱3,291,301	₱3,264,153			
Accounts payable and accrued expenses (Note 17)					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
Noncurrent portion	–	(1,993,579)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
	(₱378,968)	(₱2,372,547)			
Ultimate Parent	₱35	₱128	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate - Pro-excel					
Management and service fees	4,962	80,823	Due within 30 days	Unsecured	(d)
Associate - DPI					
Other Income	10,136	71,034	Collectible on demand	No impairment	(d)
(Forward)					
Associate - FMI					
Other Income	₱21	₱73,268	Collectible on demand	No impairment	(d)
	15,120	225,125			
Affiliates					
Rental income	7,192	–	Noninterest-bearing	Unsecured	(g)

	2020				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
Share in common expenses	(23,353)	121,868	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)	₱10,199	₱347,121			
Parent					
Share in Group expenses	₱18,873	(₱60,484)	Noninterest-bearing, payable on demand	Unsecured	(c)
Associate - FAI					
Rent	115,155	131	Noninterest-bearing, payable on demand	Unsecured	(h)
Share in other expenses	-	(3,891)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – CTI					
Service Fee	41,203	(42,811)	Due within 30 days	Unsecured	(d)
	₱156,359	(₱46,571)			
Affiliates	(29,155)	(4,966)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties	₱5,778	(₱112,021)			

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, the same will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱45.24 million and ₱38.29 million as of December 31, 2021 and 2020, respectively, are maintained with EW (see Note 25). The Group also maintains cash and cash equivalents with EW.

As of December 31, 2021 and 2020, the amounts payable to EW related to the above purchase of land amounted to ₱2.14 billion and ₱2.33 billion, respectively, and are presented as part of Accounts Payable under accounts payable and accrued expenses in the consolidated statement of financial position (see Note 17).

b. Transactions with Ultimate Parent (ALG)
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. Transactions with Parent Company (FDC)
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

In 2021, FDC made short-term interest-bearing advances to the Group amounting to ₱2.65 billion. These loans bear interest ranging from 2.76% to 4.00% and have maturities of 7 days to 5 months. There are no outstanding advances as of December 31, 2021.

In 2020, certain employees of FLI were transferred to FDC. The related retirement benefits of these employees amounting to ₱12.07 million as of December 31, 2020 was also transferred with a corresponding payable to the FDC (see Note 25).

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 23).

d. Transactions with Associates

Filinvest Alabang, Inc (FAI)
'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges. The account also includes dividend receivable amounting to nil and ₱404.00 million as of December 31, 2020 and 2019, respectively, declared by FAI both years 2020 and 2019 (see Note 12).

Pro-excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances

FMI
Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses.

CTI
Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

SPI
Transactions with SPI, Inc. relates to sharing of common expenses and service fees for technical and project management.

In 2021, certain employees of FLI were transferred to SPI, an associate. The related retirement benefits of these employees amounting to ₱143.08 million as of December 31, 2021 was also transferred with a corresponding payable to the SPI under "Other payables" (see Notes 17 and 25).

e. *Transactions with Affiliates*
Transactions with affiliate relates to sharing of common expenses paid by the Parent Company on their behalf.

FILRT enterted into a service agreement with FDC Retail Electricity Sales whereby FILRT shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

FILRT also entered into a service agreement with Professional Operations Maintenance Experts Incorporated. whereby FILRT shale and pay the services rendered by the latter to operate and maintain its equipment and premises.

FILRT also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the FILRT's parking facilities.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱26.40 million, ₱28.08 million and ₱34.17 million in 2021, 2020 and 2019, respectively. Post-employment benefits of key management personnel amounted to ₱22.28 million, ₱18.77 million and ₱22.41 million in 2021, 2020 and 2019, respectively.

g. *Leases with related parties - Group as lessor*
Chroma ospitality, Inc. (CHI) office lease with FILRT
CHI leases the office space from FILRT. The lease term is 10 years, renewable by another 5 years upon mutual agreement by the parties.

h. *Leases with related parties - Group as lessee*
The Grouphas several land lease transactions with related parties:
1. Mall lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

2. Land lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. . The lease term will expire on December 31, 2034.

3. FCMI lease with FMI
   FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

4. PDDC lease with FAI
   PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2021 and 2020, the amount included in lease liabilities payable to related parties is ₱5,530.6 million and ₱5,566.3 million, respectively (see Note 15).

21. General and Administrative Expenses

The account consists of:

	2021	**2020**	2019
		(In Thousands)	
Salaries, wages and employee benefits	**₱470,638**	₱660,858	₱743,321
Depreciation and amortization (Notes 13, 14, 15 and 16)	**381,505**	440,796	453,930
Repairs and maintenance	**307,204**	145,832	147,475
Taxes and licenses	**262,060**	347,223	355,007
Outside services	**189,165**	158,808	169,798
Entertainment, amusement and recreation	**80,661**	81,024	84,060
Transportation and travel	**65,771**	75,503	89,279
Electronic data processing charges	**53,483**	87,230	89,696
Insurance	**37,208**	33,487	39,680
Communications, light and water	**35,611**	42,914	44,573
Retirement costs (Note 25)	**28,789**	44,551	82,541
Rent (Note 20)	**17,033**	14,229	56,996
Office supplies	**12,797**	11,749	14,170
Others	**37,199**	99,400	104,197
	₱1,979,124	₱2,243,604	₱2,474,723

"Others" mainly consists of postage and dues and subscription, parking operations, freight charges, and other miscellaneous expenses.

22. Selling and Marketing Expenses

The account consists of:

	2021	2020	2019
		(In Thousands)	
Brokers' commissions	**₱497,109**	₱618,337	₱808,437
Selling, advertising and promotions	**198,875**	279,249	336,579
Service fees	**159,604**	87,506	190,826
Sales office direct costs	**50,669**	85,222	92,791
Salaries and wages	**4,603**	5,360	6,057
Others	**956**	2,600	11,916
	₱911,816	₱1,078,274	₱1,448,573

23. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2021	2020	2019
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱355,059**	₱347,224	₱403,850
Cash and cash equivalents (Note 7)	**23,149**	34,533	18,955
Others (Note 25)	**31,400**	22,385	148,896
	₱409,608	₱404,142	₱571,701
Interest and other finance charges:			
Interest expense on loans and bonds payable, net of interest capitalized (Notes 18 and 19)	**₱1,649,610**	₱2,603,346	₱1,882,916
Interest expense on lease liabilities, net of interest capitalized (Note 15)	**430,286**	396,531	488,732
Amortization of transaction costs of loans and bonds (Notes 18 and 19)	**133,020**	137,914	70,835
Other finance charges (Note 25)	**213,875**	51,671	50,482
	₱2,426,791	₱3,189,462	₱2,492,965

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

24. **Other Income**

The account consists of:

	2021	2020	2019
		(In Thousands)	
Processing fees	**₱183,613**	₱25,054	₱67,271
Forfeited reservations and collections	**98,925**	66,822	367,151
Service fees (Note 20)	**24,704**	27,629	104,577
Management, leasing and other fees	**10,400**	9,423	83,556
Foreign currency exchange gain	**1,278**	1,010	2,554
Gain on deconsolidation (Notes 1 and 12)	–	131,171	–
Gain on sale of investment property (Note 13)	–	65,308	–
Others (Note 20)	**32,058**	14,296	53,113
	₱350,978	₱340,713	₱678,222

Other income includes income from hotel operations and other miscelleanous income.

25. **Retirement Costs**

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2021		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at January 1, 2021	**₱618,415**	**₱38,296**	**₱580,119**
Net benefit costs in profit or loss			
Current service cost (Note 21)	**28,789**	–	**28,789**
Net interest (Note 23)	**18,123**	**348**	**17,775**
	46,912	**348**	**46,564**
Benefits paid	**(17,647)**	**(17,647)**	–
Transfer out	**(143,083)**	–	**(143,083)**
Contribution	–	**25,000**	**(25,000)**

(Forward)

	2021		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Remeasurements in other comprehensive income			
Return on Plan assets, excluding amounts included in Interest Income	**₱–**	**(₱759)**	**₱759**
Settlement (gain) loss	**(1,114)**	**–**	**(1,114)**
Experience adjustments	**1,385**	**–**	**1,385**
	271	**(759)**	**1,030**
	₱504,868	**₱45,238**	**₱459,630**

	2020		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at January 1, 2020	₱583,298	₱70,856	₱512,442
Net benefit costs in profit or loss			
Current service cost (Note 21)	44,551	–	44,551
Net interest (Note 23)	24,411	2,285	22,126
	68,962	2,285	66,677
Benefits paid	(19,503)	(19,503)	–
Transfer out	(12,070)	–	(12,070)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(37,533)	(217)	(37,316)
Changes in financial assumptions	35,261	–	35,261
Return on plan assets, excluding amounts included in interest income	–	(15,125)	15,125
	(2,272)	(15,342)	13,070
	₱618,415	₱38,296	₱580,119

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2021 and 2020, these placements are with EW (see Note 20). As of December 31, 2021 and 2020, the carrying amount of the plan assets approximates its fair value.

In 2021 and 2020, certain employees of FLI were transferred to the SPI and FDC. The related retirement benefits of these employees amounting to ₱143.08 million and ₱12.07 million as of December 31, 2021 and 2020, respectively, were also transferred with a corresponding payable to SPI and the Parent Company (see Note 20).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2021	2020	2019
Discount rate	**3.70% - 5.10%**	3.70% - 4.10%	5.19% - 8.00%
Future salary increases	**3.00% - 8.00%**	3.00% - 8.00%	5.00% - 8.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

	Increase (Decrease)		Impact on DBO Increase (Decrease)	
	2021	2020	**2021**	2020
Salary rate	**12%**	13%	**46,902**	65,113
	(10%)	(10%)	**(40,369)**	(50,672)

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2021	2020
	(In Thousands)	
Less than one year	**₱32,559**	₱60,089
More than one year and up to five years	**137,590**	113,477
More than five years and up to 10 years	**158,554**	217,869

The Group does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

26. **Equity**

The details of the Parent Company's common and preferred shares as of December 31, 2021 and 2020 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	₱33,000,000	₱8,000,000
Par value per share	1	0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	−

In 2021, 2020 and 2019, there was no issuance of additional common shares.

Preferred Shares
As stated in the Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (PhP0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares
On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2021, 2020 and 2019. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations
On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.0155 per share for all common shareholders of record as of May 21, 2021 and ₱0.0155 per share for all common shareholders of record as of November 15, 2021 or a total of ₱751.74 million. The Group has remaining unpaid cash dividend amounting to ₱18.7 million as of December 31, 2021.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.000155 per share for all preferred shareholders of record as of May 21, 2021 and ₱0.000155 per share for all preferred shareholders of record as of November 15, 2021 or a total of ₱2.48 million. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2021.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.0324 per share for all common shareholders of record as of July 10, 2020 and ₱0.0324 per share for all common shareholders of record as of November 16, 2020 or total of ₱1.57 billion. The Group has remaining unpaid cash dividend amounting to ₱49.0 million as of December 31, 2020.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.0006 per share for all preferred shareholders of record as of July 10, 2020 and ₱0.0006 per share for all preferred shareholders of record as of November 16, 2020 or a total of ₱5.10 million. The Group also paid dividends amounting ₱42.4 million for dividends in arears for preferred shareholders.

On April 22, 2019, the BOD approved the declaration and payment of cash dividend of ₱0.0619 per share or total of ₱1.50 billion for all shareholders of record as of May 22, 2019. The Group has remaining unpaid cash dividend amounting to ₱18.65 million as of December 31, 2019.

Retained Earnings
Retained earnings include undistributed earnings amounting to ₱4.45 billion and ₱10.56 billion as of December 31, 2021 and 2020, respectively, representing accumulated equity in net earnings of subsidiaries, which are not available for dividend declaration until declared as dividends by the subsidiaries.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2021 and 2020.

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, FLI's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019. The appropriation will cover the capital expenditure of the following projects:

Project	Location	Description	Amount (In Thousands)	Estimated Completion Date
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

Capital Management
The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2021, 2020 and 2019.

The Group monitors capital using interest-bearing debt-to-equity ratio, which is the long-term debt (loans payable, bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its interest-bearing debt-to-equity ratio:

	2021	2020
	(In Thousands)	
Loans payable (Note 18)	**₱32,182,744**	₱38,105,023
Bonds payable (Note 19)	**36,288,922**	31,663,528
Long-term debt	**68,471,666**	69,768,551
Total equity	**89,790,224**	74,378,943
Interest-bearing debt-to-equity ratio	**0.76 : 1.00**	0.94 : 1:00

The Group is subject to externally imposed capital requirements due to loan covenants (see Notes 18 and 19).

On August 12, 1993, SEC approved the registration of ₱2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of ₱3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of common shares and holders of security as of December 31, 2021:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2020	24,249,759	5,670
Add/(deduct) movement	–	(25)
December 31, 2020	24,249,759	5,645
Add/(deduct) movement	–	1
December 31, 2021	**24,249,759**	**5,646**

**Exclusive of 220,949 treasury shares as of December 31, 2020 and 2019.*

27. Earnings Per Share

	2021	2020	2019
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent*	**₱3,800,897**	₱3,728,343	₱6,278,834
b. Weighted average number of outstanding common shares (after considering treasury shares)	**24,249,759**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.16**	₱0.15	₱0.26

**After deducting the dividends for preferred shareholders (Note 26)- 2021: ₱2.5 million, 2020: ₱5.1 million, 2019: ₱4.8 million,*

There were no potential dilutive shares in 2021, 2020 and 2019.

28. Income Tax

Provision for income tax consists of:

	2021	2020	2019
	(In Thousands)		
Current	**₱350,992**	₱596,530	₱1,273,754
Deferred	**(1,109,344)**	(176,141)	481,214
	(₱758,352)	₱420,389	₱1,754,968

The components of the Group's deferred income tax assets follow:

	2021	2020
	(In Thousands)	
Advance rentals	**₱60,396**	₱48,596
Accrued retirement benefits	**23,293**	21,945
NOLCO	**11,864**	11,864
	₱95,553	₱82,405

The components of the Group's net deferred income tax liabilities follow:

	2021	2020
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱4,099,718**	₱4,420,767
Right-of-use-assets	**1,092,018**	1,278,261
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,936,114**	2,917,843
	₱7,127,850	8,616,871

(Forward)

	2021	2020
	(In Thousands)	
Deferred income tax assets on:		
Lease liabilities	**(1,309,748)**	(1,456,532)
NOLCO	**(237,907)**	(285,488)
MCIT	**(109,324)**	(111,947)
Advance rentals	**(4,620)**	(66,779)
Accrued retirement benefits charged to profit or loss	**(120,160)**	(141,335)
Remeasurement losses on retirement plan	**(12,915)**	(15,876)
Allowance for expected credit losses	**(8,123)**	(9,835)
Others	**(7,784)**	(16,043)
	(1,810,581)	(2,103,835)
	₱5,317,269	₱6,513,036

Provision for deferred income tax charged directly to other comprehensive income in 2021, 2020 and 2019 relating to remeasurement gain on defined benefit obligation amounted to ₱2.27 million, ₱3.90 million and ₱53.27 million, respectively. Impact of CREATE amounted to ₱1.05 billion.

The Group did not recognize deferred income tax assets on NOLCO of certain subsidiaries amounting to ₱301.51 million and ₱322.36 million as of December 31, 2021 and 2020, respectively, since management believes that their carryforward benefits may not be realized before they expire.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The MCIT recognized for the period ended December 31, 2020 amounting to ₱111.95 million can be claimed as deduction from income tax due until December 31, 2023.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2021	**₱301,509**	**December 31, 2026**
2020	1,103,515	December 31, 2025
2019	95,495	December 31, 2022
	₱1,500,519	

The following are the movements in NOLCO:

	2021	2020
	(In Thousands)	
At January 1	**₱1,352,800**	₱347,141
Addition	**301,509**	1,103,515
Applied/expired	**(153,790)**	(97,856)
At December 31	**₱1,500,519**	₱1,352,800

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2021	2020	2019
		(In Thousands)	
Income tax at statutory tax rate	**₱886,719**	₱1,313,442	₱2,482,430
Adjustments for:			
Income tax holiday incentive on sales of BOI-registered projects (Note 33)	**(42,913)**	(147,751)	(144,466)
Income covered by PEZA (Note 32)	**(519,422)**	(436,779)	(446,960)
Equity in net earnings of associates	**(28,006)**	(154,935)	(120,458)
Deductible expense - Optional Standard Deduction	**(162,757)**	(166,919)	(37,864)
Tax-exempt net income on socialized housing units	**(17,877)**	(8,549)	(14,292)
Income subjected to final tax	**(12,546)**	(13,143)	(23,968)
Interest on HGC-enrolled contracts receivables	**(1,960)**	(1,936)	(2,524)
Impact of CREATE Act	**(1,121,282)**	–	–
Change in unrecognized deferred tax	**269,940**	5,017	7,577
Nondeductible interest expense	**62,515**	23,446	5,137
Others - net	**(70,763)**	8,496	50,356
	(₱758,352)	₱420,389	₱1,754,968

29. **Fair Value Measurement**

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2021				
			Fair Value		
	Carrying Value	**Total**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	**₱9,425**	**₱9,425**	**₱9,425**	**₱–**	**₱–**
Unquoted	**6,197**	**6,197**	**–**	**–**	**6,197**
	₱15,622	**₱15,622**	**₱9,425**	**₱–**	**₱6,197**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses (Note 17)					
Accounts payable	**₱11,653,844**	**₱11,292,529**	**₱–**	**₱–**	**₱11,292,529**
Retention fee payable	**2,551,942**	**2,442,829**	**–**	**–**	**2,442,829**
Deposits for registration	**1,460,033**	**1,397,606**	**–**	**–**	**1,397,606**
	15,665,819	**15,132,964**	**–**	**–**	**15,132,964**

(Forward)

	2021				
			Fair Value		
	Carrying Value	**Total**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Lease liabilities (Note 15)	**₱6,348,017**	**₱9,000,500**	**₱–**	**₱–**	**₱9,000,500**
Loans payable (Note 18)	**32,182,743**	**30,763,627**	**–**	**–**	**30,763,627**
Bonds payable (Note 19)	**36,288,922**	**33,873,948**	**–**	**–**	**33,873,948**
	₱90,485,501	**₱88,771,039**	**₱–**	**₱–**	**₱88,771,039**

	2020				
			Fair Value		
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱9,425	₱9,425	₱9,425	₱–	₱–
Unquoted	6,197	6,197	–	–	6,197
	₱15,622	₱15,622	₱9,425	₱–	₱6,197
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses (Note 17)					
Accounts payable	₱12,228,785	₱11,705,923	₱–	₱–	₱11,705,923
Retention fee payable	2,398,029	2,295,498	–	–	2,295,498
Deposits for registration	1,278,665	1,223,994	–	–	1,223,994
	15,905,475	15,225,416	–	–	15,225,416
Lease liabilities (Note 15)	6,152,960	8,723,939	–	–	8,723,939
Loans payable (Note 18)	38,105,023	41,329,195	–	–	41,329,195
Bonds payable (Note 19)	31,663,528	32,125,459	–	–	32,125,459
	₱91,826,991	₱97,404,009	₱–	₱–	₱97,404,009

	2019				
			Fair Value		
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱6,545	₱6,545	₱6,545	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	₱15,622	₱15,622	₱6,545	₱–	₱9,077
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses (Note 17)					
Accounts payable	₱13,532,158	₱12,953,559	₱–	₱–	₱12,953,559
Retention fee payable	2,424,633	2,320,965			2,320,965
Deposits for registration	1,289,403	1,234,272	–	–	1,234,272
	17,246,194	16,508,796	–	–	16,508,796
Lease liabilities (Note 15)	5,870,064	8,322,837	–	–	8,322,837
Loans payable (Note 18)	35,528,233	33,564,399	–	–	33,564,399
Bonds payable (Note 19)	27,884,687	25,463,323	–	–	25,463,323
	₱86,529,178	₱83,859,355	₱–	₱–	₱83,859,355

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rates used was 11.5% - 19.0% in 2021 and 2020.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rate used was 4.28% in 2021 and 2020.

- *Long-term debt (lease liabilities, loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

  Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 4.21% to 5.74% and 2.88% to 6.51% as of December 31, 2021 and 2020, respectively.

  During the years ended December 31, 2021, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

30. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:
- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. In order to cover its financing requirements, the Group uses both internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2021 and 2020, the Group has undrawn short-term credit lines amounting ₱13.60 billion and ₱4.82 billion, respectively, and undrawn long-term credit facilities amounting ₱18.28 billion and ₱5.20 billion, respectively.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2021 and 2020 based on contractual undiscounted payments.

	2021						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
			(In Thousands)				
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱3,729,937	₱1,544,357	₱845,137	₱3,328,211	₱2,206,202	₱-	₱11,653,844
Retention fees payable	1,128,889	718,374	154,519	13,223	193,493	343,444	2,551,942
Deposits for registration	-	431	177,548	650,097	256,060	375,897	1,460,033
Accrued expenses	1,221,753	-	-	-	-	-	1,221,753
Accrued interest on bonds and loans	704,994	-	-	-	-	-	704,994
	6,785,573	2,263,162	1,177,204	3,991,531	2,655,755	719,341	17,592,566
Other Payables	-	-	-	143,083	-	-	143,083
Due to Related Parties	204,317	-	-	-	-	-	204,317
Loans Payable	-	1,628,897	4,886,692	19,544,996	11,010,076	-	37,070,661
Bonds Payable	-	2,159,494	6,478,483	18,504,571	8,661,023	5,259,244	41,062,815
Lease liabilities	-	90,757	272,272	771,635	414,196	27,834,454	29,383,314
	₱6,989,890	₱6,142,310	₱12,814,651	₱42,955,816	₱22,741,050	₱33,813,039	₱125,456,756

	2020						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
			(In Thousands)				
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱4,615,670	₱1,734,055	₱948,949	₱2,452,914	₱2,477,197	₱–	₱12,228,785
Retention fees payable	675,435	675,048	145,199	12,425	567,191	322,731	2,398,029
Deposits for registration	–	378	155,492	569,341	224,251	329,203	1,278,665
Accrued expenses	1,009,473	–	–	–	–	–	1,009,473
Accrued interest on bonds and loans	674,060	–	–	–	–	–	674,060
	6,974,638	2,409,481	1,249,640	3,034,680	3,268,639	651,934	17,589,012
Due to Related Parties	112,021	–	–	–	–	–	112,021
Loans Payable	–	2,571,907	7,715,721	14,660,280	17,001,920	–	41,949,828
Bonds Payable	–	1,650,901	4,952,702	23,367,717	3,030,174	1,786,543	34,788,037
Lease liabilities	–	84,290	261,232	1,132,762	844,363	27,399,979	29,722,627
	₱7,086,659	₱6,732,090	₱14,217,465	₱41,885,007	₱23,724,749	₱32,832,140	₱126,478,111

The tables below summarize the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31, 2021 and 2020:

	2021						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱6,443,411**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱6,443,411**
Cash equivalents	–	**3,214,849**	–	–	–	–	**3,214,849**
Contracts receivable							
Contracts receivable	**5,133,740**	–	–	–	–	–	**5,133,740**
Receivables from government and financial institutions	**204,191**	–	–	–	–	–	**204,191**
Other receivables		–	–	–	–	–	
Receivable from tenants – net	**1,658,598**	–	–	–	–	–	**1,658,598**
Due from related parties	**721,285**	–	–	–	–	–	**721,285**
Receivable from homeowners' associations - net	**261,127**	–	–	–	–	–	**261,127**
Receivable from buyers	**1,003**	–	–	–	–	–	**1,003**
Others	**108,049**	–	–	–	–	–	**108,049**
Short-term deposits	–	–	**52,232**	–	–	–	**52,232**
	14,531,404	**3,214,849**	**52,232**	–	–	–	**17,798,485**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	**9,425**	–	–	–	–	**9,425**
Unquoted	–	**6,197**	–	–	–	–	**6,197**
	-	**15,622**	–	–	–	–	**₱15,622**
Total financial assets	**14,531,404**	**3,230,471**	**52,232**	-	-	-	**17,814,107**
Contract Assets	–	**1,044,455**	**3,133,364**	**1,701,470**	**907,803**	**1,543,483**	**8,330,575**
	₱14,531,404	**₱4,274,926**	**₱3,185,596**	**₱1,701,470**	**₱907,803**	**₱1,543,483**	**₱26,144,682**

	2020						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱3,886,911	₱–	₱–	₱–	₱–	₱–	₱3,886,911
Cash equivalents	–	2,806,646	–	–	–	–	2,806,646
Contracts receivable							
Contracts receivable	3,963,551	–	–	–	–	–	3,963,551
Receivables from government and financial institutions	193,388	–	–	–	–	–	193,388
Other receivables							
Receivable from tenants – net	2,456,107	–	–	–	–	–	2,456,107
Due from related parties	347,121	–	–	–	–	–	347,121
Receivable from homeowners' associations - net	230,189	–	–	–	–	–	230,189
Receivable from buyers	43,174	–	–	–	–	–	43,174
Others	23,125	–	–	–	–	–	23,125
Short-term deposits	–	–	9,955	–	–	–	9,955
	11,143,566	2,806,646	9,955	–	–	–	13,960,167
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	9,425	–	–	–	–	9,425
Unquoted	–	6,197	–	–	–	–	6,197
	–	15,622	–	–	–	–	15,622
Total financial assets	11,143,566	2,822,268	9,955	–	–	–	13,975,789
Contract Assets	–	1,254,899	4,145,430	1,363,970	935,151	1,234,612	8,934,062
	₱11,143,566	₱4,077,167	₱4,155,385	₱1,363,970	₱935,151	₱1,234,612	₱22,909,851

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract receivables and contract assets using a provision matrix:

		2021				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱13,668,506**	**₱550,177**	**₱1,941,136**	**₱3,674,836**	**₱6,378,651**	**₱1,123,707**

		2020				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱13,091,002	₱442,089	₱1,800,133	₱2,688,198	₱6,770,394	₱1,390,188

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2021 and 2020. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2021 and 2020, the analysis of contracts receivable that were past due is as follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2021	**₱521,891**	**₱401,973**	**₱393,920**	**₱380,231**	**₱3,435,725**	**₱5,133,740**
2020	₱440,937	₱397,852	₱370,753	₱255,163	₱2,498,846	₱3,963,551

No individually impaired and expected credit loss have been recognized for contracts receivables.

There is no concentration risk on the Group’s financial assets as of December 31, 2021 and 2020.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group’s financial instruments affected by market risk include loans payable and cash and cash equivalents.

The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group’s other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2021	**+200**	**₱21,156**
	-200	**(21,156)**
2020	+200	₱119,591
	-200	(119,591)

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a two hundred basis point upward or downward fluctuation. The Group, used as basis of these assumptions, the annual percentage change of three-month PDST-F rate for the past five years as obtained from Philippine Dealing and Exchange Corp. (PDEx). Effect on the Group’s income before tax is computed on the carrying amount of the Group’s floating rate loans payable as of December 31, 2021 and 2020.

The following tables set out the carrying amount, by maturity, of the Group’s loans payable that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	Below 1 Year	1-2 Years	>2 years but <3 years	3 years to 4 years	Over 4 years	Total
As of December 31, 2021	**₱683,333**	**₱83,333**	**₱291,667**	**₱–**	**₱–**	**₱1,058,333**
As of December 31, 2020	₱1,743,021	₱1,092,034	₱455,569	₱1,442,390	₱1,246,550	₱5,979,564

31. Subsidiary with Material Noncontrolling Interest

On August 12, 2021, FILRT was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI’s interest in Filinvest REIT Corp. decreased to 63.3%. The transaction was accounted for as an equity transaction since there was no change in control over FILRT. Net proceeds from the public offering amounted to ₱12.13 billion and resulted in additions to retained earnings and noncontrolling interest amounting to ₱10.47 billion and ₱1.66 billion, respectively as of December 31, 2021.

As of December 31, 2021, the noncontrolling interest in FILRT represents 36.7%.

Other noncontrolling interest as of December 31, 2021 and 2020 pertains to the 45% equity interest in FBCI, 40% equity interest in FSM Cinemas, 40% equity interest in PDDC, 2% equity interest in TSNC and 25% equity interest in NSI.

Dividend Declaration
On August 31, 2021 and November 18, 2021, FILRT's BOD declared cash dividends totaling to ₱1.06 billion. The share of the noncontrolling interest related to these dividend declarations amounted to ₱402.63 million. The dividends were paid in 2021.

The summarized financial information of FILRT as of and for the year December 31, 2021 is provided below. This information is based on amounts before intercompany eliminations.

Summarized Statement of Financial Position:

	2021
	(In Thousands)
Current assets	₱3,406,246
Noncurrent assets	10,565,910
Total assets	13,972,156
Current liabilities	1,321,493
Noncurrent liabilities	6,667,038
Total liabilities	7,988,531
Equity	₱5,983,625

Statement of Comprehensive Income

	2021
	(In Thousands)
Revenues	₱3,442,017
Cost and other expenses	(1,588,410)
Other charges	(150,469)
Income before income tax	1,703,138
Benefit from income tax	151,996
Net income for the year	₱1,855,134
Net income attributable to noncontrolling interest	₱395,514

Statement of Cash Flows

	2021
	(In Thousands)
Cash flows from (used in)	
Operating activities	₱2,140,086
Investing activities	1,002,046
Financing activities	(1,425,454)
Net increase in cash and cash equivalents	₱1,716,678

The entire proceeds from FILRT's listing shall be used in accordance with its reinvestment plan.

As a REIT entity, FILRT is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations. Thus, FILRT has made adjustments to its policies and processes for managing capital for the year ended December 31, 2021. Per Section 8 of the REITImplementing Rules and Regulations issued by the SEC, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however,that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided,further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management. As of December 31, 2021, the fair value of the deposited properties amounted to ₱52,379.5 million, resulting to a debt ratio of 11.4%. FILRT is compliant to this Aggregate Leverage Limit.

32. **Contingencies and Commitments**

Contingencies
The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Build, Transfer and Operate (BTO) Agreement with Cebu Province
In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 16).

Capital Commitments and Obligations
The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱4,105.52 million and ₱5,765.02 million as of December 31, 2021 and 2020, respectively. These will be recognized as liabilities in the Group’s consolidated financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. As of December 31, 2021 and 2020, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of ‘Other noncurrent assets’ in the consolidated statement of financial position (see Note 16).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the Clark Green City Project (see Note 1). The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 13).

On March 16, 2016, FCGC and BCDA incorporated Filinvest BCDA Clark Inc. (FBCI) with an initial authorized capital stock of One Million Pesos (₱1,000,000) divided into One Million (1,000,000) common shares with par value of One Peso per share.

On March 29, 2017 and May 17, 2017, FBCI's Board of Directors (BOD) and stockholders, respectively, approved the Company's application for the increase in the authorized capital stock. On September 28, 2018, the SEC approved the increase in the authorized capital stock of FBCI from ₱1,000,000 divided into 1,000,000 shares at ₱1.00 par value per share to ₱1,000,000,000 divided into 1,000,000,000 shares at ₱1.00 par value per share. FCGC subscribed 282,880,000 shares at par value amounting to ₱282,880,000, out of which ₱267,330,000 shares at is still unpaid. On the other hand, BCDA subscribed 231,000,000 shares amounting ₱231,000,000 and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the CGC project will be developed. The value of the DUR approved by the SEC amounted to ₱231,000,000, which is equal to BCDA's subscription on the increase in authorized capital stock. FCGCC and BCDA subscribed pro rata on the increase in authorized capital stock based on their existing ownership interest. The DUR was recorded in FBCI's books as of December 31, 2021 and 2020 under investment properties.

33. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and FILRT were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.
On June 6, 2000, FILRT was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

34. Registration with the Board of Investments (BOI)

The Group has registered the following New Developer of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) and are un-expired as of December 31, 2021:

Name	Reg. No.	Date Registered
New Fields	2018-016	01/22/2018
Futura Homes Palm Estates Ph 1	2018-156	07/20/2018
Sandia Homes 2	2019-136	07/25/2019
Futura Homes Zamboanga Ph1A	2018-200	09/24/2018
8 Spatial Davao Bldg 5	2019-182	09/26/2019
Marina Spatial Bldg 2	2019-259	12/02/2019
New Leaf	2019-054	03/20/2019

As a registered enterprise, the Group is entitled to certain tax and nontax incentives, subject to certain conditions.

35. Notes to Statements of Cash Flows

The Group's noncash activities are as follows:

a) Land and land developments previously presented under inventories were reclassified to investment property in 2020 amounting to ₱0.07 million (see Notes 10 and 13).
b) Addition to investment in associate due to impact of CREATE Act to FAI amounting to ₱134.03 million. (see Note 12)
c) Reclasssification from investment property to property, plant and equipment amounting to ₱1,274.09 million (see Notes 13 and 14)
d) Purchases of real estate inventories, investment properties, property and equipment, and BTO rights which remain unpaid amounted to ₱513.18 million, ₱1.98 billion and ₱0.66 million, ₱0.22 million, respectively, as of December 31, 2021; and ₱2.9 million, ₱1.66 billion and ₱2.18 million, ₱1.01 million, respectively, as of December 31, 2020 (see Notes 10, 13 and 14).
e) Increase in Other payables and decrease in retirement liabilities amounting to ₱143.08 million due to transfer of certain employees to related parties (see Notes 17 and 25).
f) The Group has remaining unpaid cash dividend amounting to ₱19.0 million and ₱49.0 million out of the dividends declared in 2021 and 2020, respectively (see Note 26).

g) Total accretion of interest for loans and bonds payable amounted to ₱75.55 million and ₱57.47 million, respectively, in 2021; and ₱91.6 million and ₱46.2 million, respectively, in 2020 (see Notes 18 and 19).

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2021			
	January 1, 2021	**Cash flows**	**Noncash movement**	**December 31, 2021**
	(In Thousands)			
Loans payable	**₱38,105,023**	**(₱5,997,829)**	**75,550**	**₱32,182,744**
Bonds payable	**31,663,528**	**4,700,000**	**74,606**	**36,288,922**
Accrued interest	**674,060**	**(3,400,306)**	**3,431,240**	**704,994**
Dividends payable	**49,001**	**(784,224)**	**754,223**	**19,000**
Lease liabilities	**6,152,960**	**(351,321)**	**546,378**	**6,348,017**
Due to related parties	**112,021**	**92,297**	**–**	**193,742**
	₱76,768,613	**(₱6,079,842)**	**(₱5,048,649)**	**₱75,737,420**

	2020			
	January 1, 2020	Cash flows	Noncash movement	December 31, 2020
	(In Thousands)			
Loans payable	₱35,528,233	₱2,460,035	₱116,755	₱38,105,023
Bonds payable	27,884,687	3,757,682	21,159	31,663,528
Accrued interest	358,754	(3,917,635)	4,232,941	674,060
Dividends payable	18,655	(1,588,558)	1,618,904	49,001
Lease liabilities	5,870,064	(317,948)	600,844	6,152,960
Due to related parties	100,779	(828)	12,070	112,021
	₱69,761,172	₱392,748	₱6,614,693	₱76,768,613

	2019			
	January 1, 2019	Cash flows	Noncash movement	December 31, 2019
	(In Thousands)			
Loans payable	₱24,948,473	₱10,559,337	₱20,423	₱35,528,233
Bonds payable	34,834,266	(7,000,000)	50,421	27,884,687
Accrued interest	358,433	(3,260,571)	3,260,892	358,754
Dividends payable	–	(1,482,405)	1,501,060	18,655
Lease liabilities	–	(295,937)	6,166,001	5,870,064
Due to related parties	181,271	(80,492)	–	100,779
	₱60,322,443	(₱1,560,068)	₱10,998,797	₱69,761,172

'Noncash movement' column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable, dividend declaration and share in the net income of noncontrolling interest.

36. **Other Matters**

COVID-19 Pandemic

The Group continues to abide by and comply with all rules and regulations issued by the government in relation to the COVID-19 pandemic. In line with applicable rules and regulations, the said risks are mitigated by business continuity strategies set in place by the Group. Measures currently undertaken by the Group to mitigate the risks of COVID-19 pandemic on its operations include workfrom-home arrangements, proper and frequent sanitation of office premises, cancellation of large group meetings in person, an internal ban on foreign business travel, and the practice of social distancing through remote communication, among others.

The quarantine restrictions and recent social distancing guidelines limit the operations of malls and construction completion. Despite the challenges, the Group prioritized easing the burden of its customers by providing payment grace periods or rental relief. Past efforts in process improvement and digitalization allowed the company to operate efficiently and effectively to continue to serve customers. Operations have adjusted to the pandemic from digital marketing and online selling processes to the continued communication with the buyers and homeowners through the online service desk. As of date, estimate of the impact cannot be made.

The Group is taking a two-pronged strategy of (i) expanding the investment property portfolio and (ii) prudent residential development focusing on the end-user, affordable and middle-income markets. The company is concentrating on the completion of its key projects, particularly office buildings which continue to be in demand and selected residential developments across the country.

Typhoon Odette

On December 16, 2021, Typhoon Rai (local name Odette) brought torrential rains, violent winds, landslides, and storm surges to various provinces in Visayas and Mindanao. This did not materially hamper the operations of the Group's properties in Cebu. Damage to properties was not material and eligible to receive insurance claims.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 22, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2020, January 31, 2020, valid until January 30, 2023
PTR No. 8854361, January 3, 2022, Makati City

March 22, 2022

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 22, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission ("SEC"), and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2020, January 31, 2020, valid until January 30, 2023
PTR No. 8854361, January 3, 2022, Makati City

March 22, 2022

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES

ANNEX A

FILINVEST LAND, INC.
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2021
(Amounts in Thousands of Pesos)

Unappropriated Retained Earnings of Parent Company, as adjusted, January 1, 2021			₱31,820,393
Net income based on the face of audited financial statements of Parent Company		17,039,791	
Less:	Non-actual/unrealized income net of tax		
	Equity in net income of subsidiaries and an associate	–	
	Unrealized foreign exchange gain – net	–	
	Unrealized actuarial gain	–	
	Fair value adjustment (marked-to-market gains)	–	
	Fair value adjustment of Investment Property resulting to gain	–	
	Adjustment due to deviation from PFRS/GAAP gain	–	
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	(3,214,220)	
Add:	Movement in deferred tax assets of the Parent Company	185,661	
	Non-actual/unrealized losses net of tax		
	Depreciation on revaluation increment	–	
	Adjustment due to deviation from PFRS/GAAP loss	–	
	Loss on fair value adjustment of Investment Property	–	
Net income actual/realized			14,011,232
Less:	Dividend declarations during the year		(754,223)
Unappropriated Retained Earnings, as adjusted, December 31, 2021			₱45,077,402

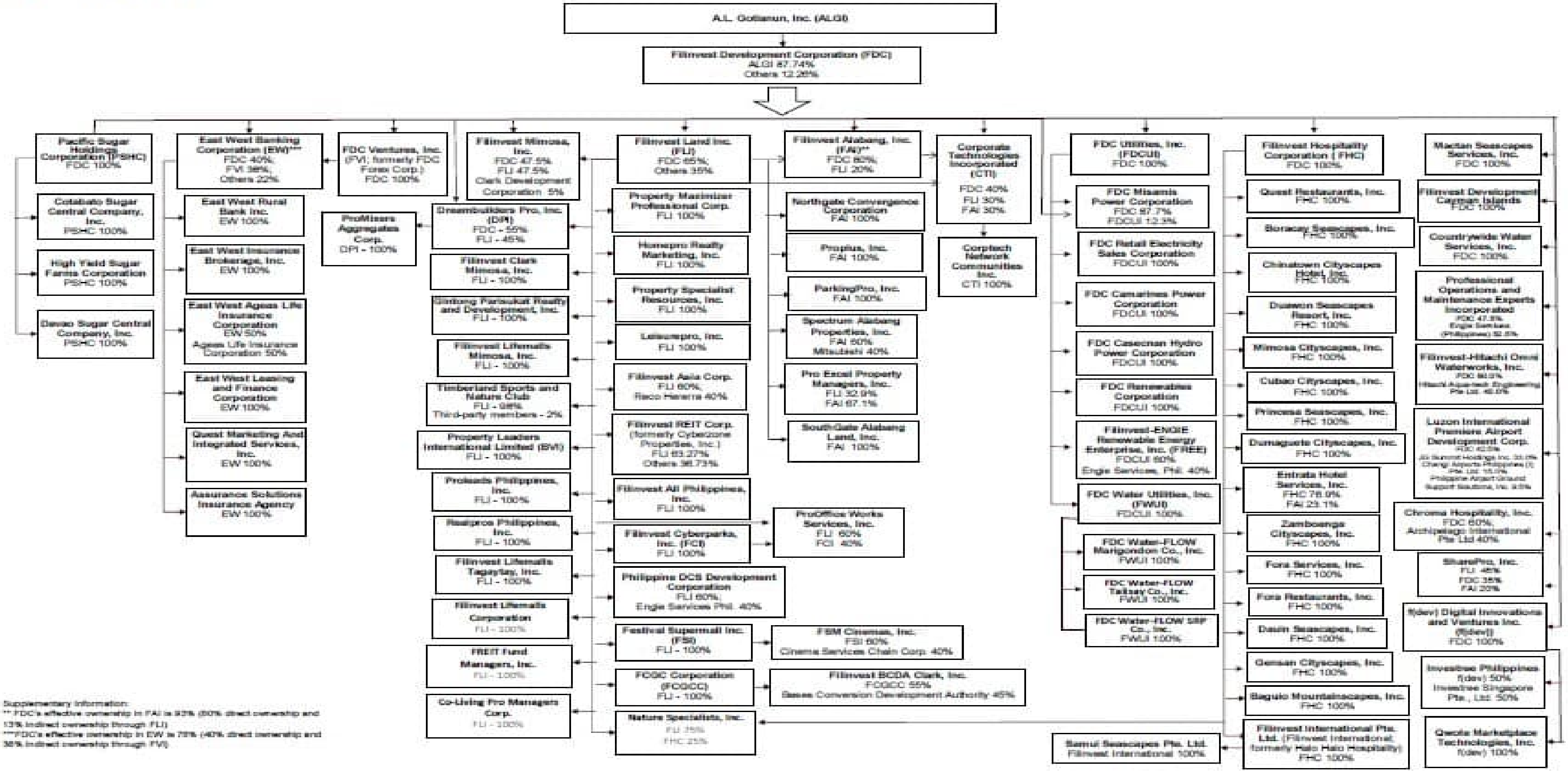
ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2021

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of December 31, 2021)



SCHEDULE A

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2021

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2021:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVOCI				
Quoted:				
Philippine Long Distance Telephone Company	26,100	₱348	₱348	₱–
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	–
		6,545	6,545	–
Unquoted:				
The Palms Country Club, Inc.	1,000	₱3,060	₱3,060	₱–
Cebu Country Club	1	6,017	6,017	–
		9,077	9,077	–
		₱15,622	₱15,622	₱–

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

SCHEDULE B

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021

As of December 31, 2021, there were no advances to employees of the Group with balances above ₱1.0 million.

All amounts receivable from related parties pertained to items arising in the ordinary course of business.

SCHEDULE C

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021

Below is the schedule of receivables with related parties which are eliminated in the consolidated financial statements as of December 31, 2021. All are noninterest-bearing and to be settled within the year (amounts in thousands):

		Volume of Transactions	Receivable
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Share in expenses	₱980,028	₱3,857,464
Homepro Realty Marketing, Inc. (Homepro)	Share in expenses	12,558	807,912
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Share in expenses	(9,593)	533,155
Filinvest Cyberparks, Inc. (FCI)	Share in expenses	343,763	357,587
Filinvest Clark Green City (FCGC)	Share in expenses	31,347	289,219
Property Maximizer Professional Corp. (Promax)	Share in Expenses	(13,924)	99,993
Nature Specialists, Inc.	Share in expenses	13,931	43,438
Proleads Philippines, Inc. (PPI)	Share in expenses	716	26,674
Timberland Sports and Nature Club, Inc. (TSNC)	Share in expenses	16,601	19,476
Gintong Parisukat Realty and Development Inc. (GPRDI)	Share in expenses	6,264	18,511
Realpros Philippines, Inc. (RPI)	Share in expenses	177	15,085
Filinvest BCDA Clark, Inc. (FBCI)	Share in expenses	479	12,056
Property Specialist Resources, Inc. (Prosper)	Share in expenses	7	7,872
Leisurepro, Inc. (Leisurepro)	Share in expenses	47	6,501
Co-Living Pro Managers Corp.	Share in Expenses	2,462	2,462
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Share in expenses	1	210
Property Leaders International Limited (PLIL)	Share in expenses	0	111
Philippine DCS Development Corporation (PDDC)	Share in expenses	-21	97
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	21	23
FREIT Fund Managers, Inc. (FFMI)	Share in expenses	18	18
			₱6,097,864

The table below shows the movement of the receivables from related parties:

	Balance at beginning of year	Additions	Collections	Balance as of December 31, 2021
Filinvest Cyberzone Mimosa, Inc. (FCMI)	₱2,877,436	980,028	-	3,857,464
Homepro Realty Marketing, Inc. (Homepro)	795,354	12,558	-	807,912
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	542,747	(9,592)	(1)	533,155
Filinvest Cyberparks, Inc. (FCI)	13,824	343,763	-	357,587
Filinvest Clark Green City (FCGC)	257,872	31,347	-	289,219
Property Maximizer Professional Corp. (Promax)	113,917	(13,924)	-	99,993
Nature Specialists, Inc.	29,508	13,931	-	43,438
Proleads Philippines, Inc. (PPI)	25,958	716	-	26,674
Timberland Sports and Nature Club, Inc. (TSNC)	2,875	16,601	-	19,476
Gintong Parisukat Realty and Development Inc. (GPRDI)	12,247	6,264	-	18,511
Realpros Philippines, Inc. (RPI)	14,908	177	-	15,085
Filinvest BCDA Clark, Inc. (FBCI)	11,576	479	-	12,056
Property Specialist Resources, Inc. (Prosper)	7,865	7	-	7,872
Leisurepro, Inc. (Leisurepro)	6,454	47	-	6,501
Co-Living Pro Managers Corp.	-	2,462	-	2,462
Filinvest Lifemalls Mimosa, Inc. (FLMI)	210	1	-	210
Property Leaders International Limited (PLIL)	111	-	-	111
Philippine DCS Development Corporation (PDDC)	118	39	(60)	97
ProOffice Works Services, Inc. (ProOffice)	2	21	-	23
FREIT Fund Managers, Inc. (FFMI)	-	18	-	18
	₱4,712,982	**₱1,384,943**	**(₱61)**	**₱6,097,864**

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2021

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Developmental loans			
Unsecured loan obtained in March 2016 with interest rate equal to 5.74% per annum (fixed rate for 7 years). The 50% of principal balance is payable in 20 equal quarterly amortizations to commence in June 2018 and 50% is payable at maturity in March 2023.	₱124,833	₱19,973	₱104,860
Unsecured loan obtained in October 2016 with interest rate equal to 4.47% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	489,869	69,981	419,888
Unsecured loan obtained in October 2016 with interest rate equal to 4.21% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	909,701	129,957	779,744
Unsecured loan obtained in November 2016 with interest rate equal to 4.75% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	300,000	50,000	250,000
Unsecured loan obtained in November 2016 with interest rate equal to 5.20% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	374,908	62,485	312,423
Unsecured loan obtained in December 2016 with interest rate equal to 5.23% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% principal is payable in 16 equal amortizations to commence in March 2020 and 50% is payable at maturity in December 2023.	149,762	24,960	124,802
Unsecured loan obtained in February 2017 with interest rate equal to 4.65% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in May 2019 and 50% is payable at maturity in February 2022.	54,158	54,158	-
Unsecured loan obtained in March 2017 with interest rate equal to 4.86% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in June 2019 and 50% is payable at maturity in March 2022.	135,375	135,375	-
Unsecured loan obtained in March 2017 with interest rate equal to 5.00% per annum (fixed rate for 5 years). The 50% principal is payable in 12 equal amortization to commence in June 2019 and 50% is payable at maturity in March 2022.	270,708	270,708	-

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in June 2017 with interest rate equal to 5.07% per annum (fixed rate for 5 years), payable quarterly in arrears. The 3% principal is payable in three (3) annual amortizations to commence in June 2019 and 97% is payable at maturity in June 2022.	₱969,502	₱969,502	₱-
Unsecured loan obtained in July 2017 with interest rate equal to 4.78% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in October 2019 and 50% is payable at maturity in July 2022.	109,287	109,287	-
Unsecured loan obtained in December 2017 with interest rate equal to 5.46% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in March 2020 and 50% is payable at maturity in December 2022.	266,267	266,267	-
Unsecured loan obtained in June 2018 with interest rate equal to 4.99% per annum (fixed rate for 5 years). 6% of the principal balance is payable at 12 equal quarterly amortization to commence on September 2020 and 94% is payable maturity on June 2023.	483,938	9,978	473,959
Unsecured loan obtained in June 2019 with interpoted rate of 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,826,777	332,141	1,494,635
Unsecured loan obtained in June 2019 with interpoted rate of 4.99% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,826,820	332,149	1,494,671
Unsecured loan obtained in June 2019 with interpoted rate of 4.84% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	2,740,228	498,223	2,242,004
Unsecured loan obtained in June 2019 with interpolated rate of 5.0513%, payable quarterly in arrears. The principal is payable at maturity on June 2024.	1,992,088	-	1,992,088
Unsecured loan obtained in June 2019 with interest rate equal to 91-day Bloomberg Valuation Service Rate (BVAL Rate) plus margins, payable quarterly in arrears. The 50% principal is payable in 12 equal quarterly amortizations to commence on September 2021 and 50% payable at maturity on June 2024.	458,333	83,333	375,000
Unsecured loan obtained in September 2019 with interest rate equal to 5.30% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	995,682	-	995,682
Unsecured loan obtained in September 2019 with interest rate equal to 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting December 2021 and the reamining 50% balance is payable in September 2024.	287,500	50,000	237,500

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in September 2019 with interest rate equal to 5.11% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	₱995,677	₱-	₱995,677
Unsecured loan obtained in October 2019 with interest rate equal to 4.98% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2024.	497,767	-	497,767
Unsecured loan obtained in October 2019 with interest rate equal to 5.18% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting January 2022 and the reamining 50% balance is payable in October 2024.	500,000	83,333	416,667
Unsecured loan obtained in November 2019 with interest rate equal to 5.01% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in November 2024.	1,000,000	-	1,000,000
Unsecured loan obtained in December 2019 with interest rate equal to 5.06% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting March 2022 and the reamining 50% balance is payable in December 2024.	300,000	50,000	250,000
Unsecured loan obtained in January 2020 with interest rate equal to 5.32% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting April 2022 and the reamining 50% balance is payable in January 2025.	500,000	62,500	437,500
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	373,362	46,670	326,692
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	425,000	53,125	371,875
Unsecured loan obtained in January 2020 with interpoted rate of 5.08% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 11 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in October 23 2024.	995,375	135,733	859,642
Unsecured loan obtained in February 2020 with interest rate equal to 5.02% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in February 2025.	300,000	-	300,000
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in July 2022 and 50% is payable at maturity in April 2025.	300,000	25,000	275,000
Unsecured loan obtained in April 2020 with interest rate equal to 4.91% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	500,000	-	500,000

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in May 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in May 2025.	₱278,526	₱-	₱278,526
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	199,000	-	199,000
Unsecured loan obtained in July 2020 with interest rate equal 5.4898% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in July 2025.	994,783	41,449	953,334
Unsecured loan obtained in July 2020 with interest rate equal 5.4101% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in July 2025.	994,804	41,450	953,354
Unsecured loan obtained in October 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in January 2023 and 50% is payable at maturity in October 2025.	696,063	-	696,063
Short term loan obtained in July 2021 with interest rate equal to 3.33% per annum, payable quarterly in arrears. The principal is payable at maturity in January 2022.	100,000	100,000	-
Unsecured loan obtained in August 2021 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in August 2026.	854,088	-	854,088
Short term loan obtained in September 2021 with interest rate equal to 3.33% per annum, payable quarterly in arrears. The principal is payable at maturity in March 2022.	205,000	205,000	-
Unsecured loan obtained in September 2021 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in September 2026.	992,890	-	992,890
Unsecured loan obtained in September 2021 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in September 2026.	992,890	-	992,890
Short term loan obtained in September 2021 with interest rate equal to 3.090% per annum, payable quarterly in arrears. The principal is payable at maturity in February 2022.	599,458	599,458	-
Unsecured loan obtained in September 2021 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in September 2026.	645,379	-	645,379

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Unsecured loan obtained in September 2021 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in September 2026.	₱695,023	₱-	₱695,023
Unsecured loan obtained in November 2021 with interest rate equal to 4.75% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in November 2026.	1,240,923	-	1,240,923
Unsecured loan obtained in November 2021 with interest rate equal to 4.97% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in November 2026.	248,177	-	248,177
Unsecured loan obtained in November 2021 with interest rate equal to 4.98% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in November 2026.	496,353	-	496,353
Unsecured loan obtained in December 2021 with interest rate equal to 5.01% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2026.	496,271	-	496,271
Unsecured loan obtained in December 2021 with interest rate equal to 5.01% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2026.	100	-	100
Unsecured loan obtained in December 2021 with interest rate equal to 5.01% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2026.	100	-	100
	32,182,744	4,912,198	27,270,545
Bonds			
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on November 8, 2013. This comprised of P4.30 billion 7-year fixed rate bonds due in November 2020 with a fixed interest rate of 4.86% per annum, and P2.70 billion 10-year fixed rate bonds due in November 2023 with a fixed interest rate of 5.43% per annum.	2,695,305	-	2,695,305
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on December 4, 2014. This comprised of P5.30 billion, 7-year fixed rate bonds due in December 2021 with a fixed interest rate of 5.40% per annum, and P1.70 billion, 10-year fixed rate bonds due in December 2024 with a fixed interest rate of 5.64% per annum.	1,695,521	-	1,695,521
Fixed rate bonds with aggregate principal amount of P8.00 billion issued by the Group on August 20, 2015. This comprised of P7.00 billion, 7-year fixed rate bonds due in August 2022 with a fixed interest rate of 5.36% per annum, and P1.00 billion, 10-year fixed rate bonds due in August 2025 with a fixed interest rate of 5.71% per annum.	7,987,045	6,991,749	995,296
Fixed rate bonds with principal amount of P6.00 billion and term of 5.5 years from the issue date was issued by the Company on July 7, 2017 to mature in January 2023 with fixed interest rate is 5.05% per annum.	5,987,045	-	5,987,045

Type of Obligation	Amount	Current	Noncurrent
		(In Thousands)	
Fixed rate bonds with aggregate principal amount of P8.1 billion issued by the Group on November 18, 2020. This comprised of P6.3 billion 3-year fixed rate bonds due in November 2023 with a fixed interest rate of 3.34% per annum, and P1.8 billion 5.5-year fixed rate bonds due in May 2026 with a fixed interest rate of 4.18% per annum.	₱8,055,040	₱-	₱8,055,040
Fixed rate bonds with aggregate principal amount of P10.0 billion issued by the Group on December 21, 2021. This comprised of P5.0 billion 4-year fixed rate bonds due in December 2025 with a fixed interest rate of 4.53% per annum, and P5.0 billion 6-year fixed rate bonds due in December 2027 with a fixed interest rate of 5.26% per annum.	9,868,967	-	9,868,967
	36,288,922	6,991,749	29,297,173
	₱68,471,666	**₱11,903,947**	**₱56,567,718**

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2021.

SCHEDULE E

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2021

This schedule is not applicable as there are no non-current indebtedness which exceed 5% of total assets as of December 31, 2021 and 2020.

SCHEDULE F

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021

The Group does not have guarantees of securities of other issuers as of December 31, 2021.

SCHEDULE G

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2021

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
			(In Thousands)			
Common Shares	33,000,000	24,470,708	−	16,147,682	51,071	8,051,007
Preferred Shares	8,000,000	8,000,000	−	8,000,000	−	None

SCHEDULE H

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF BOND ISSUANCES - SECURITIES OFFERED TO THE PUBLIC
DECEMBER 31, 2020

	2013	2014	2015	2017	2020	2021
	7.0 Billion Bond	7.0 Billion Bond	8.0 Billion Bond	6.0 Billion Bond	8.1 Billion Bond	10.0 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus						
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱9,000,000,000	₱10,000,000,000
Less: Expenses	67,594,379	82,327,087	85,330,750	68,308,996	118,003	131,785,030
Net Proceeds	₱6,932,405,621	₱6,917,672,913	₱7,914,669,250	₱5,931,691,004	₱8,999,881,997	₱9,868,214,970
Actual gross and net proceeds						
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱8,100,000,000	₱10,000,000,000
Less: Expenses	82,906,997	77,906,937	86,811,468	96,582,653	165,450,548	137,330,244
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756
Expenditure items where the proceeds were used						
Land Acquisition	₱2,965,648,318	₱-	₱88,961,000	₱-	₱595,776,352	₱0
Project Development	1,185,554,209	2,422,093,063	2,888,760,022	-	693,494,229	-
Investment Property	2,765,890,476	-	4,935,467,510	5,903,417,347	2,104,200,033	-
Debt refinancing	-	4,500,000,000	-	-	4,356,621,959	5,308,627,083
General Corporate	-	-	-	-	184,456,880	-
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱5,308,627,083
Balance of the proceeds as of December 31, 2021						
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756
Capital Expenses	6,917,093,003	2,422,093,063	7,913,188,532	5,903,417,347	3,577,927,493	-
Debt refinancing	-	4,500,000,000	-	-	4,356,621,959	5,308,627,083
Net Proceeds	₱-	₱-	₱-	₱-	₱-	₱4,554,042,673

FILINVEST LAND, INC. AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2021
(Amounts in Thousands of Pesos)

Ratio	Formula	2021	2020
Current Ratio [1]	Total Current Assets divided by Total Current Liabilities Total Current Assets ₱95,553,757 Divide by: Total Current Liabilities 25,275,251 Current Ratio 3.78	**3.78**	3.10
Interest-bearing Debt-to-Equity ratio	Interest-bearing Debt (*Sum of Consolidated Loans Payable and Consolidated Bonds Payable)* divided by Total Equity Interest-bearing Debt ₱68,471,666 Divide by: Equity 89,790,225 Long-term Debt-to-Equity Ratio 0.76	**0.76**	0.94
Debt Ratio	Total Liabilities divided by Total Assets Total Liabilities ₱103,433,307 Divide by: Total Assets 193,232,583 Debt Ratio 0.54	**0.54**	0.59
EBITDA to Total Interest Paid	Earnings before Interests and Other Charges, Income Tax, Depreciation and Amortization - EBITDA *(net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization)* divided by Total Interest Paid EBITDA ₱7,420,446 Divide by: Total Interest Paid 3,563,316 EBITDA to Total Interest Paid 2.08	**2.08**	2.34
Price Earnings Ratio	Closing price divided by Earnings per share Closing price [2] ₱1.10 Divide by: Earnings per share 0.16 Price Earnings Ratio 6.88	**6.88**	7.47
Quick Asset Ratio	Quick Assets *(total current assets less real estate inventories)* divided by Current Liabilities Total Current Assets ₱95,544,705 Less: Inventories 68,726,921 Quick Assets ₱26,817,784 Divide by: Total Current Liabilities 25,275,251 Quick Asset Ratio 1.06	**1.06**	0.84
(Forward)			

Ratio	Formula	2021	2020
Solvency Ratio	Net Income before Depreciation and Amortization *(net income plus depreciation and amortization)* divided by Total Liabilities Net Income ₱4,305,228 Add: Depreciation and Amortization 1,446,779 Net Income before Depreciation and Amortization ₱5,752,007 Divide by: Total Liabilities 103,433,307 Solvency Ratio 0.06	**0.06**	0.05
Interest Coverage Ratio	Earnings before Interest and Other Finance Charges and Income Tax (EBIT) divided by Interest and Other Finance Charges EBIT ₱5,973,667 Divide by: Interest and Other Finance Charges 2,426,791 Interest Coverage Ratio 2.46	**2.46**	2.37
Net Profit Margin	Net Income divided by Revenue Net Income ₱4,305,228 Divide by: Revenue 17,738,919 Net Profit Margin 0.26	**0.24**	0.21
Return on Equity	Net Income divided by Total Equity Net Income ₱4,305,228 Divide by: Total Equity 89,790,225 Return on Equity 0.05	**0.05**	0.05
Asset-to-Equity Ratio	Total Assets divided by Total Equity Total Assets ₱193,223,531 Divide by: Total Equity 89,790,225 Return on Equity 2.15	**2.15**	2.43

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, contract assets, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and current portion of loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.
(2) Closing price at December 31, 2021 and December 31, 2020 is ₱1.10 and ₱1.12, respectively.

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

[EXT] Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>

Mon 4/18/2022 5:03 PM

To: FLI Tax Team <taxteam@filinvestland.com>

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CERTIFICATE OF ACKNOWLEDGMENT

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

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

LOURDES JOSEPHINE GOTIANUN YAP	PASSPORT P6722593B

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

This instrument, consisting of 3 pages, including this page on which this acknowledgment is written, has been signed on the left margin of each and every page thereof by the same person(s) and witnesses.

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

WITNESS MY HAND AND SEAL at the Embassy of the Philippines in Singapore this day of 24 March 2022

RENEE GAYLE M. CHUA
Vice Consul

Doc. No. : 3619
Book No. : 1
Series of : 2022
O.R. No. : 2446045
Fee Paid : $42.50

PHILIPPINE EMBASSY SINGAPORE

...nila
...88
...32) 588-1688
...32) 918-8189
...stland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2021 and 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

LOURDES JOSEPHINE GOTIANUN-YAP
President/CEO

MAR 2 2 2022
Signed this ___ day of _______, 2022

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2021 and 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

LOURDES JOSEPHINE GOTIANUN-YAP
President/CEO

ANA VENUS A. MEJIA
Treasurer and CFO

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ MAR 2 8 2022 20__, affiant exhibiting to me ______________ as his/her competent evidence of identity.

Signed this ___ day of _______, 2022 MAR 2 8 2022

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 4864924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

Doc. No. 444;
Page No. 90;
Book No. 9;
Series of 2022.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
1 7 0 9 5 7

COMPANY NAME
FILINVEST LAND, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*
79 EDSA, Brgy. Highway Hills, Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,646	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying parent company financial statements of Filinvest Land, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs) as modified by the application of the financial reporting reliefs issues and approved by the Securities and Exchange Commission, as described in Note 2 to the parent company financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation of these parent company financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regualtion 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Filinvest Land, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The informationis also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-137-2020, January 31, 2020, valid until January 30, 2023
PTR No. 8854361, January 3, 2022, Makati City

March 22, 2022

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 29)	**₱5,839,699**	₱4,770,004
Contracts receivables (Notes 5, 7 and 29)	**5,286,334**	4,156,939
Contract assets (Notes 5 and 29)	**4,177,819**	5,400,329
Other receivables (Notes 8 and 29)	**1,110,134**	1,124,648
Real estate inventories (Note 9)	**65,831,896**	62,488,391
Other current assets (Note 5 and 10)	**4,829,125**	2,725,387
Total Current Assets	**87,075,007**	80,665,698
Noncurrent Assets		
Contract assets - net of current portion (Notes 5 and 29)	**4,152,756**	3,495,955
Investments and advances in subsidiaries and associates (Notes 2, 11 and 19)	**18,390,304**	17,208,970
Investment properties (Note 12)	**53,074,953**	41,070,908
Property and equipment (Note 13)	**1,781,765**	1,483,006
Other noncurrent assets (Note 15)	**5,714,985**	9,539,188
Total Noncurrent Assets	**83,114,763**	72,798,027
TOTAL ASSETS	**₱170,189,770**	₱153,463,725
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 16 and 29)	**₱8,423,569**	₱9,031,691
Contract liabilities (Note 5)	**1,171,384**	1,249,050
Lease liabilities - current portion (Note 14)	**248,590**	234,353
Due to related parties (Notes 19 and 29)	**202,073**	77,417
Current portion of loans payable (Notes 17, 26 and 29)	**3,921,491**	7,027,913
Current portion of bonds payable (Notes 18, 26 and 29)	**6,991,749**	5,294,517
Total Current Liabilities	**20,958,856**	22,914,941
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 17, 26 and 29)	**23,716,574**	23,923,420
Bonds payable - net of current portion (Notes 18, 26 and 29)	**23,310,128**	20,394,842
Contract liabilities - net of current portion (Note 5)	**772,856**	764,628
Lease liabilities - net of current portion (Note 14)	**4,268,680**	3,930,898
Net retirement liabilities (Note 25)	**384,649**	508,944
Deferred income tax liabilities - net (Note 27)	**5,408,122**	6,079,864
Accounts payable and accrued expenses - net of current portion (Notes 16 and 29)	**6,661,160**	6,513,631
Total Noncurrent Liabilities	**64,522,169**	62,116,227
Total Liabilities	**85,481,025**	85,031,168

(Forward)

	December 31	
	2021	2020
Equity		
Common stock (Note 26)	**₱24,470,708**	₱24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)	**54,814,920**	38,529,352
Remeasurement on retirement plan (Note 25)	**(45,544)**	(36,164)
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Total Equity	**84,708,745**	68,432,557
TOTAL LIABILITIES AND EQUITY	**₱170,189,770**	₱153,463,725

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
PARENT COMPANY STATEMENTS OF INCOME
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2021	2020 (As restated, see Note 2)
REVENUE		
Real estate sales (Note 5)	**₱11,228,240**	₱9,809,303
Rental services (Notes 5, 12, 14 and 19)	**1,413,044**	1,643,619
	12,641,284	11,452,922
OTHER INCOME		
Gain on sale of shares of stock (Note 11)	**9,645,439**	–
Dividend income (Notes 11 and 19)	**4,779,881**	8,743,713
Interest income (Notes 6, 7, 19 and 23)	**402,584**	372,064
Others (Notes 19 and 24)	**206,380**	111,925
	27,675,568	20,680,624
COSTS		
Real estate sales (Note 3 and 9)	**6,413,144**	5,565,918
Rental services (Notes 12, 14, 19 and 20)	**813,750**	785,423
OPERATING EXPENSES		
General and administrative expenses (Note 21)	**1,541,607**	1,571,226
Selling and marketing expenses (Note 22)	**921,142**	1,059,232
INTEREST AND OTHER FINANCE CHARGES (Notes 17, 18 and 23)	**1,575,180**	2,569,082
	11,264,823	11,550,881
INCOME BEFORE INCOME TAX	**16,410,745**	9,129,744
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)	**(629,046)**	66,227
NET INCOME	**₱17,039,791**	₱9,063,517

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2021	2020
NET INCOME	**₱17,039,791**	₱9,063,517
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss		
Remeasurement gain (loss) on retirement plan, net of tax (Note 25)	**(9,380)**	9,582
TOTAL COMPREHENSIVE INCOME	**₱17,030,411**	₱9,073,099

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Remeasurement on Retirement Plan (Note 25)	Revaluation Reserve on Financial Assets at FVOCI (Note 15)	Total
					For the Year Ended December 31, 2021			
Balance as January 1, 2021	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱38,529,352**	**(₱36,164)**	**(₱2,619)**	**₱68,432,557**
Net income	–	–	–	–	**17,039,791**	–	–	**17,039,791**
Other comprehensive loss	–	–	–	–	–	**(9,380)**	–	**(9,380)**
Total comprehensive income	–	–	–	–	**17,039,791**	**(9,380)**	–	**17,030,411**
Dividends (Note 26)	–	–	–	–	**(754,223)**	–	–	**(754,223)**
Balances as of December 31, 2021	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱54,814,920**	**(₱45,544)**	**(₱2,619)**	**₱84,708,745**
					For the Year Ended December 31, 2020			
Balance as January 1, 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱31,084,739	(₱45,746)	(₱2,619)	₱60,978,362
Net income	–	–	–	–	9,063,517	–	–	9,063,517
Other comprehensive loss	–	–	–	–	–	9,582	–	9,582
Total comprehensive income	–	–	–	–	9,063,517	9,582	–	9,073,099
Dividends (Note 26)	–	–	–	–	(1,618,904)	–	–	(1,618,904)
Balances as of December 31, 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱38,529,352	(₱36,164)	(₱2,619)	₱68,432,557

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱16,410,745**	₱9,129,744
Adjustments for:		
Interest expense and amortization of transaction cost (Notes 17, 18 and 23)	**1,373,397**	2,499,957
Depreciation (Notes 12, 13, and 15)	**916,159**	623,143
Net pension expense, net of contribution and benefits paid (Note 25)	**21,564**	43,653
Interest income (Note 23)	**(402,584)**	(372,065)
Dividend income (Note 19)	**(4,779,881)**	(8,743,713)
Gain on sale of shares of stock (Note 11)	**(9,645,439)**	–
Operating income before changes in operating assets and liabilities	**3,893,961**	3,180,719
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivable	**(1,129,395)**	(2,710,747)
Contract assets	**565,709**	4,187,945
Other receivables	**14,514**	58,174
Real estate inventories	**(1,972,632)**	(1,606,221)
Other assets	**(2,116,545)**	(1,448,130)
Increase (decrease) in:		
Accounts payable and accrued expenses	**1,961,721**	(1,298,939)
Contract liabilities	**(69,438)**	276,445
Net cash used for operations	**1,147,895**	639,245
Income taxes paid	**(42,696)**	109,601
Interest received	**402,584**	372,065
Net cash provided operating activities	**1,507,783**	1,120,911
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment properties and property and equipment (Notes 12 and 13)	**(5,155,489)**	(1,630,497)
Decrease (increase) in investments and advances in subsidiaries and associates (Note 11)	**(1,809,133)**	1,652,300
Additions to build, transfer and operate rights (Note 15)	**(2,487,659)**	–
Proceeds from dividends (Note 11)	**891,040**	1,720,000
Proceeds from sale of shares of stock (Note 11)	**12,129,905**	–
Net cash provided by investing activities	**3,568,664**	1,741,803
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Loans payable (Notes 17 and 29)	**14,383,333**	5,246,250
Bonds payable (Note 28)	**9,868,215**	8,032,450
Payments of:		
Lease liabilities (Note 14)	**(211,780)**	(221,184)
Loans payable (Note 17)	**(19,625,108)**	(4,517,472)
Bonds payable (Note 18)	**(5,300,000)**	(4,300,000)
Interest and transaction costs	**(2,461,844)**	(3,141,980)
Cash dividend (Notes 26 and 29)	**(784,224)**	(1,588,558)
Increase in due to related parties (Notes 19 and 29)	**124,656**	26,559
Net cash used in financing activities	**(4,006,752)**	(463,935)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**1,069,695**	2,398,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,770,004**	2,371,224
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱5,839,699**	₱4,770,004

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

Filinvest Land, Inc. (the Parent Company or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company offers a range of products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Parent Company also leases out commercial spaces in a mall in Muntinlupa City, Cavite and Cebu City.

The Parent Company is a subsidiary of Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALGI) is its ultimate parent company. Both FDC and ALGI are domiciled in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On January 20, 2021, FLI announced, through a Philippine Stock Exchange (PSE) disclosure, that its BOD has approved the transition of Cyberzone Properties, Inc. (CPI) into a Real Estate Investment Trust (REIT) company. CPI is intended to be listed on the PSE in compliance with the minimum public ownership requirements under Philippine securities regulations and the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations and under such terms and conditions as FLI's BOD may subsequently approve.

On June 25, 2021, the shareholders of CPI, approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Cyberzone Properties, Inc." to "Filinvest REIT Corp.", (ii) reduction of the par value of its shares, and (iii) increase of the CPI's authorized capital stock. The change in name of CPI, the reduction in the par value of its shares, and the increase in its authorized capital stock were approved by the Philippine SEC on July 2, 2021.

On August 12, 2021, Filinvest REIT Corp. ("FILRT") was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3% (Note 11).

On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of Php1.00 per share amounting ₱110 million and equivalent to 55% of DPI's outstanding shares. This resulted in the decrease of the Parent Company's ownership interest in DPI from 100% to 45%, and accordingly, DPI became an associate of the Parent Company.

On December 16, 2020, FLI subscribed to 382,500 shares of stock of Nature Specialists, Inc. (NSI). consisting of 120,000 common shares and 262,500 preferred shares, all with a par value of ₱100 per share with total consideration of ₱47.25 million, equivalent to 75% shareholding. NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc.. NSI has opened on March 14, 2021 but has not reached commercial level of operations as of December 31, 2021 due to restrictions as a result of COVID-19 pandemic.

Approval of the Parent Company Financial Statements
The parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 22, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation
The parent company financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The parent company financial statements are presented in Philippine Peso (Peso), which is also the Parent Company's functional currency. Amounts are in thousand pesos except as otherwise stated.

The parent company financial statements have been prepared under the going concern assumption. The Parent Company believes that its business would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the following reporting reliefs issued and approved by the SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).

The Parent Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements presented in accordance with PFRS as modified by the application of reporting reliefs issued and approved by the SEC, available at the Parent Company's registered address.

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the parent conmpany financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2021. Unless otherwise indicated, adoption of these amendments to existing standards and interpretations did not have an impact on the financial statements of the Parent Company

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted. The Parent Company adopted the amendment beginning April 1, 2021. These amendments had no impact on the Parent Company as there are no rent concessions granted to the Parent Company as a lessee.

- Amendments to PFRS 9, *Financial Instruments*, PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts*, and PFRS 16, *Leases*, *Interest Rate Benchmark Reform - Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

- *Adoption of PIC Q&A 2018-12-H, PFRS 15 – Accounting for Common Usage Service (CUSA) Charges*

  On February 14, 2018, PIC Q&A 2018-12-H was issued providing guidance on accounting for common usage service which concludes that real estate developers are generally acting as principal for CUSA charges. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-12-H was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-12-H and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  The Parent Company previously availed of the reliefs provided by the SEC and have accounted for the related revenue net of costs and expenses. As at January 1, 2021, the Parent Company adopted PIC Q&A 2018-12-H retrospectively. The Parent Company assessed itself as principal for CUSA and air-conditioning charges, and as an agent for electricity and water usage. Accordingly, the Parent Company presented the revenue from provision of CUSA and air conditioning services and its related costs on a gross basis as part of "Revenue from rental and related services" and "Cost of rental and related services", respectively.

  The adoption did not impact the parent company statement of financial position and parent company statement of cash flows.

Parent company statement of comprehensive income for the year ended December 31, 2020:

	PFRS 15	Previous PFRS
	(In Thousand)	
Revenues from rental services	₱1,643,619	₱1,432,042
Cost of rental services	785,423	573,846

- *Adoption of Q&A 2018-12-E (as amended by PIC Q&A 2020-02) – Treatment of Uninstalled Materials in the Calculation of the POC*

  PIC Q&A 2020-02 was issued by the PIC on October 29. 2020. The latter aims to provide conclusion on the treatment of materials delivered on site but not yet installed in measuring performance obligation in accordance with PFRS 15, *Revenue from Contracts with Customers* in the real estate industry.

  The adoption of this PIC Q&A did not impact the financial statements of the Parent Company since it does not engage in supply contracts with suppliers for the provision and installation of materials.

- *Adoption of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)*

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The adoption of this PIC Q&A as of January 1, 2021 did not impact the financial statements of the Parent Company. As the Parent Company has been reporting repossessed inventories as allowed under approach 3, there is no change in accounting upon adoption of the PIC Q&A.

Future Changes in Accounting Policy
The Parent Company will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Parent Company does not expect the adoption of these standards to have a significant impact on the parent company financial statements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual

Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Parent Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Parent Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The Parent Company is assessing the impact of this amendment.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Parent Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Parent Company.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Parent Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

  A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

  After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Parent Company availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements in case a full retrospective approach is applied. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Parent Company has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Parent Company has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

- Deferment of Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods* (IAS 23, *Borrowing Cost*) for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35I of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC agenda decision would change the Parent Company's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023.

  Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

  For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

  The Parent Company opted to avail of the relief as provided by the SEC. Had the Parent Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Parent Company has yet to decide on whether the adoption will be using a full retrospective or modified retrospective approach.

Significant Accounting Policies

Current versus Noncurrent Classification
The Parent Company presents assets and liabilities in its parent company statement of financial position based on a current and noncurrent classification. An asset is current when it is:

a. expected to be realized or intended to be sold or consumed in normal operating cycle;
b. held primarily for the purpose of trading;
c. expected to be realized within twelve (12) months after the reporting period; or
d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

a. it is expected to be settled in normal operating cycle;
b. it is held primarily for the purpose of trading;
c. it is due to be settled within twelve (12) months after the reporting period, or
d. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the parent company statement of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest test' and is performed at an instrument level.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

As of December 31, 2021 and 2020, the Parent Company's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Parent Company's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the parent company statement of income.

The Parent Company classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 28).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the parent company statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Parent Company's investments in quoted and unquoted shares of stocks (see Notes 15 and 28).

Dividends earned on holding these equity instruments are recognized in the parent company statement of income when the Parent Company's right to receive the dividends is established in accordance with PFRS 15, unless the dividends clearly represent recovery of a part of the cost of the investment.

Reclassification of financial assets
The Parent Company can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Parent Company is required to reclassify the following financial assets:

- from amortized cost to FVPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVPL at initial recognition is not permitted.

A change in the objective of the Parent Company's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of December 31, 2021 and 2020, loans and borrowings consist primarily of accounts payable and accrued expenses, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 14, 16, 17, 18, 19 and 28).

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Parent Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the parent company statement of income.

Impairment of Financial Assets and Contract Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Financial Liabilities
Financial Assets
A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or,
- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the parent company statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Parent Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the parent company statement of financial position.

Real Estate Inventories
Lots, Condominium and Residential Units for Sale
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in parent company statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development
Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Parent Company such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Lots, condominium and residential units for sale" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Subsidiaries and Associates
Investments in subsidiaries and associates are accounted for using the cost method in the parent company financial statements.

A subsidiary is an entity that is controlled by another entity. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

An associate is an entity in which the Parent Company has a significant influence and which is neither a subsidiary nor a joint venture. The Parent Company's investment in associate is accounted in the separate financial statements using the cost method less accumulated provisions for impairment losses. The Parent Company did not account for the investment in an associate using the equity method because it availed of the exemption from using the equity method as allowed under the
PAS 28.

The Parent Company's investment in subsidiaries and associates, the related percentages of ownership and nature of business as at December 31, 2021 and 2020 are as follows:

Entity Name	**Nature of Business**	**2021**	2020
Subsidiaries			
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer Real estate development	**100%** **100%**	100% 100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%
FILRT[2]	Leasing	**63%**	100%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%
Filinvest Clark Mimosa, Inc. (FCMI)[3]	Leasing	**100%**	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%

(Forward)

Entity Name	Nature of Business	2021	2020
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%
ProOffice Works Services, Inc. (ProOffice)[4]	Property management	**100%**	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%
FSM Cinemas, Inc. (FSM Cinemas) [5]	Theater operator	**60%**	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	**75%**	75%
FREIT Fund Managers, Inc.[6]	Fund Manager	**100%**	–
Co-Living Pro Managers Corp. (CPMC)[7]	Real estate developer	**100%**	–

1. *FBCI is owned indirectly through FCGCC.*
2. *On August 12, 2021, FILRT shares were listed at the PSE. FLI previously owned 100% of FILRT and sold 36.7% or 1,797.61 million shares in its initial public offering (see Notes 1 and 11).*
3. *Filinvest Cyberzone Mimosa, Inc. (FCMI) was renamed Filinvest Clark Mimosa Inc. on February 15, 2021.*
4. *40% interest is owned by FCI. Effectively, FLI owns 100% of ProOffice.*
5. *FSM Cinemas is owned indirectly through FSI.*
6. *FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services to REIT companies.*
7. *CPMC was incorporated on August 2, 2021 in to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has not started commercial operations as of December 31, 2021.*

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased by the Parent Company, these are classified under investment properties. Consistent with the Parent Company's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

The useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the parent company statement of income in the year the asset is derecognized.

Other Assets

Other current and noncurrent assets are carried at cost and pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the parent company statement of financial position, respectively.

Impairment of Nonfinancial Assets

The carrying values of investment in subsidiaries, associates, right-of-use assets, property and equipment, investment properties, development rights and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

For nonfinancial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of income.

Revenue Recognition

Revenue from Contract with Customers

The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces and office leasing activities, wherein it is acting as agent.

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Parent Company opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the parent company statement of financial position.

Common usage service area charges and air conditioning dues (included as part of 'Rental services')
CUSA charges are recognized when the related services are rendered. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Parent Company determined that it is acting as an agent because the promise of the Parent Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Parent Company, are primarily responsiblefor the provisioning of the utilities while the Parent Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

Cost of real estate sales
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Parent Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contracts receivables
A receivable represents the Parent Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Parent Company performs under the contract.

The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expense" account in the parent company statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Parent Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Parent Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Parent Company's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Parent Company determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental Income

Rental income arising from investment properties are recognized in the parent company statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

Costs and expenses are recognized in the parent company statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the parent company statement of income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the parent company statement of financial position as an asset.

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Parent Company. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the parent company statement of income as incurred based on the amounts paid or payable.

Retirement Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the parent company statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2020. The Parent Company opted to avail of the relief as provided by the SEC. Had the Parent Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

Foreign Currency-Denominated Transactions

The functional and presentation currency of the Parent Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity

Common and Preferred Stock

The Parent Company records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Parent Company considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Parent Company purchases its capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Treasury Stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated earnings of the Parent Company, and any other adjustments to it as required by other standards, less dividends declared. Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Income Tax

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in parent company statement of comprehensive income and not in the parent company statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessor

Leases where the Parent Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Lease Modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Parent Company waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 14).

Company as Lessee
Except for short-term leases and lease of low-value assets, the Parent Company applies a single recognition and measurement approach for all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets
The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Parent Company's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 4 to the parent company financial statements.

Provisions
A provision is recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Parent Company expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Any post year-end event up to the date of the auditor's report that provides additional information about the Parent Company's position at reporting date (adjusting event) is reflected in the parent company financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the parent company financial statements.

3. Significant Accounting Judgments Assumptions, and Estimates

The preparation of the Parent Company financial statements in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the parent company financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the parent company financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

   In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

   Collectability is also assessed by considering factors such as historical experience with customers, and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

b. Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Parent Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Comapany's performance in transferring control of real estate development to the customers.

Evaluation of Impairment on Nonfinancial Assets
The Parent Company reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

If such indicators are present, and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to recoverable amount.

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges from the lessees of its commercial spaces.

The Parent Company applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16. In making this judgment, the Parent Company determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Parent Company assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rental concessions granted by the Parent Company for the years ended December 31, 2021 and 2020 amounted to ₱692.48 million and ₱590.96 million (see Note 5).

Contingencies
In the normal course of business, the Parent Company is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Parent Company currently does not believe these proceedings will have material or adverse effect on the Parent Company's financial position and results of operations (see Note 30).

Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revenue Recognition and Measure of Progress for Real Estate Sales
The Parent Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g.commission), is determined using the percentage of completion. In view of the continuing community
quarantines and restricted mobility, the progress of the Parent Company's performance obligation is adversely affected which resulted to lower percentage-of-completion in 2020.

For the years ended December 31, 2021 and 2020, real estate sales amounted to ₱11.23 billion and ₱9.81 billion, respectively (see Note 5).

Evaluation of Impairment of Contract Receivables and Contract Assets
The Parent Company uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Parent Company has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the Parent Company's allowance for ECL.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's contract receivables and contract assets is disclosed in Note 7.

The carrying values of contract receivables and contract assets are as follows:

	2021	2020
	(In Thousands)	
Contracts receivables (Note 7)	**₱5,286,334**	₱4,156,939
Contract assets (Note 5)	**8,330,575**	8,896,284

Leases - Estimating the incremental borrowing rate to measure lease liabilities
The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The incremental borrowing rate used by the Parent Company to measure lease liabilities is 8.18% to 8.54% in 2021 and 2020.

The Parent Company's lease liabilities amounted to ₱4.52 billion and ₱4.17 billion as of December 31, 2021 and 2020, respectively (see Note 14).

Estimating NRV of Real Estate Inventories
The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

In line with the impact of COVID-19, the Parent Company experienced limited selling activities that resulted in lower sales in 2020. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2021 and 2020, the carrying amount of real estate inventories amounted to ₱65.83 billion and ₱62.49 billion, respectively (see Note 9). No impairment adjustments were recognized in 2021 and 2020 since the costs are lower than NRV.

Estimating Retirement Liabilities
The determination of the Parent Company's obligation and cost of retirement is dependent on selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions used are described in Note 25 and include among others, discount rates, and rates of salary increase. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations.

Retirement liabilities amounted to ₱384.65 million and ₱508.94 million as of December 31, 2021 and 2020, respectively. Retirement costs included in the "General and administrative expenses" account amounted to ₱22.77 million and ₱39.30 million as of December 31, 2021 and 2020, respectively (see Notes 21 and 25).

Recognition of Deferred Income Tax Assets
The Parent Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

As of December 31, 2021 and 2020, the Parent Company recognized deferred tax assets amounting to ₱1,466.62 million and ₱1,853.01 million, respectively (see Note 27).

Fair Values of Assets and Liabilities
The Parent Company carries and discloses certain assets and liabilities at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these assets and liabilities would affect directly the parent company statement of income and other comprehensive income (see Note 28).

4. Segment Reporting

For management purposes, the Parent Company is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings.

Leasing
This involves the operations of Festival Supermall, Main Square and Il Corso located in Muntinlupa City, Cavite and Cebu City, respectively.

Management monitors the operating results of each of its business units for purposes resource allocation and performance assessment. Performance of each segment is evaluated based on profit or loss or net income.

The chief operating decision-maker of the Parent Company is the Executive Committee. The committee reviews internal reports in order to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Parent Company currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2021 and 2020, there were no revenue transactions with a single external customer which accounted for 10% or more of the total revenue from external customers.

The financial information about the financial position and results of operations of these business segments for the years ended December 31, 2021 and 2020 are summarized below.

	2021		
	Real Estate Operations	**Leasing Operations**	**Total**
		(In Thousands)	
Revenue	**₱11,228,240**	**₱1,413,044**	**₱12,641,284**
Net income	**₱13,285,510**	**₱3,754,281**	**₱17,039,791**
Adjusted EBITDA	**₱14,335,837**	**₱4,566,247**	**₱18,902,084**
Segment assets	**₱113,057,960**	**₱57,131,810**	**₱170,189,770**
Segment liabilities	**₱76,060,297**	**₱9,420,728**	**₱85,481,025**
Less deferred tax liabilities - net	**5,383,116**	**25,006**	**5,408,122**
Net segment liabilities	**₱70,677,181**	**₱9,395,722**	**₱80,072,903**
Cash flows from (used in):			
Operating activities	**₱42,884**	**₱1,464,899**	**₱1,507,783**
Investing activities	**(785,519)**	**4,354,183**	**3,568,664**
Financing activities	**2,353,549**	**(6,360,301)**	**(4,006,752)**

	2020		
	Real Estate Operations	Leasing Operations	Total
		(In Thousands)	
Revenue(as restated, see Note 2)	₱9,809,303	₱1,643,619	₱11,452,922
Net income	₱2,368,090	₱6,695,427	₱9,063,517
Adjusted EBITDA	₱4,001,062	₱8,320,907	₱12,321,969
Segment assets	₱106,114,635	₱47,349,090	₱153,463,725
Segment liabilities	₱51,647,875	₱33,383,293	₱85,031,168
Less deferred tax liabilities - net	6,410,704	(330,840)	6,079,864
Net segment liabilities	₱45,237,171	₱33,714,133	₱78,951,304
Cash flows from (used in):			
Operating activities	(₱1,538,347)	₱2,659,258	₱1,120,911
Investing activities	3,141,452	(1,399,649)	1,741,803
Financing activities	309,029	(772,964)	(463,935)

The following table shows a reconciliation of the total adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to total income before income tax in the parent company statements of income. Adjusted EBITDA is the Parent Company's EBITDA adjusted by the equity in net earnings from associates for the year:

	2021	2020
	(In Thousands)	
Adjusted EBITDA	**₱18,902,084**	₱12,321,969
Depreciation and amortization (Notes 12, 13 and 15)	**(916,159)**	(623,143)
Operating profit	**17,985,925**	11,698,826
Interest and other finance charges (Note 23)	**(1,575,180)**	(2,569,082)
Income before income tax	**₱16,410,745**	₱9,129,744

5. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2021	2020 (As restated, see Note 2)
	(In Thousands)	
Real estate sales by market segment		
Medium income	**₱7,548,056**	₱7,517,206
Low affordable and affordable	**2,500,696**	1,375,284
High-end and others	**865,911**	814,504
Socialized	**313,577**	102,308
	11,228,240	9,809,303
Tenant dues		
Mall operations	**273,965**	269,313
Office leasing	**72,064**	42,739
	346,029	312,052
Rental and related services		
Mall operations	**781,136**	1,035,397
Office leasing	**285,879**	296,170
	1,067,015	1,331,567
Total Revenue	**₱12,641,284**	₱11,452,922

The Parent Company's real estate sales are revenue from contracts with customers which are recognized over time. Market segment classifications of projects in 2020 were updated to conform with the 2021 presentation.

As of December 31, 2021, contract balances is as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱5,286,334**	**₱–**	**₱5,286,334**
Contract asset	**4,177,819**	**4,152,756**	**8,330,575**
Contract liabilities	**1,171,384**	**772,856**	**1,944,240**

As of December 31, 2020, contract balances is as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱4,156,939	₱–	₱4,156,939
Contract asset	5,400,329	3,495,955	8,896,284
Contract liabilities	1,249,050	764,628	2,013,678

Real estate sales contracts are collectible in equal monthly principal installments with varying periods within two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration that was already delivered by the Parent Company in excess of the amount recognized as installment contracts receivable. This is reclassified as contracts receivable when the monthly amortization of the customer is already due for collection.

In 2020, the Parent Company entered into an Agreement for Purchase of Contract Assets with a local bank. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. Total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱900.54 million. There was no similar transactions in 2021.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Parent Company based on percentage of completion. The movement in contract liability mainly due to revenue recognition of completed performance obligations. The amount of revenue recognized in 2021 from amounts included in contract liabilities at the beginning of the year amounted to ₱537.44 million.

Performance Obligation

Information about the Parent Company's performance obligations are summarized below:

Real estate sales

The Parent Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (a) lot; (b) house and lot and (c) condominium unit and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Parent Company provides one-year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2021 and 2020 amounted to ₱1.62 billion and ₱3.75 billion, respectively. Performance obligation for the transaction price amounting to ₱1.49 billion and ₱2.73 billion will be satisfied within one year as of December 31, 2021 and 2020, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services presented as tenant dues (d) administration fee. Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets
As at December 31, 2021, the rollforward of the cost to obtain contract included in the other current assets is as follows:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱776,795**	₱467,807
Additions	**192,521**	835,535
Amortization (Note 22)	**(495,034)**	(526,547)
Balance at end of year (Note 10)	**₱474,282**	₱776,795

For the years ended December 31, 2021 and 2020, additions to contract fulfillment costs amounted to ₱3.89 million and ₱1.19 billion, respectively. Amortization of contract fulfillment costs amounted to ₱935.04 million and ₱312.73 million for the years ended December 31, 2021 and 2020, respectively. Contract fulfillment assets is included as part of real estate inventories.

The Parent Company reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract.

In determining the estimated amount of consideration, the Parent Company used the same principles as it does to determine the contract transaction price.

In line with the Parent Company's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

6. Cash and Cash Equivalents

This account consists of:

	2021	2020
	(In Thousands)	
Cash on hand and in banks	**₱5,158,857**	₱2,567,195
Cash equivalents	**680,842**	2,202,809
	₱5,839,699	₱4,770,004

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Parent Company's cash and cash equivalents amounted to ₱14.86 million and ₱20.36 million in 2021 and 2020, respectively .

There is no cash restriction on the Parent Company's cash and cash equivalents as at December 31, 2021 and 2020.

7. Contracts Receivable

This account consists of:

	2021	2020
	(In Thousands)	
Contracts receivable	**₱5,082,143**	₱3,963,551
Receivables from government and financial institutions	**204,191**	193,388
	₱5,286,334	₱4,156,939

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Parent Company records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 5).

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2021 and 2020, the Parent Company provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms. Based on the Parent Company's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱353.49 million and ₱345.62 million in 2021 and 2020, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Parent Company has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2021 and 2020, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱796.7 million and ₱460.3 million, respectively. As of December 31, 2021 and 2020, the remaining unutilized guaranty line amounts to ₱1.57 billion and ₱2.04 billion, respectively.

As of December 31, 2021 and 2020, no impairment losses were recognized from contract receivables.

8. Other Receivables

This account consists of:

	2021	2020
	(In Thousands)	
Receivable from tenants	**₱535,706**	₱535,068
Receivables from homeowners' associations	**261,127**	230,189
Advances to officers and employees	**212,716**	209,475
Due from related parties (Note 19)	**83,359**	138,774
Receivable from buyers	**–**	41,866
Others	**38,321**	3,271
	₱1,131,229	₱1,158,643
Less: Allowance for expected credit losses	**21,095**	33,995
	₱1,110,134	₱1,124,648

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within a year. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱5.23 and ₱18.13 million as of December 31, 2021 and 2020.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Parent Company's projects for the payments of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2021 and 2020.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from buyers" mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

9. Real Estate Inventories and Land and Land Development

This account consists of:

	2021	2020
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱43,120,197**	₱41,361,912
Land and land development	**22,711,699**	21,126,479
	₱65,831,896	₱62,488,391

A summary of the movement in lots, condominium and residential units is set out below:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱41,361,912**	₱38,594,551
Land costs transferred from land and land development	**3,893**	1,194,483
Net transfers (Note 12 and 13)	–	314,737
Construction/development costs incurred	**7,738,686**	6,169,376
Capitalized borrowing costs	**428,850**	663,683
Cost of real estate sales	**(6,413,144)**	(5,565,918)
	₱43,120,197	₱41,361,912

Capitalization rate for the capitalized borrowing costs is 4.6% and 1% in 2021 and 2020, respectively.

A summary of the movement in land and land development is set out below:

	2021	2020
	(In Thousands)	
Balance at beginning of year	**₱21,126,479**	₱21,416,255
Land acquisitions	**653,310**	450,018
Net transfers and others (Note 12 and 15)	**(3,893)**	(222,994)
Land cost transferred to real estate inventories	–	(1,194,483)
Site development and incidental costs	**935,803**	677,683
	₱22,711,699	₱21,126,479

As of December 31, 2021 and 2020, on account additions to land and land development during the year which remain outstanding amounted to ₱513.18 million and ₱2.90 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 16).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing amounted to ₱428.85 million and ₱113.48 million in 2021 and 2020, respectively. Capitalization rate is 4.9% and 2.4% in 2021 and 2020, respectively.

10. Other Current Assets

This account consists of

	2021	2020
	(In Thousands)	
Input taxes - net	**₱2,731,562**	₱850,734
Creditable withholding taxes	**1,112,015**	619,591
Cost to obtain contract (Note 5)	**474,282**	776,795
Advances to contractors and suppliers	**218,705**	191,397
Prepaid expenses and others	**80,599**	206,416
Construction materials and supplies	**160,633**	74,932
Short-term deposits (Note 29)	**51,329**	5,522
	₱4,829,125	₱2,725,387

"Input taxes" pertains to VAT passed on from purchases of goods and services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Cost to obtain contract" includes commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

"Advances to contractors and suppliers" pertain to down payments made for real estate inventories by Parent Company which are applied against future billings for development and construction contracts.

"Prepaid expenses" consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

11. Investments and Advances in Subsidiaries and Associates

This account consists of:

	2021	2020
	(In Thousands)	
At cost		
Subsidiaries		
FILRT	**₱4,277,826**	₱3,016,042
GPRDI	**1,944,857**	1,944,857
FCI	**1,750,000**	1,750,000
FAPI	**863,414**	863,414
FAC	**714,050**	714,050
FLC	**517,195**	517,195
PDDC	**210,000**	210,000
FCGC	**175,550**	175,550
Homepro	**125,938**	125,938
FLTI	**125,000**	31,250
FCMI	**100,000**	100,000
FFMI	**50,000**	–
NSI (Note 1)	**47,250**	47,250
CPMC	**25,000**	–
PPI	**20,000**	20,000
ProOffice	**17,163**	17,163
PLIL	**14,854**	14,854
RPI	**10,000**	10,000
FLMI	**6,250**	6,250
TSNC	**2,994**	2,994
FSI	**1,250**	500
Promax	**400**	400
Prosper	**100**	100
Leisurepro	**100**	100
Associates		
FAI	**798,909**	800,000
DPI (Note 1)	**90,000**	90,000
CTI	**51,300**	51,300
FMI	**37,829**	37,829
Pro-Excel	**17,490**	17,490
SharePro, Inc. ("SPI")	**11,250**	17,490
	12,005,969	10,564,526
Advances to associates and subsidiaries (Note 19)	**6,406,703**	6,666,812
	18,412,672	17,231,338
Allowance for impairment loss	**(22,368)**	(22,368)
	₱18,390,304	₱17,208,970

FILRT

Changes in investment in subsidiary

On December 9, 2020, the Parent Company and FILRT entered into an agreement for the assignment of the FILRT's developmental loans outstanding as of November 30, 2020 amounting to ₱4,233.80 million. On December 9, 2020, FILRT notified the banks in writing of the assignment of loans.

On December 15, 2020, FLI subscribed to 2,700.0 million common shares and 1,046.3 million preferred shares out of FLI's proposed increase in authorized capital stock. The consideration for the subscription amounting to ₱3,746.3 million shall be taken from the loans payable assigned to FLI. As of December 31, 2020, deposit for future stock subscription amounted to ₱1,889.6 million, respectively, inclusive of the assigned loans payable amounting to ₱1,518.8 million and principal installments on loans paid by FLI on behalf of FILRT prior to assignment of loans in December 2020 amounting to ₱370.8 million. This was recognized as advances to subsidiary as of December 31, 2021.

On March 12, 2021, FLI subscribed to 2,565.9 million common shares out of the FILRT's proposed amendment to the increase in authorized capital stock amounting to ₱3,746.3 million. FILRT submitted the application for the reduction of par value and the amendment to the increase in authorized capital stock with the SEC on March 18, 2021. On July 2, 2021, these amendments have been approved by the SEC and the outstanding deposit for future stock subscription amounting to ₱1,889.6 million was applied against FLI's subscription to FILRT's common stock.

On August 12, 2021, FILRT was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3%. Net proceeds from the public offering amounted to ₱12.13 billion and resulted in gain on sale of shares of stock of ₱9.65 billion. The entire proceeds from FILRT's listing shall be used in accordance with its reinvestment plan.

Property dividends
On December 4, 2020, the FILRT's BOD approved the declaration of buildings Filinvest Axis Towers 2, 3 and 4, and SRP Lot 2 with carrying value and fair value amounting to ₱6,611.9 million and ₱7,627.7 million, respectively.

On February 11, 2021, the BOD of FILRT approved the declaration of the operational office buildings FLI Edsa, IT School, Concentrix Building (Convergys Building) and Cebu Tower 2 as property dividends to the Parent Company. The aggregate carrying value and fair value of the properties amounted to ₱1,690.4 million and ₱3,888.8 million, respectively.

The distribution of these properties was made upon approval by the SEC on July 15, 2021. These are recognized as additions to investment properties for the year ended December 31, 2021 (see Note 12). This is treated as a non-cash transaction.

<u>FFMI</u>
In 2021, the Parent Company subscribed and paid ₱50.00 million equivalent to 100% of FFMI's outstanding shares.

<u>CPMC</u>
In 2021, the Parent Company subscribed and paid ₱25.00 million equivalent to 100% of CPMC's outstanding shares.

<u>FCGC</u>
In 2020, the Parent Company paid ₱2.81 million to FCGC as full payment on its subscription.

<u>FAI</u>
The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

DPI
On December 17, 2020, the Parent Compant subscribed and paid additional DPI shares amounting to ₱27.50 million equivalent to 27.50 million additional shares.

On December 21, 2020, FDC subscribed to 110,000,000 common shares of DPI with par value of ₱1.00 per share amounting ₱110.00 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and DPI became an associate of FLI.

CTI
In 2019, the 30% interest in CTI of the Parent Company was classified as an investment in associate. CTI is primarily involved in information technology service management.

FMI
The Parent Company has a 47.5% interest in FMI which is operating in the Philippines and handles the lease of the Mimosa Leisure Estate

Pro-Excel
On December 26, 2019, FILRT and FCI, wholly owned subsidiaries of the Parent Company, entered into a Deed of Assignment to sell ownership in Pro-Excel to FAI. The sale resulted to a loss of control in Pro-Excel. As of December 31, 2019, the remaining ownership of the Parent Company in Pro-Excel is 33%.

SPI
SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Parent Company. In December 2021, the Parent Company subscribed for 45.0% of SPI's capital stock amounting to ₱11.25 million.

The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2021 and 2020.

12. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2021					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱12,895,632	₱17,652,166	180,187	8,980,979	3,943,390	43,652,354
Additions (Note 11)	420,863	4,732,645	136,370	7,260,510	195,336	12,745,724
Balances at end of year	13,316,495	22,384,811	316,557	16,241,489	4,138,726	56,398,078
Accumulated Depreciation						
Balances at beginning of year	–	2,202,750	133,320	–	245,376	2,581,446
Depreciation (Notes 20 and 21)	–	491,129	125,798	–	124,752	741,679
Balances at end of year	–	2,693,879	259,118	–	370,128	3,323,125
Net Book Value	₱13,316,495	19,690,932	57,439	16,241,489	3,768,598	53,074,953

	2020					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱13,049,476	₱17,467,172	₱108,892	₱7,997,957	₱3,847,220	₱42,470,717
Additions	–	82,238	71,295	1,349,624	96,170	1,599,327
Transfers (Note 9)	(153,844)	102,756		(366,602)	–	(417,690)
Balances at end of year	12,895,632	17,652,166	180,187	8,980,979	3,943,390	43,652,354
Accumulated Depreciation						
Balances at beginning of year	–	1,871,372	95,035	–	122,356	2,088,763
Depreciation (Note 21)	–	331,378	38,285	–	123,020	492,683
Balances at end of year	–	2,202,750	132,320	–	245,376	2,581,446
Net Book Value	₱12,895,632	₱15,449,416	₱46,867	₱8,980,979	₱3,698,014	₱41,070,908

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

Borrowing costs capitalized as part of investment properties amounted to ₱715.36 million and ₱278.40 million in 2021 and 2020, respectively. The capitalization rate used ranges from 1.0% to 4.99% and 1.00% to 3.14% in 2021 and 2020, respectively.

As of December 31, 2021 and 2020, on account additions to investment properties which remain outstanding amounted to ₱715.33 million and ₱235.25 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 16).

The aggregate fair value of the Parent Company's investment properties amounted to ₱101.93 billion as of December 31, 2021 based on third party appraisals performed in 2020 by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for buildings and Market approach for land.

Under the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value.

The significant unobservable inputs to valuation of investment properties include the income produced by the property for buildings and the price per square meter ranging from ₱46,000 to ₱275,000 for the land.

Rental income from investment properties amounted to ₱1.36 billion and ₱1.64 billion in 2021 and 2020, respectively. Cost of rental services from investment properties amounted to ₱781.98 million and ₱785.42 million in 2021 and 2020, respectively (see Note 20).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	Land, Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
	2021						
				(In Thousands)			
Cost							
Balances at beginning of year	**₱706,310**	**₱1,272,272**	**₱161,565**	**₱38,162**	**₱63,476**	**₱18,687**	**₱2,260,472**
Additions	**1,054**	**406,755**	**8,575**	**22,740**	–	**2,349**	**441,743**
Balances at end of year	**707,364**	**1,679,027**	**170,140**	**60,902**	**63,476**	**21,036**	**2,701,945**
Accumulated Depreciation							
Balances at beginning of year	**198,500**	**366,509**	**124,204**	**26,685**	**61,567**	–	**777,465**
Depreciation (Notes 20 and 21)	**10,442**	**90,991**	**16,541**	**23,191**	**1,550**	–	**142,715**
Balances at end of year	**208,942**	**457,500**	**140,745**	**49,876**	**63,117**	–	**920,180**
Net Book Value	**₱498,422**	**₱1,221,527**	**₱29,395**	**₱11,026**	**₱359**	**₱21,036**	**₱1,781,765**

	Land, Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
	2020						
				(In Thousands)			
Cost							
Balances at beginning of year	₱761,960	₱1,061,633	₱147,890	₱35,921	₱53,347	₱16,045	₱2,076,796
Additions	–	210,639	13,675	2,241	10,129	2,641	239,325
Disposal	(55,650)	–	–	–	–	–	(55,650)
Balances at end of year	706,310	1,272,272	161,565	38,162	63,476	18,686	2,260,471
Accumulated Depreciation							
Balances at beginning of year	188,798	278,433	105,081	22,453	52,240	–	647,005
Depreciation (Notes 20 and 21)	9,702	88,076	19,123	4,232	9,327	–	130,460
Balances at end of year	198,500	366,509	124,204	26,685	61,567	–	777,465
Net Book Value	₱507,810	₱905,763	₱37,361	₱11,477	₱1,909	₱18,686	₱1,483,006

On account additions to property and equipment which remain outstanding in 2021 and 2020 amounted to ₱0.66 million and ₱2.18 million, respectively, and these are recognized as part of "Accounts payable and accrued expenses" (see Note 16).

14. Leases

The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee.

Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Company as lessee
The Parent Company has lease contracts for land as of January 1, 2019. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

As at December 31, 2021 and 2020, the rollforward analysis of right-of-use assets on land follows:

	2021	2020
	(In Thousands)	
Cost (Note 12)		
At January 1	**₱3,943,390**	₱3,847,220
Additions	**195,336**	96,170
At December 31	**4,138,726**	3,943,390
Accumulated Depreciation		
At January 1	**245,376**	122,356
Depreciation (Note 20)	**124,752**	123,020
At December 31	**370,128**	245,376
Net Book Value	**₱3,768,598**	₱3,698,014

The following are the amounts recognized in the parent company statement of income for the years ended December 31:

	2021	2020
	(In Thousands)	
Depreciation expense of right-of-use assets (included in cost of rental services) (Note 20)	**₱124,752**	₱123,020
Interest expense on lease liabilities (included in interest and other finance charges) (Note 23)	**368,463**	339,370
Rent expense on low value assets (included in general and administrative expense) (Note 21)	**16,406**	12,711
	₱509,621	₱475,101

As at December 31, the rollforward analysis of lease liabilities follows:

	2021	2020
	(In Thousands)	
At January 1,	**₱4,165,251**	₱3,950,895
Additions	**195,336**	96,170
Interest expense (Note 23)	**368,463**	339,370
Payments	**(211,780)**	(221,184)
As at December 31	**4,517,270**	4,165,251
Lease liabilities - current portion	**248,590**	234,353
Lease liabilities - net of current portion	**₱4,268,680**	₱3,930,898

The Parent Company also has certain lease of parking space considered as 'low-value assets'. The Parent Company applies the lease of 'low-value assets' recognition exemptions for these leases.

Shown below is the maturity analysis of the undiscounted lease payments:

	2021	2020
	(In Thousands)	
1 year	**₱224,993**	₱235,893
more than 1 years to 2 years	**236,242**	224,993
more than 2 years to 3 years	**248,054**	236,242
more than 3 years to 4 years	**260,457**	248,054
more than 5 years	**18,740,870**	19,001,327

Company as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2021 and 2020 are as follows:

	2021	2020
	(In Thousands)	
Within one year	**₱923,919**	₱936,934
After one year but not more than five years	**1,685,975**	908,257
After five years	**623,258**	257,950
	₱3,233,152	₱2,103,141

The Parent Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the parent company statement of income amounted to ₱248.14 million and ₱292.56 million in 2021 and 2020, respectively. In 2021 and 2020, the Parent Company granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱692.48 million and ₱590.96 million, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2021 and 2020 (see Note 3).

15. Other Noncurrent Assets

This account consists of:

	2021	2020
	(In Thousands)	
BTO rights (Notes 11 and 19)	**₱3,822,469**	₱–
Advances to contractors and suppliers	**1,429,475**	1,406,824
Receivables from joint venture partners	**412,910**	401,890

(Forward)

	2021	2020
	(In Thousands)	
Deposits	**₱11,928**	₱31,006
Financial assets at FVOCI (Notes 28 and 29)	**15,535**	15,535
Dividend receivable (Note 11)	**–**	7,627,713
Other assets	**54,433**	56,220
	5,746,750	9,539,188
Less accumulated depreciation	**31,765**	–
	₱5,714,985	₱9,539,188

"BTO rights" relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2021, the cost of completed portion pertaining to Cebu Tower 2 of the BTO project amounted to ₱1.40 billion.

Rollforward analysis of BTO rights for the year ended December 31, 2021 follows (in thousands):

Cost	
Balance at beginning of year	₱–
Additions	3,822,469
Balance at end of year	3,822,469
Accumulated Amortization	
Balance at beginning of year	–
Amortization	(31,765)
Balance at end of year	(31,765)
Net Book Value	₱3,790,704

In 2021, related amortization recognized as part of "Cost of rental services" amounted to ₱31.77 million. Rental income amounting to ₱53.11 million was recognized as part of "Revenue from rental and related services".

As of December 31, 2021, on account additions to "BTO Rights" which remain outstanding amounted to ₱0.22 million and these are recognized as part of "Accounts payable and accrued expense" (see Note 16).

"Dividend receivable" pertains to the approved declaration of property dividends by FILRT in the amount of ₱6,611.9 million to all shareholders of record as of November 30, 2020, covering three office buildings for lease and a parcel of land, namely: Axis Tower Two, Axis Tower Three and Axis Tower Four, all located in Northate Cyberzone, Alabang; and Cebu SRP Lot, located in Cebu City on December 4, 2020. The fair value of these assets amounted to ₱7,627.71 million as of December 4, 2020. The properties were received as of December 31, 2021 (see Notes 11 and 12).

"Advances to contractors and suppliers" pertain to down payments made by the Parent Company which are applied against future billings for development and construction contracts of investment properties and property and equipment.

"Receivables from joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in parent company statements of financial position.

"Deposits" include advances to sellers for the purchase of land prior to issuance of Contract to Sell. These also include utility and security deposits.

"Financial assets at FVOCI" consists of quoted and unquoted shares of stocks.

Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Parent Company will continue to carry out as part of the infrastructure that it provides for its real estate development projects.

"Other assets" includes the fee paid by the Parent Company to a third party for the assignment of the developmental rights for another BTO project in Cebu (see Note 30).

16. Accounts Payable and Accrued Expenses

This account consists of:

	2021			2020		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Accounts payable	**₱5,190,802**	**₱4,062,924**	**₱9,253,726**	₱6,387,265	₱4,314,466	₱10,701,738
Retention fees payable	**1,705,547**	**550,160**	**2,255,707**	999,638	603,083	1,602,721
Deposits for registration	**172,483**	**1,245,965**	**1,418,448**	150,747	1,085,894	1,236,641
Deposits from tenants	**407,088**	**659,028**	**1,066,116**	329,889	510,181	840,070
Accrued interest on bonds and loans	**258,937**	–	**258,937**	532,209	–	532,209
Accrued expenses	**622,491**	–	**622,491**	442,930	–	442,930
Other payables	**66,221**	**143,083**	**209,304**	189,013	–	189,013
	₱8,423,569	**₱6,661,160**	**₱15,084,729**	₱9,031,691	₱6,513,631	₱15,545,322

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Parent Company and is payable on scheduled due dates or upon completion of certain requirements (see Note 9, 12 and 13). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Parent Company.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Accrued expenses" pertain to various operating expenses incurred by the Parent Company in the course of business such as salaries and wages, unbilled construction cost related to ongoing projects, among others.

Accrued expenses account consists of:

	2021	2020
Suppliers and contractors	**₱615,212**	₱417,623
Interest	–	12,131
Payroll	**7,042**	10,404
Others	**237**	2,772
	₱622,491	₱442,930

"Other payables" pertain mainly to withholding taxes and liabilities to government agencies. This also includes the amount due to SPI for the retirement benefits of transferred employees (see Note 19 and 25).

17. Loans Payable

This account consists of:

	2021	2020
	(In Thousands)	
Developmental loans from local banks	**₱27,742,500**	₱31,070,416
Less unamortized transaction costs	**104,435**	119,083
	27,638,065	30,951,333
Less current portion of loans payable	**3,921,491**	7,027,913
Long-term portion of loans payable	**₱23,716,574**	₱23,923,420

Developmental loans from local banks will mature on various dates up to 2026. These Peso-denominated loans bear floating interest rates equal to 91-day PDST-F and or PDST-R2 rate and or 3 months BVAL rate plus a spread of 1% per annum, prevailing market rate, or fixed interest rates of 2.75% to 5.80% per annum. Additional loans availed by the Parent Company in 2021 and 2020 amounted to ₱14.38 billion and ₱9.48 billion, respectively. These include availment of short-term loans payable amounting to ₱9.8 billion and ₱1.4 billion in 2021 and 2020, respectively. Principal payments made in 2021 and 2020 amounted to ₱19.57 billion and ₱4.52 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱1.66 billion and ₱1.97 billion in 2021 and 2020, respectively.

Amortization of transaction costs amounted to ₱71.84 million and ₱41.67 million in 2021 and 2020, respectively and included under "Interest and other financing charges" (see Note 23). Deferred finance charges for new loans during the year amounted to ₱57.19 million where ₱14.55 million was amortized in 2021.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Parent Company's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. As of December 31, 2021 and 2020, the Parent Company complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.

18. Bonds Payable

This account consists of:

	2021	2020
	(In Thousands)	
Bonds payable	**₱30,500,000**	₱25,800,000
Less unamortized transaction costs	**198,123**	110,641
	30,301,877	25,689,359
Less current portion of bonds payable	**6,991,749**	5,294,517
Long-term portion of bonds payable	**₱23,310,128**	₱20,394,842

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2020, ₱4.30 billion of the related bonds payable was paid.

   Unamortized debt issuance cost on bonds payable amounted to ₱4.70 million and ₱7.43 million of December 31, 2021 and 2020, respectively. Accretion in 2021 and 2020 included as part of 'Interest and other finance charges' amounted to ₱2.73 million and ₱8.25 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2021, ₱5.30 billion of the related bonds payable was paid

   Unamortized debt issuance cost on bonds payable amounted to ₱4.48 million and ₱12.77 million as of December 31, 2021 and 2020, respectively. Accretion in 2021 and 2020 included as part of "Interest and other finance charges" amounted to ₱8.29 million and ₱9.33 million , respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum while the 10-year bonds have a fixed rate of 5.71% per annum.

   Unamortized debt issuance cost on bonds payable amounted to ₱12.95 million and ₱26.37 million as of December 31, 2021 and 2020, respectively. Accretion in 2021 and 2020 included as part of "Interest and other finance charges" amounted to ₱13.42 million and ₱12.72 million , respectively (see Note 23).

d. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of P8.1 billion comprising of 6.3 billion, 3-year fixed rate bonds due in 2023 and 1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum.

Unamortized debt issuance cost on bonds payable amounted to ₱44.96 million and ₱64.07 million as of December 31, 2021 and 2020. Accretion in 2021 and 2020 included as part of "Interest and other finance charges" amounted to ₱19.40 million and ₱2.20 million (see Note 23).

e. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum

   Unamortized debt issuance cost on bonds payable amounted to ₱131.03 million as of December 31, 2021. Accretion in 2021 included as part of "Interest and other finance charges" amounted to ₱0.75 million (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.24 billion and ₱1.17 billion for the years ended December 31, 2021 and 2020, respectively. Payments made on these bonds amounted to ₱5.3 billion and ₱4.3 billion in 2021 and 2020, respectively.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Parent Company to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.5x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x. As of December 31, 2021 and 2020, the Parent Company is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the ultimate company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Parent Company's total assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2021 and 2020, the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2021				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	₱4,612,716	₱4,612,716	0.50% to 4.50%	Unrestricted, no impairment	
Interest income	1,965	–			
	₱4,614,681	₱4,612,716			
Accounts payable and accrued expenses (Note 16)					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	(a)
Noncurrent portion	–	(1,765,189)	Noninterest-bearing, payable on installment	Unsecured	(a)
	(₱378,968)	(₱2,144,157)			
Ultimate Parent	₱40	₱141	Noninterest-bearing, collectible on demand	Unsecured	(b)
Subsidiaries					(d)
Share in common expenses and others	1,134,787	₱4,753,802	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs	–	533,155	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	12,558	807,912	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	245,874	–	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	791,040	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		6,094,869			
Associates					(c)
Service fee	86,943	161,933	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	3,465	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	(18,410)	149,901	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		311,834			
Affiliates					(f)
Share in common expenses	(3,814)	33,538	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	–	49,680	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		83,218			
Due from related parties (Note 8 and Note 11)		₱6,490,062			
Parent	₱68,626	(₱10,610)	Noninterest-bearing, payable on demand	Unsecured	(e)
Subsidiaries					(f)
Share in common expenses	(1,134,787)	(564)	Noninterest-bearing, payable on demand	Unsecured	
Advances	(30,000)	(19,992)	Noninterest-bearing, payable on demand		
Development Cost	(44,317)	(28,288)	Noninterest-bearing, payable on demand	Unsecured	
		(48,844)			

(Forward)

	2021				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
Associate					(f)
Service fee	**₱806**	**(₱22,725)**	Noninterest-bearing, payable on demand	Unsecured	
Share in common expenses and others	–	**(101,363)**	Noninterest-bearing, payable on demand	Unsecured	
		(124,088)			
Affiliates					(f)
Share in other expenses	**2,209**	**(18,508)**	Noninterest-bearing, payable on demand	Unsecured	
Service agreement fees	–	**(8)**			
Advances	–	**(15)**	Noninterest-bearing, payable on demand	Unsecured	
		(18,531)			
Due to related parties		**(202,073)**			

	2020				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	₱1,667,936	₱1,667,936	0.50% to 4.50%	Unrestricted, no impairment	
Interest income	7,015	–			
		₱1,667,936			
Other noncurrent assets (Note 15)					
Dividend income	₱7,627,713	₱7,627,713	Noninterest-bearing	Unrestricted, no impairment	(d)
Accounts payable and accrued expenses (Note 16)					
Current portion	(510,672)	(510,672)	Noninterest-bearing, payable on installment	Unsecured	(a)
Noncurrent portion	–	(1,894,839)	Noninterest-bearing, payable on installment	Unsecured	(a)
		(₱2,405,511)			
Ultimate Parent	₱–	₱128	Noninterest-bearing, collectible on demand	Unsecured	(b)
Subsidiaries					(d)
Share in common expenses and others	₱2,589,552	₱5,030,015	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Advances for subscription of stocks	17,750	17,750	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	–	542,747	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	4,013	795,354	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	312,999	172,194	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	1,116,000	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		6,558,060			
Associates					(e)
Service fee	289	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Other income	51,650	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	16,560	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	(367,992)	108,752	Noninterest-bearing, collectible on demand	Unsecured, no impairment	

			2020		
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Affiliates					(f)
Share in common expenses	₱8,774	₱50,443	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	88,203	88,203	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		138,646			
Due from related parties (Note 8 and Note 11)		₱6,805,586			
Parent	18,373	(65,135)	Noninterest-bearing, payable on demand	Unsecured	(c)
Affiliates					(f)
Share in other expenses	(6,191)	(12,258)	Noninterest-bearing, payable on demand	Unsecured	
Service agreement fees	–	(9)			
Advances	–	(15)	Noninterest-bearing, payable on demand	Unsecured	
		(12,282)			
Due to related parties		(₱77,417)			

Significant transactions with related parties follow:

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, FLI entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. FLI agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by FLI under an Accounts Servicing Agreement.

Under this agreement, FLI shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, FLI will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although FLI retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a 'pass-through arrangement'.

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and FLI has no liability to EW for such events. Due to this, FLI derecognized the contracts receivables sold and did not recognize any liability in its parent company financial statements.

The Parent Company's plan assets in the form of cash equivalents amounting to ₱16.35 million and ₱9.41 million as of December 31, 2021 and 2020, respectively, are maintained with EW (see Note 25). FLI also maintains cash and cash equivalents with EW.

On September 20, 2018, FLI acquired a lot from a third-party seller. Total consideration is payable on installment basis until 2022 (presented as part of "Accounts payable and accrued expenses"). On September 21, 2018, the third-party seller entered into a Receivable Purchase Agreement with EW for the purchase of the remaining amounts receivable from the Parent Company amounting to ₱3.79 billion, on a without recourse basis. The amounts receivable from the Parent Company was sold to EW for a total consideration of ₱3.13 billion.

As of December 31, 2021 and 2020, the amounts payable to EW related to the above purchase of land amounted to ₱2.14 billion and ₱2.33 billion, respectively, and is presented as part of accounts payable and accrued expenses in the parent company statement of financial position (see Note 16).

b. *Transactions with ultimate parent (ALGI)*
   Transactions with the ultimate parent relates to sharing of common expenses.

c. *Transactions with parent company (FDC)*
   FLI charges FDC certain common and general administrative expenses paid by FLI on its behalf.

   In 2020, certain employees of FLI were transferred to FDC. The related retirement benefits of these employees amounting to ₱12.07 million as of December 31, 2020 was also transferred with a corresponding payable to FDC (see Note 25).

d. *Transactions with subsidiaries*
   Transactions with subsidiaries are as follows:

   - Total payments made by FLI in behalf of Homepro for land acquisition amounted to ₱12.6 million and ₱4.01 million in 2021 and 2020, respectively.

   - FLI also has a Marketing Agency Agreement (the Marketing Agreement) each with its subsidiaries, Promax and Prosper whereby the subsidiaries are appointed as marketing agents to act for and on behalf of FLI in promoting the marketing and sale of its middle-income and high-end real estate property development projects. In return, FLI pays each subsidiary a marketing fee of a certain percentage of the net selling price, exclusive of commissions, discounts, value added tax and other government-imposed taxes and fees on all sales transactions closed by each subsidiary in accordance with the terms and conditions of the Marketing Agreement.

   - FLI also charged the subsidiaries (i.e. Proleads Philippines, Inc and Property Maximizer Professional Corp.) for advances for working capital and for certain common expenses (i.e. rent) being paid by FLI in its behalf.

   - FLI charged FLTI for the development costs of Fora Mall.

   - In 2021 and 2020, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.04 billion and ₱1.01 billion, respectively.

   - On February 26, 2021, FILRT entered into an agreement with FLI assigning its right to manage and operate the Towers 3 and 4 of Filinvest Cebu Cyberzone Towers under the BTO Agreement and Agreement for Transfer and Conveyance. The consideration amounting to ₱966.1 million was settled in November 2021.

   - On February 11, 2021, the BOD of FILRT approved the declaration of property dividends with carrying value and fair value of the properties amounting to ₱1,690.4 million and ₱3,888.8 million, respectively.

On December 4, 2020, the FILRT's BOD approved the declaration of property dividends with carrying value and fair value amounting to ₱6,611.9 million and ₱7,627.71 million, respectively and these are recognized as part of "Other noncurrent assets" as of December 31, 2020 (see Notes 11 and 15).

The property dividends declared by FILRT in 2021 and 2020 were transferred to the Parent Company on July 15, 2021, upon approval by the SEC.

e. *Transactions with Associates*
Transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, share of expenses and commission charges.

The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

The Parent Company entered into service agreement with CTI related to the management of the computer information system. Amount charged to the Parent Company in 2021 and 2020 amounted to ₱35.02 million and ₱34.20 million, respectively, was recognized as part of 'General and Administrative Expense' in the parent company statement of income (see Note 21).

In 2021, certain employees of FLI were transferred to SPI. The related retirement benefits of these employees amounting to ₱143.08 million as of December 31, 2021 was also transferred with a corresponding payable to SPI under "Other payables" (see Notes 16 and 25). The Parent Company entered into service agreement with SPI related to the technical and project management of its project developments.

f. *Transactions with Affiliates*
In 2019, FLI made advances of ₱65.00 million to subscribe to Nature Specialists, Inc. (NSI). As of December 31, 2019, issuance of SEC's approval and amendment of the NSI's articles of incorporation is still pending.

In 2017, the Parent Company and FDC Retail Electrricity Sales (FDC RES) made a retail electricity supply agreement wherein the latter will supply the retail electricity to the former.

Other transactions with affiliate relate to sharing of common expenses paid by the Parent Company on their behalf.

g. *Leases with related parties*
The Parent Company has several land lease transactions with related parties:
1. Mall lease with FAI (as lessee)
The Parent Company entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

2. Land lease with FAI (as lessee)
The Parent Company entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

3. Land lease with FILRT (as lessor)
   FLI entered into a lease agreement with FILRT on the location of the buildings currently leased to third parties by such subsidiary and on those still under construction. Rental is based on certain percentage of the subsidiary's gross rental income. On July 1, 2020, the Parent Company and FILRT amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease for another 25 years and to set a minimum fixed rental rate.

   On March 1, 2021, the Parent Company and FILRT amended their existing lease contract. The pertinent amended provisions include removal of the requirement to pay minimum lease and that rental rates shall be solely variable (i.e., 10% or 15% of gross lease income depending on the floor to area ratio). In case of redevelopment, the Parent Company and the FILRT shall mutually agree on the minimum monthly rent during construction period.

Key Management Personnel Compensation
The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱26.40 million and ₱28.08 million in 2021 and 2020, respectively. Post-employment benefits of key management personnel amounted to ₱22.28 million and ₱18.77 million in 2021 and 2020, respectively.

20. Cost of Rental Services

The account consists of:

	2021	2020
	(In Thousands)	
Depreciation (Notes 12, 13 and 14)	**₱445,268**	₱408,506
Mall operations	**364,402**	364,474
Rentals (Note 19)	**4,080**	12,443
	₱813,750	₱785,423

21. General and Administrative Expenses

The account consists of:

	2021	2020
	(In Thousands)	
Salaries, wages and employee benefits	**₱402,702**	₱503,355
Repairs and maintenance	**314,406**	240,930
Outside services	**197,493**	76,866
Depreciation (Notes 12 and 13)	**168,562**	168,264
Taxes and licenses	**153,138**	185,462
Entertainment, amusement and recreation	**74,045**	78,946
Transportation and travel	**63,070**	68,254
Electronic data processing charges (Note 19)	**44,211**	64,731

(Forward)

	2021	2020
	(In Thousands)	
Communications, light and water	**₱34,653**	₱26,452
Insurance	**26,388**	21,673
Retirement costs (Note 25)	**22,771**	39,298
Rent (Note 14)	**16,406**	12,711
Office supplies	**11,849**	9,140
Others	**11,913**	75,144
	₱1,541,607	₱1,571,226

22. Selling and Marketing Expenses

The account consists of:

	2021	2020
	(In Thousands)	
Brokers' commissions	**₱495,694**	₱548,205
Selling, advertising and promotions	**266,575**	333,306
Service fees	**109,265**	88,647
Sales office direct costs	**44,072**	81,540
Salaries and wages	**4,603**	5,338
Others	**933**	2,196
	₱921,142	₱1,059,232

23. Interest and Other Finance Charges

The following table shows the component of interest income and expense recognized in the parent company statement of income:

	2021	2020
	(In Thousands)	
Interest income on:		
Contracts receivable (Note 7)	**₱353,488**	₱345,617
Cash and cash equivalents (Note 6)	**14,860**	20,353
Others	**34,236**	6,095
	₱402,584	₱372,065
Interest and other finance charges:		
Interest expense on loans and bonds payable, net of interest capitalized (Notes 17 and 18)	**₱889,544**	₱2,086,420
Interest expense on lease liabilities (Note 14)	**368,463**	339,370
Amortization of transaction costs of loans and bonds (Notes 17 and 18)	**115,390**	74,167
Other finance charges (Note 25)	**201,783**	69,125
	₱1,575,180	₱2,569,082

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

24. Other Income

The account consists of:

	2021	2020
	(In Thousands)	
Forfeited reservations and collections	**₱99,788**	₱66,730
Processing fees	**70,523**	12,545
Service fees	**26,369**	21,633
Foreign currency exchange gain - net	**1,278**	1,020
Others	**8,422**	9,997
	₱206,380	₱111,925

25. Retirement Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service.

The funds are administered by the Parent Company's Treasurer under the supervision of the Board of Trustees of the Plan and is responsible for investment strategy of the plan.

The following tables summarize the components of retirement expense recognized in the parent company statements of income and pension liability recognized in the parent company statements of financial position for the existing retirement plan.

	2021		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as of January 1, 2021	**₱518,354**	**₱9,410**	**₱508,944**
Net benefit costs in profit or loss			
Current service cost (Note 21)	**22,771**	–	**22,771**
Net interest (Note 23)	**12,302**	**348**	**11,954**
	35,073	**348**	**34,725**
Benefits paid	**(17,646)**	**(17,646)**	–
Transfer out	**(143,082)**	–	**(143,082)**
Contribution	–	**25,000**	**(25,000)**
Remeasurements in other comprehensive Income			
Actuarial changes arising from:			
Experience adjustments	**9,384**	–	**9,384**
Return on plan assets, excluding amounts included in interest income	–	**(759)**	**759**
Settlement (gain) loss	**(1,114)**	–	**(1,114)**
Changes in financial assumptions	**33**	–	**33**
	8,303	**(759)**	**9,062**
Balance as of December 31, 2021	**₱401,002**	**₱16,353**	**₱384,649**

	2020		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as of January 1, 2020	₱513,412	₱41,865	₱471,547
Net benefit costs in profit or loss			
Current service cost (Note 21)	39,298	–	39,298
Net interest (Note 23)	26,031	2,173	23,858
	65,329	2,173	63,156
Benefits paid	(19,503)	(19,503)	–
Transfer in	(12,070)		(12,070)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(64,075)	–	(64,075)
Return on plan assets, excluding amounts included in interest income	–	(15,125)	15,125
Changes in financial assumptions	35,261	–	35,261
	(28,814)	(15,125)	(15,125)
Balance as of December 31, 2020	₱518,354	₱9,410	₱508,944

The Parent Company's plan assets comprise of cash equivalents with original maturities of 3 months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2021 and 2020, these placements are with EW (see Note 19). As of December 31, 2021 and 2020, the carrying amount of the plan assets approximates its fair value.

In 2021, certain employees of FLI were transferred to SPI. The related retirement benefits of these employees amounting to ₱143.08 million as of December 31, 2021 was also transferred with a corresponding payable to SPI (see Note 19).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2021	2020
Discount rate	**5.10%**	3.70%
Future salary increases	**6.00%**	4.86%

The sensitivity analysis that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation. Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level for the remaining life of the obligation. If the discount rate would be 100 basis points lower, the defined benefit obligation would increase by ₱448.83 million and ₱585.18 million in 2021 and 2020, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

	2021	2020
	(In Thousands)	
Less than one year	**₱32,559**	₱60,089
More than one year and up to five years	**137,590**	113,477
More than five years and up to 10 years	**158,554**	217,869

The Parent Company does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Parent Company's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Parent Company's current investment strategy consists of 100% short-term deposit placements.

26. **Equity**

Capital Stock

The Parent Company's common and preferred shares as of December 31, 2021 and 2020 follow (amounts in thousands, except for par value figures):

	Common Shares	Preferred Shares
Authorized shares	33,000,000	8,000,000
Par value per share	₱1	₱0.01
Issued and subscribed shares	24,470,708	8,000,000
Treasury shares	220,949	–

There were no issuances of additional common shares in 2021 and 2020.

Preferred Shares

As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (PhP0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares
On December 20, 2007, the Parent Company's BOD approved the buyback of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2020 and 2019. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declaration
On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.0155 per share for all common shareholders of record as of May 21, 2021 and ₱0.0155 per share for all common shareholders of record as of November 15, 2021 or a total of ₱751.74 million. The Parent Company has remaining unpaid cash dividend amounting to ₱18.68 million as of December 31, 2021.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.000155 per share for all preferred shareholders of record as of May 21, 2021 and ₱0.000155 per share for all preferred shareholders of record as of November 15, 2021 or a total of ₱2.48 million. The Parent Company has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2021.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.06480 per share or total of ₱1.57 billion for all common shareholders of record as of July 10, 2020. The Parent Company has remaining unpaid cash dividend amounting to ₱49.00 million as of December 31, 2020.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.00064 per share or a total of ₱5.10 million for all preferred shareholders of record as of July 10, 2020. The Parent Company also paid dividends amounting ₱42.40 million for dividends in arears for preferred shareholders.

Retained Earnings
Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury, unrealized fair value gains on investment properties and BTO rights received as dividends and deferred tax asset recognized in profit or loss as of December 31, 2021 and 2020.

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, FLI's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019 for the following projects:

Project	Location	Description	Amount (In Thousands)	Estimated Completion Date
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

The appropriated retained earnings amounted to ₱5.0 billion as of December 31, 2021 and 2020.

Capital Management

The Parent Company prudently monitors its capital and cash positions and cautiously manages its expenditures and disbursements. Furthermore, the Parent Company may also, from time to time, seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2021 and 2020.

The Parent Company monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Parent Company's policy is to keep the debt-to-equity ratio not to exceed 2:1.

The following table shows how the Parent Company computes for its debt-to-equity ratio:

	2021	2020
	(In Thousands)	
Loans payable (Note 17)	**₱27,638,065**	₱30,951,333
Bonds payable (Note 18)	**30,301,877**	25,689,359
Total long-term debt	**57,939,942**	56,640,692
Total equity	**84,708,745**	68,432,557
Debt-to-equity ratio	**0.68 : 1.00**	0.83:1.00

On August 12, 1993, the SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, the SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2021:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2020	24,249,759	5,670
Add (Deduct) Movement	–	(25)
December 31, 2020	24,249,759	5,645
Add (Deduct) Movement	–	1
December 31, 2021	**24,249,759**	**5,646**

Note: Exclusive of 220,949 treasury shares

27. Income Taxes

Provision for (benefit from) income tax consists of:

	2021	2020
	(In Thousands)	
Current	**₱34,431**	₱109,555
Deferred	**(663,534)**	(43,374)
Final	**57**	46
	(₱629,046)	₱66,227

The Parent Company's current income tax pertains to MCIT in 2021 and 2020.

The components of the Parent Company's net deferred income tax liabilities are as follows:

	2021	2020
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱3,840,793**	₱4,254,281
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,936,114**	2,361,192
Right-of-use assets	**931,216**	1,117,459
Others	**166,614**	199,937
	6,874,737	7,932,869
Deferred income tax assets on:		
Pension expense	**(119,782)**	(140,821)
Lease liabilities	**(1,112,794)**	(1,256,530)
Remeasurement loss on retirement plan	**(12,915)**	(15,498)
Provision for expected credit loss	**(8,123)**	(9,748)
MCIT	**(170,692)**	(109,324)
NOLCO	**(26,711)**	(311,872)
Others	**(15,598)**	(9,212)
	(1,466,615)	(1,853,005)
	₱5,408,122	₱6,079,864

The reconciliation of the income tax computed at the statutory tax rate to the actual provision for (benefit from) income tax follows:

	2021	2020
	(In Thousands)	
Income tax at statutory rate	**₱4,102,686**	₱2,738,923
Adjustments for the income tax effect of:		
Nontaxable income gain on sale of shares of stock	**(2,411,360)**	–
Impact of CREATE	**(1,058,862)**	–
Dividend income subjected to final tax	**(1,194,970)**	(2,623,114)
Income tax holiday incentive on sales of BOI-registered projects (Note 32)	**(42,913)**	(47,751)
Tax-exempt net income on socialized housing units	**(17,877)**	(5,827)
Interest on HGC-enrolled contracts receivables	**(1,960)**	(1,936)
Income covered by PEZA (Note 31)	**(1,922)**	(1,458)
Interest subjected to final tax	**(3,715)**	(6,106)
Nondeductible expense and others	**1,847**	13,496
	(₱629,046)	₱66,227

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

In 2020, the Parent Company incurred NOLCO amounting to ₱1,039.57 million, of which ₱932.73 million was applied against taxable income in 2021. The remaining balance of ₱106.84 million as of December 31, 2021 is available for offset against taxable income until 2025. The MCIT recognized in 2021 and 2020 amounting to ₱61.37 million and ₱109.32 million can be claimed as deduction from income tax due until December 31, 2024 and 2023, respectively.

Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE"

On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act which eyes to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reform to the corporate income tax and incentives systems which took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation, on April 11, 2021.

As a result of the CREATE law, the regular corporate income tax (RCIT) rate decreased from 30% to 25% effective July 1, 2020. For financial reporting purposes, the changes as a result of the change in tax rate are recognized in the parent company financial statements in 2021 in accordance with PIC Q&A 2020-07, Accounting for the Proposed Changes in Income Tax Rates under the CREATE Bill dated January 27, 2021.

28. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2021				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	₱9,425	₱9,425	₱9,425	–	₱
Unquoted	6,197	6,197	–	–	6,197
	15,622	15,622	9,425	–	6,197
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	49,306,355	101,927,419	–	–	101,927,419
Total assets	₱49,321,977	₱101,943,041	₱9,425	–	₱101,933,616
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	₱9,253,726	₱8,995,033	–	–	₱8,995,033
Retention fee payable	2,255,707	2,159,261	–	–	2,159,261
Deposits for registration	1,418,448	1,357,801	–	–	1,357,801
	12,927,881	12,512,095	–	–	12,512,095
Lease liabilities (Note 14)	4,517,270	6,404,784	–	–	6,404,784
Loans payable (Note 17)	27,638,065	26,436,998	–	–	26,436,998
Bonds payable (Note 18)	30,301,877	28,917,055	–	–	28,917,055
	₱75,385,093	₱74,270,932	₱–	₱–	₱74,270,932

	2020				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	₱9,338	₱9,338	₱9,338	₱–	₱–
Unquoted	6,197	6,197	–	–	6,197
	15,535	15,535	9,338	–	6,197
Non-financial assets					
Investment properties	37,372,894	106,837,980	–	–	106,837,980
	₱37,388,429	₱106,853,515	₱9,338	₱–	₱106,844,177
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	₱10,701,738	₱10,244,168	₱–	₱–	₱10,244,168
Retention fee payable	1,602,721	1,534,195	–	–	1,534,195
Deposits for registration	1,236,641	1,183,767	–	–	1,183,767
	13,541,100	12,962,130	–	–	12,962,130
Lease liabilities	4,165,251	5,905,677	–	–	5,905,677
Loans payable	30,951,333	34,256,752	–	–	34,256,752
Bonds payable	25,689,359	26,166,781	–	–	26,166,781
	₱74,347,043	₱79,291,340	₱–	₱–	₱79,291,340

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used was 11.5% and 19% in 2021 and 2020, respectively.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used is 4.28% in 2021 and 2020.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used ranged from 4.21% to 5.49% and 3.87% to 6.51% as of December 31, 2021 and 2020.

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

29. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and,
- To provide a degree of certainty about costs.

The Parent Company's finance and treasury function operates as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Parent Company. The Parent Company's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company also monitors the foreign currency arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Parent Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Parent Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Parent Company uses combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2021 and 2020, the Parent Company has ₱13.60 billion and ₱4.82 billion, respectively, of undrawn short-term credit lines, and ₱18.28 billion and ₱5.20 billion of undrawn long-term credit facilities, respectively.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Parent Company's other financial liabilities as of December 31, 2021 and 2020 based on contractual undiscounted payments.

	2021						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱3,546,760	₱1,332,478	₱729,188	₱1,884,861	₱1,760,439	₱–	₱9,253,726
Retention fees payable	635,348	634,984	136,582	11,688	533,529	303,576	2,255,707
Deposits for registration	–	419	172,491	631,581	248,767	365,190	1,418,448
Accrued expenses	622,491	–	–	–	–	–	622,491
Accrued interest	258,937	–	–	–	–	–	258,937
	5,063,536	1,967,881	1,038,261	2,528,130	2,542,735	668,766	13,809,309
Due to related parties	202,073	–	–	–	–	–	202,073
Loans payable	–	1,326,259	3,978,776	17,081,116	9,528,656	–	31,914,807
Bonds payable	–	2,025,287	6,075,860	12,038,759	3,437,669	5,259,244	28,836,819
Lease liabilities	–	56	169	484	260	18,741	19,710
	₱5,265,609	₱5,319,483	₱11,093,066	₱31,648,489	₱15,509,320	₱5,946,751	₱74,782,718

	2020						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱4,039,297	₱1,517,518	₱830,450	₱2,146,611	₱2,167,862	₱–	₱10,701,738
Retention fees payable	451,426	451,168	97,044	8,304	379,082	215,697	1,602,721
Deposits for registration	–	365	150,382	550,629	216,882	318,383	1,236,641
Accrued interest	442,930	–	–	–	–	–	442,930
Accrued expenses	532,209	–	–	–	–	–	532,209
	5,465,862	1,969,051	1,077,876	2,705,544	2,763,826	534,080	14,516,239
Due to related parties	77,417	–	–	–	–	–	77,417
Loans payable	–	2,108,521	6,325,564	11,878,608	14,475,455	–	34,788,148
Bonds payable	–	1,650,901	4,952,702	17,367,717	3,030,174	1,786,543	28,788,037
Lease liabilities	–	58,973	176,920	461,235	248,054	19,001,327	19,946,509
	₱5,543,279	₱5,787,446	₱12,533,062	₱32,413,104	₱20,517,509	₱21,321,950	₱98,116,350

The tables below summarize the maturity profile of the Parent Company's financial assets and contract assets held to manage liquidity as of December 31, 2021 and 2020:

	2021						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱5,158,857**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱5,158,857**
Cash equivalents	–	**680,842**	–	–	–	–	**680,842**
Contracts receivable			–	–	–	–	–
Contracts receivable	**5,082,143**	–	–	–	–	–	**5,082,143**
Receivables from government and financial institutions	**204,191**	–	–	–	–	–	**204,191**
Investment and advances in associates and subsidiaries	–	–	–	–	–	–	–
Advances to associates and	–	–	–	–	–	–	–
subsidiaries	**6,406,703**	–	–	–	–	–	**6,406,703**
Other receivables	–	–	–	–	–	–	
Receivable from tenants-net	**535,706**	–	–	–	–	–	**535,706**
Due from related parties	**9,659,795**	–	–	–	–	–	**9,659,795**
Receivable from homeowners' associations-net	**261,127**	–	–	–	–	–	**261,127**
Receivable from buyers	–	–	–	–	–	–	–
Others	**38,321**	–	–	–	–	–	**38,321**
Short-term deposits	–	–	**51,329**	–	–	–	**51,329**
	27,346,843	**680,842**	**51,329**	–	–	–	**28,079,014**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	**9,425**	–	–	–	–	**9,425**
Unquoted	–	**6,197**	–	–	–	–	**6,197**
	–	**15,622**	–	–	–	–	**15,622**
Total financial assets	**27,346,843**	**696,464**	**51,329**	-	-	-	**28,094,636**
Contract assets	-	**1,044,455**	**3,133,364**	**1,701,470**	**907,803**	**1,543,483**	**8,330,575**
	₱27,346,843	**₱1,740,919**	**₱3,184,693**	**₱1,701,470**	**₱907,803**	**₱1,543,483**	**₱36,425,211**

	2020						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,567,195	₱–	₱–	₱–	₱–	₱–	₱2,567,195
Cash equivalents	–	2,202,809	–	–	–	–	2,202,809
Contracts receivable							
Contracts receivable	3,963,551	–	–	–	–	–	3,963,551
Receivables from government and financial institutions	193,388	–	–	–	–	–	193,388
Investment and advances in associates and subsidiaries							
Advances to associates and subsidiaries	6,666,812	–	–	–	–	–	6,666,812
Other receivables							
Due from related parties	138,774	–	–	–	–	–	138,774
Receivable from homeowners' associations - net	230,189	–	–	–	–	–	230,189
Receivable from buyers	41,866	–	–	–	–	–	41,866
Receivable from tenants - net	535,068	–	–	–	–	–	535,068
Others	3,271	–	–	–	–	–	3,271
Short term deposits	–	–	5,522	–	–	–	5,522
	14,340,114	2,202,809	5,522	–	–	–	16,548,445
Financial assets at FVOCI				–	–	–	
Investments in shares of stocks							
Quoted	-	9,338	-	-	-	-	9,338
Unquoted	–	6,197	–	–	–	–	6,197
	–	15,535	–	–	–	–	15,535
Total financial assets	14,340,114	2,218,344	5,522	-	-	-	16,563,980
Contract assets	-	1,254,899	4,145,430	1,581,370	935,151	979,434	8,896,284
	₱14,340,114	₱3,473,243	₱4,150,952	₱1,581,370	₱935,151	₱979,434	₱25,460,264

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Parent Company's policy that buyers who wish to avail of the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 7, the Parent Company has a mortgage insurance contract with HGC for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Parent Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using the vintage model to measure expected credit losses. The probability of default rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Parent Company's contract receivables and contract assets using a provision matrix:

		2021				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Expected credit loss rate	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Estimated total gross carrying amount at default	**₱13,616,908**	**₱550,177**	**₱1,941,136**	**₱3,674,836**	**₱6,327,053**	**₱1,123,707**

		2020				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated total gross carrying amount at default	₱13,053,224	₱442,089	₱1,800,133	₱2,688,198	₱6,770,394	₱1,352,410

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and financial assets at FVOCI, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Parent Company's experience, the said assets are highly collectible or collectible on demand. The Parent Company holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Parent Company can repossess the collateralized properties and resell them at the prevailing market price.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2021 and 2020, the analysis of contracts receivables that were past due follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2021	**₱521,891**	**₱401,973**	**₱393,920**	**₱380,231**	**₱3,435,725**	**₱5,133,740**
2020	440.937	397.852	370.753	255.163	2,498.846	3,963,551

There is no concentration risk on the Parent Company's financial assets as of December 31, 2021 and 2020.

Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Parent Company's financial instruments affected by market risk include loans payable, and cash and cash equivalents.

The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's loans from various financial institutions. To manage interest rate risk, the Parent Company renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Parent Company believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Parent Company's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2021	+200	₱41,014
	-200	(₱41,014)
2020	+200	₱95,691
	-200	(₱95,691)

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a two hundred basis point upward or downward fluctuation. The Parent Company, used as basis of these assumptions, the annual percentage change of three-month BVAL reference rates for the past five years as obtained from Banker's Association of the Philippines. Effect on the Parent Company's income before tax is computed on the carrying amount of the Parent Company's floating rate loans payable as of December 31, 2021 and 2020.

The following table sets out the carrying amount, by maturity, of the Parent Company's long-term debts that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2021	**₱683,333**	**₱83,333**	**₱291,667**	**₱-**	**₱-**	**₱1,058,333**
As of December 31, 2020	₱1,659.688	₱262.022	₱137.022	₱1,826.777	₱899.044	₱4,784.552

30. Commitments and Contingencies

Contingencies
The Parent Company is involved in various legal actions, claims, and contingencies incidental to the ordinary course of the business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on its financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Capital Commitments and Obligations
The Parent Company has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱1,465.1 million and ₱2,591.5 million as of December 31, 2021 and 2020, respectively. These will be recognized as liabilities in the Parent Company's financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱200.0 million. As of December 31, 2021 and 2020, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the parent company statement of financial position (see Note 15).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the Clark Green City Project. The bid premium is presented as part of investment properties in the parent company financial statements (see Note 12).

31. Registration with PEZA

On February 13, 2002, the Parent Company was registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (the "Ecozone") to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

32. Registration with BOI

The Parent Company has registered the following New Developer of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) and are un-expired as of December 31, 2021:

Name	Reg. No.	Date Registered
New Fields	2018-016	01/22/2018
Futura Homes Palm Estates Ph 1	2018-156	07/20/2018
Sandia Homes 2	2019-136	07/25/2019
Futura Homes Zamboanga Ph1A	2018-200	09/24/2018
8 Spatial Davao Bldg 5	2019-182	09/26/2019
Marina Spatial Bldg 2	2019-259	12/02/2019
New Leaf	2019-054	03/20/2019

As a registered enterprise, the Parent Company is entitled to certain tax and nontax incentives, subject to certain conditions.

33. Notes to Statements of Cash Flows

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2021			
	January 1, 2021	**Cash flows**	**Noncash movement**	**December 31, 2021**
		(In Thousands)		
Loans payable	**₱30,951,333**	**(₱5,241,775)**	**1,928,507**	**₱27,638,065**
Bonds payable	**25,689,359**	**4,568,215**	**44,303**	**30,301,877**
Accrued interest	**532,209**	**(2,802,841)**	**2,529,569**	**258,937**
Dividends payable	**49,001**	**(784,224)**	**754,223**	**19,000**
Lease liabilities	**4,165,251**	**(211,780)**	**563,799**	**4,517,270**
Due to related parties	**77,417**	**124,656**	**–**	**202,073**
	₱61,464,570	**(₱4,347,749)**	**₱5,820,401**	**₱62,937,222**

	2020			
	January 1, 2020	Cash flows	Noncash movement	December 31, 2020
		(In Thousands)		
Loans payable	₱25,948,413	₱4,962,528	₱40,392	₱30,951,333
Bonds payable	21,923,134	(4,300,000)	8,066,225	25,689,359
Accrued interest	229,642	(2,922,438)	2,160,586	532,209
Dividends payable	18,655	(1,588,558)	1,618,904	49,001
Lease liabilities	3,950,895	(221,184)	435,540	4,165,251
Due to related parties	38,788	26,559	12,070	77,417
	₱52,109,527	(₱4,043,093)	₱12,333,717	₱61,464,570

The Parent Company's noncash activities are as follows:

a) In 2020, reclassification of property, plant and equipment to real estate inventories amounting to ₱55.65 million (nil in 2021; see Notes 9 and 13).
b) In 2020, reclassification of investment properties to real estate inventories amounting to ₱259.09 million (nil in 2021; see Notes 9 and 12).
c) In 2020, land and land developments previously presented under inventories were reclassified to investment property amounting to ₱0.73 million (see Note 9 and 12).
d) In 2020, reclassification of investment in subsidiaries to investment in associate due to loss of control amounting ₱90.00 million (nil in 2021; see Note 11).
e) Additions to investment in DPI through conversion of due from related party amounting to ₱27.5 million in 2020 (nil in 2021; see Note 11).
f) Additions to investments and advances in subsidiary by assignment of loans payable from FILRT amounted to ₱1,856.67 million and ₱1,889.58 million in 2021 and 2020, respectively (see Note 11).
g) Additions to right-of-use assets and lease liabilities amounting to ₱195.33 million and ₱96.17 million in 2021 and 2020, respectively (see Notes 12 and 14).
h) Property dividend from FILRT that remain undistributed amounted to ₱7,627.71 million as of December 31, 2020. The investment properties were received as of December 31, 2021 (see Notes 11, 12 and 19).
i) In 2021, additions to investment properties and BTO rights from FILRT's property dividend amounted to ₱1,994.31 million and ₱1,894.53 million, respectively (see Notes 11, 12, 15 and 19).
j) Purchases of inventories, investment properties, property and equipment and BTO Rghts for the year which remain unpaid amounted to ₱513.18 million, ₱715.33 million and ₱0.66 million, and ₱0.22 million , respectively, as of December 31, 2021, and ₱2.90 million, ₱235.25 million, ₱2.18 million and nil, respectively, as of December 31, 2020 (see Notes 9, 12, 13 and 15).
k) In 2021, the Parent Company reclassified retirement liabilities amounting to ₱143.08 million to accounts payable and accrued expenses due to transfer of certain employees to related parties (see Notes 16 and 25).
l) The Parent Company has remaining unpaid cash dividend amounting to ₱19 million and ₱49 million as of December 31, 2021 and 2020, respectively. (see Note 26).

34. **Other Matters**

COVID-19 Pandemic

The Parent Company continues to abide by and comply with all rules and regulations issued by the government in relation to the COVID-19 pandemic. In line with applicable rules and regulations, the said risks are mitigated by business continuity strategies set in place by the Parent Company. Measures currently undertaken by the Parent Company to mitigate the risks of COVID-19 pandemic on its operations include workfrom-home arrangements, proper and frequent sanitation of office premises, cancellation of large group meetings in person, an internal ban on foreign business travel, and the practice of social distancing through remote communication, among others.

The quarantine restrictions and recent social distancing guidelines limit the operations of malls and construction completion. Despite the challenges, the Parent Company prioritized easing the burden of its customers by providing payment grace periods or rental relief. Past efforts in process improvement and digitalization allowed the company to operate efficiently and effectively to continue to serve customers. Operations have adjusted to the pandemic from digital marketing and online selling processes to the continued communication with the buyers and homeowners through the online service desk. As of date, estimate of the impact cannot be made.

The Parent Company is taking a two-pronged strategy of (i) expanding the investment property portfolio and (ii) prudent residential development focusing on the end-user, affordable and middle-income markets. The Parent Company is concentrating on the completion of its key projects, particularly office buildings which continue to be in demand and selected residential developments across the country.

Typhoon Odette
On December 16, 2021, Typhoon Rai (local name Odette) brought torrential rains, violent winds, landslides, and storm surges to various provinces in Visayas and Mindanao. This did not materially hamper the operations of the Parent's properties in Cebu. Damage to properties was not material and eligible to receive insurance claims.

2021 SUSTAINABILITY REPORT

About this Report

This is Filinvest Land's ("FLI" or the "Company") disclosures on its non-financial performance across economic, environmental, social and governance aspects of business operations covering the reporting period from 1 January through 31 December 2021.

This report is published in compliance with the provisions of the Securities and Exchange Commission's Memorandum Circular No. 4, Series of 2019 (SEC MC 4), and aligns with the Sustainability Reporting Guidelines for Publicly Listed Companies (the "SEC ESG Guidelines"). It also uses the Global Reporting Initiative (GRI) Standards' principles and reporting guidelines as reference.

Scope

The Sustainability Report features the EESG initiatives and performance across FLI's developments in 19 provinces and 53 towns across the Philippines, covering its residential, retail and office portfolio, along with project development, construction and property operations. A complete list of assets under FLI operations is found in the List of Operations in the Appendix. Data from preceding years are also included where applicable.

In August 2021, several assets under Cyberzone Properties, a subsidiary of FLI, were infused into the portfolio of Filinvest REIT Corp("FILRT") when it was formally launched and listed at the Philippine Stock Exchange, and FLI is identified as the Sponsor. Non-financial performance associated with the operations of the seventeen assets under FILRT – sixteen in Alabang and one in Cebu – is reported on by the said entity in its first annual integrated report, but remains covered by this sustainability report. The day-to-day property management of some Filinvest leased assets, e.g. Capital One, are directly managed by the lessees themselves and thus are not within direct operational control of Filinvest and the operational data are carved out from this report. The EESG performance of Filinvest Alabang, Inc. (FAI), of which FLI holds 20% equity, is not included in this report as its operations are largely autonomous from FLI although there are areas of collaboration; its performance is covered by the parent company, Filinvest Development Corporation's (FDC) sustainability report.

Materiality and Stakeholder Engagement

In 2019, in compliance with the provisions of the SEC MC 4, which provides for a framework with which publicly listed companies are to report their non-financial performance, FLI undertook an initial assessment of organizational processes, procedures, and policies to better understand how they relate to EESG issues. While a formal and full-blown materiality assessment with external stakeholders was only partially conducted in 2021 due to limitations posed by Covid-19 restrictions, the content of this report is informed by the principles of materiality and focuses on the economic, environmental, and social impacts of operations and activities in the Philippines, as well as the management approach to the material topics listed.
A materiality assessment exercise will be undertaken in 2022 which will feed into the development and adoption of a sustainability policy and focus areas which are tailored to the unique business models of FLI as well as the most relevant issues that resonate with its various stakeholders, guided by existing sustainability reporting frameworks adopted by FLI and its FDC parent.

Material Topics which have an impact on both stakeholders and the business

Environment	Economy	Social	Governance
Environmental Compliance Resource and Energy efficiency Water Conservation Land Use and Biodiversity	Distribution of Economic value Support to Supply Chain, particularly local businesses	Employee development, workload and engagement Occupational Health and Safety (incl. Covid-19 pandemic) Staff Mobility Customer Relations Data Privacy Community Relations and Investments Community/Properties Resiliency	Procurement Practices Anti-corruption

Extensive discussions on the actions of the Company to address the topics listed may be found across the other sections of the Annual Report, not just in the Sustainability Report.

Stakeholder Engagement

In the pursuit of realizing shared goals with stakeholders, FLI has identified its key stakeholders, took note of their concerns and established channels of engagement and initiatives that aim to either enhance the positive impacts and mitigate the negative impacts on both parties.

Stakeholder	Concerns	Company Response / Channels of Engagement
Customer	Affordability Ability to sustain payments during Covid-19	Five market segments for residential projects; Extended payment periods and waivers on penalties & interest; Rent holidays

	Service quality Data Privacy Health and Safety Community resiliency	Customer service and satisfaction surveys Cybersecurity and Data Privacy protocols; Covid-19 protocols, incl. contact tracing; Compliance with IATF directives Green Design of neighborhoods and buildings (incl. LEED/BERDE certification)
Employees	Career Development Work-Life Balance Health and Safety Connectivity and Mobility during the Pandemic	Online training and development portal, and one on one mentoring Mental health and employee engagement program Work from Home arrangements, with IT and logistical support Covid-19 protocols in the workplace; Health services support for Covid-affected employees FilVax vaccination program
Supply Chain	Accreditation Timeliness of contract awards and payments	Documented accreditation process Systems process review and revised procedures, with digitization initiatives
Regulators and Government	Alignment of Master Plans	Continuous coordination on zoning, transportation, utility master plans

	Compliance Good Governance	Timely renewal of permits and submittal/publication of required disclosures Business code of conduct and employee trainings on good governance; Boardroom Innovations Series for improving competencies of Board and C-suite officers
Lenders and Investors	Transparency EESG / non-financial disclosures Financial liquidity	Regular annual reports, sustainability reports and other disclosures Compliance with provisions in loan covenants
Communities	Site-specific community or LGU issues	Relationship management and community social investments, incl. partnerships on specific programs; FilVax - vaccines and test kits donated to national and local governments
Environment	Environmental impacts	Green design principles and materials Energy and Resource Efficiency initiatives Water conservation and reuse Solid waste and hazardous waste management Environmental compliance: projects and operations

Managing Sustainability Issues and Information

For over 50 years, Filinvest has been 'building the Filipino dream'. The challenges we faced during the pandemic years of 2020 and 2021 magnified how fundamental sustainability concerns such as health and resiliency are vital to the stability of the Company and society at large. The organization has learned the value of being agile and we are committed to consistently instilling social and environmentally-responsible practices across our operations, our supply chain, and with our customers and communities we serve.

FLI endeavors to continue creating healthy, sustainable, and environmentally-responsible communities - ones with strengthened measures for safety, disaster resilience, and emergency preparedness - for years to come. A key factor to achieving this will be to consistently improve on EESG-related performance, especially on minimizing negative impacts and enhancing positive impacts on people (talents, customers, business partners and communities), the environment and the economy, through stakeholder feedback, impact assessments and recalibration, partnerships in execution and continuing improvement.

FLI continues to refine its data generation, validation, consolidation, analysis and reporting processes to accurately measure and manage better its impacts on stakeholders and the environment. For 2022, it is envisioned that FLI will adopt a sustainability framework and key sustainability focus areas that will reflect its unique business models and that will yield maximum beneficial impact to both company and stakeholders, manifesting all three current approaches in corporate sustainability work: corporate social investments, EESG best practices and creating shared value.

Sustainability Governance

Guided by the FLI's and its parent FDC's vision, mission and core values, the drive to manifest social and environmental responsibility is enabled by a strong governance structure, led from the top by a competent Board of Directors responsible for setting the Company's overall approach on sustainability and corporate responsibility matters, evaluating EESG-related risks, and implementing responsive initiatives. It is supported by the Audit and Risk Management Oversight Committee who implement risk management and internal control systems, and the senior management team which drives on-the-ground execution.

Throughout 2020 and 2021, the Board guided strategies to help preserve the company's stability and long-term viability in light of a universally disruptive pandemic. These strategies focused on fiscal prudence, minimizing environmental impact, prioritization of employees' and customers' safety and well-being, and adherence to good governance principles.

Filinvest is working to strengthen its sustainability governance structures and mechanisms and to integrate EESG-related structures across our business decision-making processes at all levels. FLI continuous to assess EESG-related risks and opportunities and climate-related impacts as guided by prevailing and emerging sustainability frameworks. For 2022, Filinvest Land will be forming a sustainability council which will craft a sustainability framework that contains the key sustainability focus areas that will be embedded in corporate strategy of the real estate business, and will serve as basis for future sustainability/EESG reporting.

ECONOMIC PERFORMANCE

As a significant player in the real estate industry in the Philippine, Filinvest Land operates in a fairly extensive ecosystem wherein the various stakeholders have a critical role to play in the value creation process and in turn benefit economically from such activities, from our employees who run the business, to the investors and lenders who provide capital, to the varied consultants who help us conceptualize and develop projects, to the contractors and suppliers who help us build, to the sales agents who help in marketing, to the financial service providers who assist our customers, and to the government that regulates us and provides an enabling environment for the business to thrive. The economic benefits generated by the business throughout the value chain is shared with our stakeholders and these have trickle-down effects on local businesses, local governments and local economies.

Economic Value Generated and Distributed (2021)

	Amount (PHP)
Direct Economic Value Generated (revenue)	17,738,919,000
Direct Economic Value Distributed:	
a. Operating costs	11,503,192,000
b. Employee wages and benefits	629,681,402
c. Payments to suppliers, and other operating costs	10,873,510,598
d. Dividends given to stockholders and interest payments to lenders	2,997,140,000
e. Taxes paid to government	262,060,000

Engaging our Local Supply Chain

As Filinvest Land's operations are well spread throughout the archipelago, the Company is able to engage and support local businesses, not just in the interest of maximizing economic impact to local communities, but also to realize internal process efficiencies.

In 2021, Filinvest Land Inc.'s awarded projects and purchase orders to local suppliers constituted 98.85% of the procurement budget. (It was 94.39% in 2020.) The rest were for suppliers based in Asia, in response to the need to cast a wider net across the regional supply chain in order to ensure materials were available and delivered during a time of pandemic where manufacturing output worldwide was curtailed due to logistical/mobility restrictions and business downsizing. Due to the mobility restrictions during the intermittent lockdowns, Filinvest Land was able to process payments for its supply chain partners through an e-settlement service provided by its sister company EastWest Bank, avoiding the need for face-to-face transactions.

FLI established a Supplier Accreditation Program in 2015 where prospective vendors and consultants undergo a vetting process which undertakes an in depth look at those companies' quality control, environmental and safety systems or programs (e.g. ISO integrated management systems certifications check), along with the level of compliance with regulatory requirements such as environmental documents and local government clearances and permits. The Company's sourcing and supplier accreditation process gives guidance on the continuous monitoring and evaluation of suppliers, vendors, contractors and service providers, and prescribes a process for blacklisting when necessary.

Ensuring Good Governance with Suppliers and Employees

All Filinvest employees, as part of their onboarding and continuing development, undergo trainings on the Code of Business Conduct and Ethics which incorporates topics such as the corporate values (which includes Integrity), anti-corruption, insider trading, related party transactions, corporate gifts, conflict of interest and other governance policies and best practices. Recently this training module was made available as an easily accessible and learner-driven e-course in the Filinvest Mentor online portal. The Code sets out standards for the day-to-day behavior of all employees, covering interactions with peers and external stakeholders such as suppliers, contractors, government officials and customers. The desired employee behaviors are reflective of the Filinvest Group's corporate values of excellence and integrity. The anti-corruption and anti-bribery policy is supported by a whistleblowing policy and procedure which proactive employees can invoke without fear of retribution. The Code also provides for the guidelines in managing issues or cases such that the process is fair, uniform, impartial, open-minded and handled in a prudent and sensitive manner.

The supply chain partners, as part of their accreditation process and onboarding, also undergo trainings on the Company's Code of Business Conduct and Ethics. The Company has been enforcing a 'no gift' policy, and has other provisions in place to ensure avoidance of actual or even the perception of conflict of interest or favoritism.

There were no incidents of fraud or misconduct in 2021 reported by any stakeholder that would have a significant effect on the Company's financial statements and overall operations. No directors or employees were removed from service or disciplined on grounds of corruption or fraud.

A more extensive discussion of corporate governance policies and practices are found in the Corporate Governance section of the Annual Report.

SOCIAL PERFORMANCE

Human Capital at the Heart of Ensuring Long Term Value Creation

The ability of any organization to create value for a long time is always centered on human readiness capital, in terms of the ability to fill in critical roles when needed with energized and engaged talents carrying the necessary competencies. Filinvest Land continues to build, develop and nurture a strong, diverse and capable team that delivers excellent services to the customer and will fuel the growth engine as business opportunities arise.

Talent Capacity

Filinvest Land aims to attract and retain the best talents available, and continues to improve on the total employee experience such that the level of engagement and empowerment is high. When it comes to hiring, it is a stated preference to source and promote from within the employee pool of the conglomerate before embarking on an search of external talents. This creates a workplace culture in which strong bonds are formed between individuals with a keen awareness of the customer needs, what we offer and how things are done and delivered. As of end of 2021, Filinvest Land had a regular workforce of 1,515.

Employee breakdown by contract type	2021	2020	2019
Total employees	**1,515**	**1,639**	**1,751**
Executive	69	61	60
Manager	314	345	333
Supervisor	303	311	314
Rank and File	829	922	1,044

The 2020 and 2019 data are restated figures, reflecting additions from FLI business units excluded previously. The headcount does not include non-permanent employees.

FLI's employee handbook, in addition to other human resource policies, is communicated to all new employees to ensure that all aspects of employment, including fair hiring practices, compensation and dismissal, working hours, rest periods, anti-discrimination and employee welfare are well understood. Onboarding of new employees is currently undertaken using the Filinvest Mentor online learner's portal so that the talent can dictate the pace and can easily return to the material to review at will.

All full-time employees enjoy a comprehensive benefits package, which includes medical care, group life and accident insurance retirement benefits. In addition, paid leaves for vacation, illness, maternity and paternity, change of civil status, birthday, bereavement and calamity leave, a car financing and housing assistance are available.

FLI also offers health maintenance coverage for all regular employees, a loan fund for regular employees including an emergency loan to aid in the hospitalization of an employee or their family members or for immediate repair of an employee's home after a natural disaster or fire, as well as an educational loan to cover tuition fees for employees or their dependents. During the pandemic, the conglomerate was among the first to establish a vaccination program even before supplies were procured by the national government. All employees were eligible to be vaccinated under the FilVax program and a high employee availment rate was already realized in the third quarter of 2021, already exceeding the end-of-year national target. (Refer to the special article for a more comprehensive discussion of the vaccination efforts of Filinvest.)

Talent Capability

Filinvest Land believes that cultivating a highly-skilled workforce and supporting employees' long-term career goals is an integral part of sustaining our social and economic success. We achieve this by encouraging employees to continually upgrade their professional skillsets through a range of training, practical workshops, and mentorship programs. In-house trainings are conducted regularly, and the Filinvest Mentor online learning portal continuously adds more training modules for any employee to avail of, at any time convenient to them.

To develop the highest level of skill among employees and enhance personal and professional growth, we periodically assess the training needs of each employee vis a vis the role they currently occupy and potential roles they may take on in the future. We also recognize employees with 10, 15, 20, 25, 30 years of service to celebrate the appreciation of their hard work and dedication.

In 2021, Filinvest's Learning and Development unit's training modules delivered across FLI and its subsidiaries for the reporting year are listed below:

Type of Training	Course Topic
Leadership-focused	• Leadership in Operations • Conquering Disruption Through Agility • Leveraging Human Capital for Business • Coaching for Performance • Learning to Change Team Cultures: Promoting Empathy Through Check Ins • Situational Leadership and Coaching • Conducting Meaningful Conversations • Awaken the Leader In You and High Impact Leadership • Balancing Work Demands and Resources • The Right Leadership at the Right Time
Functional Competency-focused	• Project Management Bootcamp • Fleet Management • Practical Guide in Preventing Workplace Violence • Basic Plant Nursery Management • Compliance Training: Permits Monitoring • Customer Service Training • Train the Facilitator Session • SIPOC and Process Mapping • Maintaining Landscapes Through Smart and Efficient Irrigation Systems
Employee Empowerment-related	• Workshop on Achievements Empowerment • Becoming Indistractable

	• Webinar for Work At Home Moms: Parenting during the pandemic • Driving Passion @ Work in the New Normal • EW Troo Financial Wellness Webinar • How to Present Yourselves Online • Psychological Health and Safety At Work • Understanding Covid-19 Vaccines • Benefits of Positive Emotions on Mental Health
Regulator-mandated	• DENR EMB and LLDA Seminars for Managing Heads and Pollution Control Officers • Anti-Money Laundering Act Orientation • Occupational Health and Safety Orientation • Data Privacy Act Launch: Think Before You Click • Fire Safety Orientation • First Aid Training

Filinvest also has given its employees unlimited access to 939 courses via LinkedIn Learning, an online open course provider.

Average Training Hours provided to employees								
2021			2020			2019		
Total Average	Male	Female	Total Average	Male	Female	Total Average	Male	Female
3.09	3.54	2.78	8.13	7.34	8.92	11.00*	10.95	11.04

**Restated from 2020's disclosure of 10.00.*

Beyond training, all regular employees take part in an annual performance evaluation such that in the succeeding year, whenever practicable, competency development interventions are identified so that the talent can enhance the likelihood of meeting his or her established objectives.

Talent Connection

At FLI, our team of 'Dream Builders' has created a culture of willingness to take initiative, open mindedness, ability to work as a team, and passion for continuous learning and improvement with the objective of having enabled and energized individuals willing to take on the challenges and opportunities in the future. This passion and vision is what has kept us in business for over 50 years and is the same passion that drives us today.

At FLI, we believe that when people work in an environment that prioritizes their safety and offers rewarding career paths, productivity increases, creativity flourishes, and wellbeing improves. As such, we are constantly cultivating an environment where our 'Dream Builders' can be healthy, engaged, and productive.

As of 2021, there is no Collective Bargaining Agreement in Filinvest Land Inc or any of its subsidiaries.

In coming years, we continue to provide a working environment that supports everyone on the team, nurtures their knowledge and skills, and provides opportunities for career growth. We recognize a need to further assess ESG-related risks and opportunities and keep our eyes open opportunities to improve on hiring, onboarding learning and development, employee engagement, workplace culture and work-life balance.

Our Diverse Workforce

At Filinvest Land, we believe that having people with diverse backgrounds in the team allows us to be exposed to and appreciate other perspectives, approach problems differently and in a more comprehensive manner, and come up with innovative solutions that address existing or emerging risks and perhaps even create opportunities not just for the employees alone but the business too.

Despite international underrepresentation of women in the property industry and in Asian corporations in general, FLI has a high proportion of women all across employment categories, from CEO to rank and file, comprising 59% of the workforce, which showcases our commitment to gender diversity and fair hiring practices. The Board and senior leadership team also have women leaders who are treated no differently; 45% of the executives in FLI are composed of women. The policy of the company is that one's progression up the ladder is solely based on talent potential and accomplishments, not on any other criteria such as gender, race or religion.

Health and Safety During a Time of Pandemic

The on-the-ground execution of projects of Filinvest Land always puts a premium on the implementation of occupational health and safety protocols among our team members, our contractors and service providers and the general public. We value the health and wellbeing of our team members and are committed to providing all employees with a safe, secure, and healthy working environment. We also impose the same high standards of occupational health and safety on our contractors and service providers.

The challenges brought about by the Covid-19 pandemic in 2020 and 2021 added an extra dimension to the set of safeguards we have established across the years, necessitating company to upgrade or update our key policies, plans and procedures/protocols. Filinvest Land has a strong set of codified best practices established through the Safety Policy, Accident Prevention Program, OHS Program, Security, Environment, Health and Safety Policy and Code of Safe Practices. In addition to the established Covid-19 workplace protocols and introduction of Work from Home arrangements for employees, the Filinvest Group established FilVax, a vaccination program for employees which also eventually assisted the government in its own nationwide vaccination program. The Company also provided support to Covid-affected employees at home through the delivery of Covid kits which contained vitamins, medications, face masks, pulse oximeters and test kits, and facilitated access to online medical consultations and hospitalizations, when necessary, with the assistance of its health maintenance service provider.

In 2021, we achieved a total of 18,206,639 safe man-hours among employees and the contractors' workforce in FLI's offices and projects.

Occupational Health and Safety

	2021	2020
Safe manhours (employees)*	2,615,976	2,391,701
Work-related injuries*	2	0
Work-related fatalities*	0	0
Work-related illnesses*	0	0
Safe manhours (contractors)**	15,590,663	8,468,844

*Data for FLI's full time employees only. On work-related illnesses, there is no recorded employee Covid-19 case that was attributed to workplace transmission due to challenges in contact tracing (e.g. transmission via commuting and at home). There were no disclosures made in 2019.

**Safe manhours of contractors for 2020 are a re-statement; there was no disclosure in the previous report. The low figure from 2020 is due to the government-mandated restrictions on the mobility of non-public works contractors from March to July of that year.

Customer Centricity as a Core Corporate Value

To manifest its commitment to inclusivity, FLI has developed and offered differentiated and forward-thinking products for varying customer segments. In all the five housing brands, we seek to maximize the positive impact we can have in every community that we create, with affordability in consideration. We achieve product excellence and customer centricity by conducting our business with integrity and keeping our standards high – all to better serve and retain our customer base. To ensure service quality we are guided by a set of policies and procedures, which cover service quality improvement processes, customer satisfaction surveys and addressing customer issues, to cite a few.

Abiding by a corporate core value of 'customer service', we attain quality excellence by anticipating and understanding customers' pain points and requirements and consistently surpassing expectations. This commitment to provide excellent properties and services to our customers is achieved by taking responsibility for everything we create, and strictly following regulatory requirements, industry guidelines and internal procedures. But there is always a constant drive to look for areas of improvement like improving customer health and safety, promoting responsible marketing, and keeping the information of our customers secure. These were among some focus areas that were top of mind to the FLI team in recent times.

To better understand the existing and emerging needs and issues of customers, various communication channels are in place. Customer satisfaction surveys measure how our products and services meet or surpass customer expectations. A set of procedures is in place for our customer care teams to address pressing customer issues.

Protecting Privacy

FLI is committed to ensuring that the personal data of customers, employees or vendors are all collected, used, stored and disposed of properly. We do our utmost to respect and protect the privacy of individuals and keep personal information secure by complying with the applicable data protection, privacy and information security laws and regulations, particularly the Data Privacy Act of 2012 and issuances by the National Privacy Commission.

Our Privacy Policy describes our approach to the collection, use, disclosure and safeguarding of personal information for business related purposes. We respond to reasonable requests to review personal information collected by us and to correct any inaccuracies, amend or delete any entry per customer privacy rights. There were no incidents of breaches, leaks, thefts, or loss of data in 2021.

Filinvest Land is acutely aware of recent cyber incidents in the Philippines and the rising probability of successful attacks on data systems in the Philippines. Our proactive cybersecurity and data privacy programs have the objective of embedding information security as part of not just corporate culture but also of individuals' commitments themselves, as more often than not, the weakest link in cybersecurity is people. Regular communications are provided by senior management focused on practical examples of how employees can implement privacy and security compliance in their daily work. We also educate and empower our customers to be more risk-aware and to provide them with the requisite skills and know-how to avoid fraud, scams, and cybercrimes when using our products and services. Filinvest's online learning portal has a module dedicated to cybersecurity and data privacy which employees can access anytime as a refresher.

Community Engagement

In Filinvest's quest to help build the Filipino dream, it is not just about providing affordable homes to Filipinos, but also to establish sustainable communities, and the relations with those communities are nurtured beyond asset turnover. The company is also cognizant that there is no physical boundary for engaging communities as the Filinvest communities it created are part of a bigger whole.

The Filinvest Group and its employees engage in community service programs centered on education, health, environment and disaster response, to make a positive impact and contribute to long term prosperity and stability. Due to the mobility restrictions and risks to health during the Covid-19 pandemic, there were limited options for employees to engage in volunteer field work, but found ways to contribute to society through online efforts like fund raising activities.

Filinvest Land aims to improve its understanding of the impacts its operations have on local communities, particularly indigenous peoples and vulnerable members of society. We continue to assess EESG-related risks and opportunities regarding critical stakeholder relations and how we can achieve common goals as partners.

ENVIRONMENTAL PERFORMANCE

As one of the largest property development firms in the Philippines, Filinvest Land recognizes its responsibility to minimize negative environmental impacts in the raw and built environment.

Environmental stewardship via sustainable building design and responsible operating practices have become cornerstones to our success. We are committed to making our developments the best possible spaces for everyone who uses them, by respecting the ecosystems that we occupy, aligning with natural processes in the design of buildings and communities, optimizing the use of natural resources (such as water and energy) and responsibly managing used materials which may have a deleterious effect on the ecosystem and people.

To address growing stakeholder demands for transparency as well as increasingly stringent environmental reporting requirements, FLI is working to further develop and strengthen a systematic approach to environmental performance data collection to enable us to better identify, disclose and manage our environmental impacts. We are also exploring innovative opportunities to address air quality, energy efficiency, water efficiency and proper waste management, with an eye to adopting circular economy practices while engaging in strategic partnerships with like-minded environmentally proactive organizations.

Environmental Compliance

Filinvest Land's Environmental Policy outlines its approach to managing and preventing pollution while preserving natural resources in compliance with relevant local and national environmental laws and regulations. It mandates compliance to national and local environmental laws and regulations, the undertaking of environmental impact assessment and planning in every project, and adoption of measures to mitigate the potentially negative aspects of a new building or community development project in all stages of the project life cycle, from conceptualization to implementation to turnover to the community. The policy also mandates that every project should have a social development program to offer training and hiring of residents, a solid waste management program, and complemented by an education and communications campaign that supports local institutions and schools.

In 2021, there was no notice of violation or order to pay issued by the Environmental Management Bureau or the Laguna Lake Development Authority concerning any national environmental laws and regulations. All projects are granted Environmental Compliance Certificates (ECC), Pollution Control Officer accreditations are in order, and permits such as Discharge Permits for wastewater facilities and Permits to Operate for gensets are regularly renewed. Semi-annual and quarterly self-monitoring reports are also submitted regularly, in accordance with the conditions stated in the permits.

Filinvest continues to keep an eye out for developments in policy and regulation that may pose a risk to its operations and compliance status, and engages with the national agencies in the crafting of such policies and regulations through attendance in public consultations and collaboration with peers in the industry to have a single voice in advocacies.

Sustainable Building Practices

We are committed to building sustainable environments that are carefully designed, well- managed, and that are energy efficient, water efficient and wastes generation is minimized. We are also constantly exploring innovative designs, environment-friendly materials and new construction technologies that keep us at the forefront of the industry.

Sustainable practices have been increasingly integrated into our developments for yearspartly manifested by our consistent attainment of LEED building certifications for a number of developments. In addition to three buildings that already have received LEED certifications - Axis Tower One, Axis Tower Two and Vector Three, all located in Alabang, FLI is in the process of attaining certifications for the following:

Green Building Pre-Certifications

Project/Development	Awarded pre-certifications
Axis Tower Four	LEEDv3 for Core and Shell
Axis Tower Three	LEEDv3 for Core and Shell
Activa - Mixed-Use	LEEDv3 Gold for Core and Shell
IT Park - Building 1	LEEDv3 Gold for Core and Shell
IT Park - Building 2	LEEDv3 for Core and Shell
One Filinvest	LEEDv3 for Core and Shell

SUSTAINABILITY AT THE HEART OF FILINVEST REIT

In the third quarter of 2021, the Filinvest Real Estate Investment Trust (FILRT) was successfully launched and listed at the Philippine Stock Exchange. This opened up opportunities for the investing public, particularly individual investors, to have access to ownership of Grade A building assets that generate a steady dividend from long term leases, and at the same time gave its sponsor, Filinvest Land, the opportunity to recycle capital for future real estate developments. The FILRT launch highlighted the unique sustainability character of the seventeen assets that were included in the portfolio, such as LEED Gold-certified buildings which feature energy and water efficient systems, along with the existing sustainable support services such as the energy-efficient District Cooling System and e-Jeepneys for people mobility. A few assets lined up for infusion to the portfolio in the near future are also LEED certified.

Environmental Stewardship

Our approach to measuring and monitoring how we manage resources starts with projects adhering to our Environmental Compliance Policy and continues throughout the lifecycle of the construction and operations phases. By adhering to this Policy, we have implemented concrete measures and initiatives in energy conservation, waste reduction, pollution prevention, and conducted periodic monitoring and reviews of relevant key performance indicators to protect the environment wherever we operate.

In 2021, with the continuation of the COVID-19 pandemic into its second year, the pace of projects execution was still affected by the changing and varying Alert Levels imposed by the government, which meant that onsite work, material usage and waste generation was still erratic compared to a normal year.

Energy and GHG Emissions

Energy efficiency initiatives in property operations were adopted to minimize greenhouse gas emissions and realize energy savings along the way. These, along with the adoption of renewable energy sources (several buildings under FILRT purchase 100% renewables under an Open Access scheme), constitute the main strategies on carbon emissions abatement.

As mandated in our Environmental Compliance Policy, and to comply with the DENR's emissions standards in DAO 14 (Revised Air Quality Standards of 1992), we ensure that all emissions during the construction and operations remain below the thresholds. Dust emissions are controlled by periodically watering roads during the dry season and delivery and transport trucks carrying filling materials are covered. Gensets in buildings have particulate and gas emissions control modules installed.

The GHG emissions in 2021 were largely influenced by the ongoing Covid-19 pandemic which necessitated the government to institute lockdowns which lasted several weeks. With minimal field work, work from home arrangements for most employees and only a few skeletal forces in the offices, the consumption of fuel and electricity were below normal. Both Scope 1 and 2 emissions across FLI in 2020 and 2021 decreased significantly relative to 2019, a non-pandemic year.

Energy Consumption by fuel type	2021	2020	2019
Electricity from renewable sources (KWH)	3,836,340	92	0
Electricity from non-renewable sources (KWH)	72,257,853	133,332,337	192,551,750
Gasoline (L)	147,666	134,995	165,495
Diesel (L)	620,763	453,300	590,570

The electricity data for 2020 includes the electricity used by office tenants. The 2021 data (RE and non-RE) covers the electricity consumption for common areas of office buildings being managed by FLI and excludes the electricity used by tenants.

GHG Emissions (in tons CO2-eq)	2021	2020	2019
Direct (Scope 1) GHG Emissions	2,022	1,489	3,690
Indirect (Scope 2) GHG Emissions	51,462	94,960	115,800

For Scope 1, the diesel emission factor is 2.706 kg CO2 per liter. EF for gasoline is 2.32 kg CO2/L (from 2021 US EPA & GHG Protocol updates).
For Scope 2, electricity emission factor used was for the Luzon-Visayas electricity grid at 0.7122 tons CO2-eq per MWH; this applies to electricity bought from Meralco and FDC Retail Electricity Supply. Six properties under FDCR RES have a 100% RE source. Scope 2 also includes the electricity used by the District Cooling System in Alabang. See comment above on the electricity disclosures for 2021 and 2020.

Filinvest's Scope 3 emissions are due to the inherent carbon footprint of mainly cement and steel materials used in construction. Reporting on and managing this is a common pain point for all real estate companies as alternative low-carbon materials seem to be still unavailable in the market at economic scale. The company, along with its industry peers in the property sector, is currently exploring developing a protocol to adequately measure Scope 3 emissions and assess if disclosures on this would be relevant and feasible, moving forward.

Water Conservation, Water Pollution Control and Reuse

We manage water and wastewater as responsibly as we can both during the construction of our developments and in the day-to-day operations of the residential communities and commercial assets.

Most of the water used in property operations are sourced from the local water utility. In Metro Manila, the water is sourced from either of the two concessionaires who both source raw water from the Angat-Ipo-La Mesa system and Laguna Lake, both sustainable water sources replenished by rains. The water utility in Cebu primarily uses groundwater with a growing percentage of raw water being sourced from rivers outside the city, and soon seawater. (The Filinvest Group won the concession to provide bulk water to Cebu City's water distribution utility, and will use desalination technology.)

In areas of operations where there is no available surface water, Filinvest sources from the aquifers and ensures the necessary permits are secured from the regulator. In accordance with our environmental policy, we try as much as we can to employ water conservation measures such as specifying efficient (low flow) water fixtures, harvesting rainwater and reusing treated effluent for landscape irrigation. In 2021, we consumed more than 1.6 million cubic meters of water. Our total water use decreased by 27% from 2020.

All wastewater generated in operational communities and assets of Filinvest are collected and treated either by the local utility or managed by FLI's own wastewater network and treatment facilities. All effluents are consistently compliant with the revised effluent limits imposed by the Environmental Management Bureau and the Laguna Lake Development Authority. A significant portion of the treated effluent in Filinvest City in Alabang is returned back to the neighborhood for landscape irrigation. In 2021, more than 38 million liters of effluent was reused.

We also ensure that residential units and other amenities are not built along active natural waterways and no construction or development is undertaken immediately next to rivers or streams in efforts to avoid erosion and unintended siltation of water bodies. Any temporary ditches or canals are lined with silt raps to minimize sedimentation/siltation of nearby tributary rivers and are removed after construction is completed.

Water and Wastewater (in cubic meters)	2021	2020	2019
Water consumption	1,617,049	2,220,118	5,132,064
Wastewater collected and treated*	1,862,887	1,504,538	Not reported
Treated Effluent Reused	38,674	70,627	Not reported

**Includes the wastewater generated by properties located within Filinvest City which are not under the property management of FLI.*

Materials Used

Sustainable buildings start with great design and all of our projects have been designed with sustainable features which incorporates the use of health- and environmentally-considerate materials.

In 2021, our projects used more than 11 thousand tons of steel reinforcing bars and structural members, and more than 23,800 tons of cement. The almost doubling of material use in 2021, versus 2020, can be attributed to continuous construction work due to the absence of strict lockdowns as in the second quarter of 2020, but this is still remarkably lower than the material consumption for a 'normal' year like 2019.

Materials (in tons)	2021	2020	2019
Total Materials used	35,431	17,915	167,633
Non-renewable - Cement	23,825	12,345	137,860
Non-renewable - Steel	11,606	5,571	29,773
Percentage of recycled input materials used to manufacture the organization's primary products and services	0%	0%	0%

Moving forward, FLI will engage in dialogue with its colleagues in the real estate and construction industry on their collective issue of indirect greenhouse gas emissions arising from the manufacture of cement and steel, both carbon-intensive industries. Of immediate concern is to determine an appropriate emission factor for Scope 3 disclosures and what technologies are available at this time that would mitigate significantly such indirect emissions.

Solid and Hazardous Waste

Most of the wastes directly generated by our business comes from the construction of our development projects. Our Environmental Compliance Policy outlines that all solid waste be properly collected and disposed of in designated disposal sites in accordance with the project site's and the local government's respective Solid Waste Management Plans.

The proper handling, collection, and disposal of toxic and/or hazardous substances are fulfilled in accordance with the provisions of RA 6969 (Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990). Facility operations secure a Hazwaste ID from the DENR and the proper hauling, treatment and disposal permits, certifications and reports are handled accordingly.

In 2021, across FLI's portfolio, we generated more than 15,000 tons of solid wastes, a decrease of 32% compared to 2020.

Solid Waste (in tons)	2021	2020	2019
Total solid waste generated	15,872	20,893	158,536
Reusable	0.243	33.21	5.86
Recyclable	74.18	17,318	33.32
Composted	0.774	508	16.20
Residuals/landfilled	15,797	3,033	158,481

Hazardous Waste (in kg)	2021	2020	2019
Total weight of hazardous waste generated	8,672	26,866	2,000
Total weight of hazardous waste transported	0	7,919	2,000

The hazardous wastes generated in FLI's operations are mostly used oil from gensets maintenance, used lead acid batteries, busted fluorescent bulbs and waste electronic equipment. The government-mandated restrictions due to the Covid-19 pandemic posed challenges on the timely disposal of hazardous wastes stored in the facilities. It is expected that accredited hazardous waste service providers will be able to haul out, treat and dispose of the materials upon the loosening of restrictions in 2022.

Biodiversity and Land Use

Protecting and enhancing our natural capital has always been a priority for Filinvest Land. As a major developer across 19 provinces and 53 municipalities, we have a responsibility to help create community spaces where native plant and animal species thrive. Our projects set up an Environmental Guarantee Fund earmarked for rehabilitation and restoration activities, as well as stipulating compensation of damages and assistance to affected parties should irreparable damages occur. Currently, none of FLI's development projects are located in a protected area.

In compliance with environmental permits, we ensure that every existing tree that gets cut to make way for projects will be replaced by several saplings of the same species or a suitable alternative. In some of the latest projects, more than 50% of the footprint is dedicated to open spaces, such as the Axis Towers cluster in Alabang, part of the FILRT portfolio.

APPENDICES

List Of Operations

Current Residential Development Projects

PROJECT	LOCATION
8 Spatial	Davao
Activa	Quezon City
Alta Spatial	Valenzuela City
Amarilyo Crest	Rizal
Anila Park Residences	Rizal
Aria at Serra Monte	Rizal
Bali Oasis	Pasig
Belize	Muntinlupa
Centro Spatial	Davao
Centro Spatial	Manila
Claremont Expansion	Pampanga
Enclave	Muntinlupa
Futura East	Cainta
Futura Homes Davao	Davao
Futura Homes Iloilo	Iloilo
Futura Homes Koronadal	South Cotabato
Futura Homes Mactan	Cebu
Futura Homes Palm Estates	Bacolod
Futura Mira	Calamba
Futura Plains	Rizal
Futura Zamboanga	Zamboanga
Hampton Orchard	Pampanga
Levels	Alabang
Maldives Oasis	Davao
Marina Spatial	Dumaguete
Maui Oasis	Manila
Meridian Place	Cavite
Mira Valley	Rizal
New Fields at Manna	Rizal
New Leaf	Cavite
One Oasis Cagayan de Oro	Cagayan de Oro
One Oasis Cebu	Cebu

One Spatial	Pasig
One Spatial Iloilo	Iloilo
Panglao Oasis	Taguig
Pineview	Cavite
San Remo	Cebu
Sandia	Batangas
Savannah Place	Cavite
Sorrento Oasis	Pasig
Southwinds	Laguna
Studio City	Alabang
The Grove	Rizal
The Prominence	Quezon City
Tierra Vista	Bulacan
Valle Dulce	Laguna
Ventura Real	Rizal
Veranda	Davao

Office Sites

BUILDING	LOCATION
Plaza A*	Northgate Cyberzone, Alabang
Plaza B*	Northgate Cyberzone, Alabang
Plaza C*	Northgate Cyberzone, Alabang
Plaza D*	Northgate Cyberzone, Alabang
Plaza E*	Northgate Cyberzone, Alabang
IT School	Northgate Cyberzone, Alabang
Capital One*	Northgate Cyberzone, Alabang
CVG (Convergys Bldg)	Northgate Cyberzone, Alabang
5132 Building*	Northgate Cyberzone, Alabang
iHub1*	Northgate Cyberzone, Alabang
1Hub2*	Northgate Cyberzone, Alabang
Filinvest One*	Northgate Cyberzone, Alabang
Filinvest Two*	Northgate Cyberzone, Alabang
Filinvest Three*	Northgate Cyberzone, Alabang
Vector One*	Northgate Cyberzone, Alabang
Vector Two*	Northgate Cyberzone, Alabang
Vector Three*	Northgate Cyberzone, Alabang
Axis Tower One*	Northgate Cyberzone, Alabang
Axis Tower Two	Northgate Cyberzone, Alabang
FLI Edsa	EDSA Wackwack
Cebu Tower 1*	Cebu

Cebu Tower 2	Cebu
PB Comm	Makati
Pasay Cyberzone B	Pasay
Pasay Cyberzone C	Pasay
Pasay Cyberzone A	Pasay
Pasay Cyberzone D	Pasay
100 West	Makati
Clark Mimosa 1	Clark, Pampanga
Clark Mimosa 2	Clark, Pampanga

**Assets assigned to Filinvest Real Estate Investment Trust (FILRT) on August 2021. Filinvest Land (FLI) is the Sponsor.*

Complete List of Mid-Rise Buildings

Project Name	Location
Metro Manila/ Luzon	
Asiana Oasis	Paranaque City
Bali Oasis	Pasig City
Bali Oasis 2	Pasig City
Capri Oasis	Pasig City
Fora	Tagaytay
Fortune Hill	San Juan City
Futura East	Cainta, Rizal
Maui Oasis	Sta. Mesa, Manila
One Oasis Ortigas	Pasig City
One Spatial	Pasig City
Panglao Oasis	Taguig
Sorrento Oasis	Pasig City
The Signature	Balintawak, Quezon City
Verde Spatial Alta Spatial Centro Spatial Belize Oasis	Quezon City Valenzuela City Manila Muntinlupa
Visayas	
Amalfi Oasis	City di Mare, Cebu
Marina Spatial	Dumaguete
One Oasis Cebu	Mabolo, Cebu City
One Spatial Iloilo	Iloilo
San Remo Oasis	City di Mare, Cebu
Umi Garden	City di Mare, Cebu
Mindanao	
Centro Spatial	Davao City
Eight Spatial	Maa, Davao

One Oasis Cagayan de Oro	Cagayan de Oro
One Oasis Davao	Davao City
Veranda Resort Condos Maldives Aspire	Davao Davao

Retail Sites

Festival Mall - Alabang
Fora Mall - Tagaytay
Il Corso Mall - Cebu
Main Square - Molino, Bacoor, Cavite
Brentville – Laguna

Townships and Estate

Filinvest Mimosa plus
New Clark City
City di Mare
Havila
Timberland Heights
Ciudad de Calamba

EESG Performance Metrics

A. Economic disclosures	2021	2020	2019
Economic Performance			
Direct Economic Value Generated and Distributed	Total (in PHP)	Total (in PHP)	Total (in PHP)
Direct economic value generated (revenue)	17,738,919,000	17,484,646,000	25,673,310,000
Direct economic value distributed*	14,762,392,000	24,250,774,000	24,318,614,000
Procurement Practices			
Proportion of Spending on Local Suppliers			
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98.85%	94.39%	98.81%
Anti-Corruption			
Training on Anti-Corruption Policies and Procedures		%	
Percentage of employees who have received written communication about corporate anti-corruption policies and procedures	0%	0%	0%
Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures	0%	0%	0%
Percentage of directors and management who have received anti-corruption training	100%	100%	80%
Percentage of employees who have received anticorruption training	0%	0%	0%
Incidents of Corruption		Number	
Number of incidents in which directors were removed or disciplined for corruption	0	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	0
Number of incidents when contracts with business partners were terminated due to corruption	0	0	0

*Does not include principal debt payments.

B. Environment Disclosures		2021	2020	2019
Resource Management	Unit	Amount	Amount	Amount
Energy consumption within the organization and Reduction of Energy Consumption				
Energy consumption - by fuel type - Gasoline	Liters	147,666	134,995	165,495
Energy consumption - by fuel type - Diesel	Liters	620,763	453,300	590,571
Energy consumption - by fuel type - Electricity	KWH	76,094,193	133,332,337	192,551,750
Energy reduction - by fuel type - Gasoline	Liters	-	33,346	-
Energy reduction - by fuel type - Diesel	Liters	-	187,913	-
Energy reduction - by fuel type - Electricity	KWH	-	55,297,317	-

Water consumption within the organization		2021	2020	2019
Water used	m3	1,617,049	2,220,118	5,132,064
Water recycled and reused		38,674	70,627	-
Materials Used by the Organization		2021	2020	2019
Materials used by weight or volume - steel	kg	11,606	5,570,578	29,773
Materials used by weight or volume - cement	Kg	23,825	12,344,525	137,860
Percentage of recycled input materials used to manufacture the organization’s primary products and services	%	0%	0%	0%
Ecosystems and Biodiversity		2021	2020	2019
Operational sites owned, leased in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	Filinvest Land’s developments are located in highly urbanized areas where there is no immediate threat of human activity on biodiversity. Existing land bank also not adjacent to or within protected areas classified under the NIPAS Act.		
Habitats protected or restored	-	-	-	-

	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	None	None	None
Environmental Impact Management			2021	2020	2019
	Air Emissions - Green House Gasses (GHG)	Unit			
	Direct (Scope 1) GHG Emissions	Tons CO2-eq	2,022	1,489	3,690
	Energy indirect (Scope 2) GHG Emissions	Tons CO2-eq	51,462	94,960	115,800
	Energy indirect (Scope 3) GHG Emissions	Tons CO2-eq	Data protocol under dev't	-	-
	Emissions of ozone-depleting substances (ODS)	-	-	-	-
	Air Pollutants				
	Nitrogen oxides (NOx)	kg	-	12,532.15	-
	Sulfur oxides (SOx)	kg	-	247.00	-
	Persistent organic pollutants (POPs)	kg	-	0.00	-
	Volatile organic compounds (VOCs)	kg	-	0.00	-
	Hazardous air pollutants (HAPs)	kg	-	0.00	-
	Particulate matter (PM)	kg	-	0.00	-
	Solid Waste				
	Reusable	Tons	0.243	33.21	5.86
	Recyclable		74.18	17,317.90	33.32
	Composted		0.774	507.96	16.20
	Residuals/Landfilled		15,797	3,033.60	158,481
	TOTAL		15,872	20,892.67	158,536.38
	Hazardous Waste				
	Total weight of hazardous waste generated	kg	8,672	26,865.88	2,000
	Total weight of hazardous waste transported		0	7,919.46	2,000
	Effluents				
	Total volume of water discharges	m3	1,862,887	1,504,538.48	4,517,545.44
	Percent of wastewater recycled	%	2.07%	0.05%	1.16%
	Environmental Compliance				
	Non-compliance with environmental laws and regulations				

	Total amount of monetary fines for noncompliance with environmental laws and/or regulations	PhP	None	₱211,093.75	None

C. Social Disclosures										
Employee Management		2021			2020			2019		
	Employee Hiring and Benefits	Total	Male	Female	Total	Male	Female	Total	Male	Female
	Total number of employees (regular)	1,515	629	886	2,012	953	1,059	1,807	750	1,057
	Attrition rate	19%			22%			--		
	Ratio of lowest paid employee against minimum wage	1.19	1.19	1.19	1.46	1.46	1.46	1.03	1.25	1.03
	Employee Training and Development									
	Total training hours provided to employees (by male/female)	unavailable			5,838.85	2084.05	3,754.80	9,241	4,195.5	5,045.5
	Average training hours provided to employees (by male/female)	3.09	3.54	2.78	8.13	7.34	8.92	10.99	10.95	11.04
	Labor Management Relations									
	% of employees covered by Collective Bargaining Agreements	0			0			0		
	Number of consultations conducted with employees concerning employee-related policies	23			24			0		
	Diversity and Equal Opportunity									

% of workers in the workforce by gender	100%	41%	59%	--	35%	65%	--	39.23%	60.77%
Number of employees from indigenous communities and/or vulnerable sector	0	0	0	--	0	0	--	--	--
Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety									
Safe Man-Hours	2,615,976			2,391,701.54			--		
No. of work-related injuries	2			0			--		
No. of work-related fatalities	0			0			--		
No. of work-related ill-health	0			0			--		
No. of safety drills	-			--			--		
Labor Laws and Human Rights									
Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace	4			4			1		
No. of legal actions or employee grievances involving forced or child labor	0			0			0		
Relationship with Community	2021			2020			2019		
Significant Impacts on Local Communities									

	For operations affecting IPs, total number of Free and Prior Informed Consent (FPIC) consultations and Certification Preconditions (CPs) secured	0	0	0
	Customer Management	2021	2020	2019
	Customer Satisfaction			
	Customer Satisfaction Score(s)	No survey data available for 2021	N/A	65%
	Health and Safety			
	Number of substantiated complaints on product or service health and safety	211	207	0
	Number of complaints addressed	211	207	0
	Marketing and Labelling			
	Number of substantiated complaints on marketing and labelling	8	5	165
	Number of complaints addressed	8	5	165
	Customer Privacy			
	Number of substantiated complaints on customer privacy	0	0	0

	Number of complaints addressed	0	0	0
	Number of customers, users and account holders whose information is used for secondary purposes	0	0	0
	Data Security			
	No. of data breaches, including leaks, thefts and losses of data	0	0	0

SEC Content Index

Disclosures		Reporting location	Remarks/ explanation
Company details			
Name of Organization		About This Report	Filinvest Land, Inc.
Location of Headquarters			79 Epifanio de los Santos Ave, Mandaluyong City, Metro Manila 1550
Location of Operations			Philippines
Report Boundary: Legal entities included in this report			Filinvest Land, Inc.
Business Model			Property Development
Reporting Period			January 1 – December 31, 2021
Highest Ranking Person for this report			Head of Investor Relations
A. Economic disclosures		Reporting location	Remarks/ explanation
Economic Performance			
Direct Economic Value Generated and Distributed			
General Disclosures	Management Approach	Economic Performance	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Direct economic value generated (Revenue)		
	Direct economic value distributed		
Climate-Related Risks and Opportunities			
General Disclosures	Governance	--	Sustainability Framework under development. TCFD recommended disclosures not yet adopted.
	Strategy		
	Risk Management		
	Metrics and Targets		
Procurement Practices			
Proportion of Spending on Local Suppliers			
General Disclosures	Management Approach	Economic Performance	Supply Chain Management has been re-parented from FLI to
	The Impact and Where it Occurs		
	Stakeholders Affected		

KPI	Percentage of procurement budget used for significant locations of operations that is spent on local suppliers		SharePro, a subsidiary of Filinvest Development Corporation. The existing supply chain management policies still apply.
Anti-Corruption			
Training on Anti-Corruption Policies and Procedures			
General Disclosures	Management Approach	Corporate Governance	More information can be found in the Corporate Governance disclosures in the Annual Report of FLI
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Percentage of employees who have received written communication about corporate anti-corruption policies and procedures		
	Percentage of business partners who have received written communication about corporate anti-corruption policies and procedures		
	Percentage of directors and management who have received anti-corruption training		
	Percentage of employees who have received anti-corruption training		
Incidents of Corruption			
General Disclosures	Management Approach	Corporate Governance & Economic Performance	More information can be found in the Corporate Governance disclosures in the Annual Report of FLI
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Number of incidents in which directors were removed or disciplined for corruption		
	Number of incidents in which employees were dismissed or disciplined for corruption		

	Number of incidents when contracts with business partners were terminated due to corruption		
B. Environment Disclosures		**Reporting location**	**Remarks/ explanation**
Resource Management			
Energy consumption within the organization and Reduction of Energy Consumption			
General Disclosures	Management Approach	Environmental Performance	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Energy consumption - by fuel type		
	Energy reduction - by fuel type		
Water consumption within the organization			
General Disclosures	Management Approach	Environmental Performance	Water consumed by FLI communities and office spaces are sourced from public water utilities where possible, but standby deepwells may be resorted to if the public services are unavailable or unrelilable. When public utilities do not have sewerage infrastructure, FLI operates its own.
	The Impact and Where it Occurs		
	Stakeholders Affected		
	ESG Risks and Opportunities		
KPIs	Water consumption within the organization		
	Water withdrawal		
	Water consumption		
	Water recycled and reused		
Materials Used by the Organization			

General Disclosures	Management Approach	Environmental Performance	
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Materials used by weight or volume		The main materials used in construction of FLI

	Percentage of recycled input materials used to manufacture the organization's primary products and services		projects are steel (rebars) and cement.
Ecosystems and Biodiversity			
General Disclosures	Management Approach	Environmental Performance	Filinvest's projects are not located in any biodiversity hotspots. All developments are granted Environmental Compliance Certificates by the DENR.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Operational sites owned, leased in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
	Habitats protected or restored		
	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
Environmental Impact Management			
Air Emissions - Green House Gasses (GHG)			
General Disclosures	Management Approach	Environmental Performance	Scope 1 emissions are due to the consumption of diesel for gensets installed on properties. Scope 2 emissions are due to electricity bought. Some FILRT assets buy 100% renewables via the Open Access scheme.
	The Impact and Where it Occurs		
	Stakeholders Affected		
	ESG Risks and Opportunities		
KPIs	Direct (Scope 1) GHG Emissions		
	Energy indirect (Scope 2) GHG Emissions		
	Emissions of ozone-depleting substances (ODS)	--	Not material.
Air Pollutants			
General Disclosures	Management Approach	Environmental Performance	Stationary gensets installed on properties are only used for short duration testing during maintenance calls. Emissions are tested in accordance with
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Nitrogen oxides (NOx)		
	Sulfur oxides (SOx)		
	Persistent organic pollutants (POPs)		

	Volatile organic compounds (VOCs)		frequencies stipulated in the genset permit to operate issued by DENR. Quantities of air pollutants are deemed negligible as operations are not continuous.
	Hazardous air pollutants (HAPs)		
	Particulate matter (PM)		
Solid Waste			

General Disclosures	Management Approach	Environmental Performance	FLI employs accredited service providers for the hauling and disposal of solid wastes in instances where the LGU is unable to fulfill its duties under RA 9003.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPI	Total solid waste generated - by type		
Hazardous Waste			
General Disclosures	Management Approach	Environmental Performance	FLI's operating units have respective Hawaste IDs with the DENR and chain of custody documentation is in place when DENR-accredited service providers are engaged to transport, treat and dispose of hazardous wastes.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total weight of hazardous waste generated		
	Total weight of hazardous waste transported		
Effluents			
General Disclosures	Management Approach	Environmental Performance	FLI collects and treats wastewater in owned sewage treatment facilities where reliable sewerage services are not available from the local government or the local water utility.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total volume of water discharges		
	Percent of wastewater recycled		
Environmental Compliance			

Non-compliance with environmental laws and regulations			
General Disclosures	Management Approach	Environmental Performance	All of FLI's operating properties and pollution control officers have updated environmental permits and consistently comply with regulatory thresholds and reportorial requirements.
	The Impact and Where it Occurs		
	Stakeholders Affected		
KPIs	Total amount of monetary fines for non-compliance with environmental laws and/or regulations		
	Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations		
	Number of cases resolved through a dispute resolution mechanism		
C. Social Disclosures		Reporting location	Remarks/ explanation
Employee Management			
Employee Hiring and Benefits			
General Disclosures	Management Approach	Social Performance	
	The Impact and Where it Occurs		
KPIs	Total number of employees		
	Attrition rate		
	Ratio of lowest paid employee against minimum wage	--	
	List of employee benefits		
Employee Training and Development			
General Disclosures	Management Approach	Social Performance	All FLI employees are automatically granted access to the Filinvest Mentor online learning platform where courses are available. This augments the classroom-type trainings and mentorships provided employees.
	The Impact and Where it Occurs		
KPIs	Total training hours provided to employees (by male/female)		
	Average training hours provided to employees (by male/female)		
Labor Management Relations			
General Disclosures	Management Approach	Social Performance	There is no CBA in Filinvest Land or its subsidiaries.
	The Impact and Where it Occurs		
KPIs	% of employees covered by Collective Bargaining Agreements		

	Number of consultations conducted with employees concerning employee-related policies		
Diversity and Equal Opportunity			
General Disclosures	Management Approach	Social Performance	Filinvest's policy for career progression is based on meritocracy and competency, and not on any other criteria.
	The Impact and Where it Occurs		
KPIs	% of female workers in the workforce		
	% of male workers in the workforce		
	Number of employees from indigenous communities and/or vulnerable sector		
Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety			
General Disclosures	Management Approach	Social Performance	A company-wide safety program is in place, complying with all DOLE requirements, incl. the creation of safety committees and the conduct of drills. Although there are Covid-19 protocols adopted, there are no recorded cases of Covid-19 transmission in the workplace due to the complexity in contact tracing.
	The Impact and Where it Occurs		
KPIs	Safe Man-Hours		
	No. of work-related injuries		
	No. of work-related fatalities		
	No. of work-related ill-health		
	No. of safety drills		
Labor Laws and Human Rights			
General Disclosures	Management Approach	Social Performance	The Filinvest employee code of conduct has been communicated to all employees and is a required onboarding course.
	The Impact and Where it Occurs		
KPIs	Policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace		
	No. of legal actions or employee grievances involving forced or child labor		

Supply Chain Management			
Supplier Accreditation and Screening			
General Disclosures	Management Approach	Economic Performance	Supply Chain Management under
	The Impact and Where it Occurs		

KPIs	Supplier Accreditation Policy		SharePro has a vendor accreditation program in place which is linked to the business code of conduct of the company.
	Sustainability Topics Considered When Selecting/Screening Suppliers		
Relationship with Community			
Significant Impacts on Local Communities			
General Disclosures	Management Approach	Social Performance	
KPIs	Operations with significant impacts on local communities (by location, vulnerable group/indigenous people (IPs))		Filinvest projects are not located in areas where there is a certificate of ancestral domain title. There are operating units that do engage IPs in the course of every day operations, e.g. Clark
	Mitigating measures (if negative) or enhancement measures (if positive)		
	For operations affecting IPs, total number of Free and Prior Informed Consent (FPIC) consultations and Certification Preconditions (CPs) secured		
Customer Management			
Customer Satisfaction			
General Disclosures	Management Approach	Social Performance	
	The Impact and Where it Occurs		
KPI	Customer Satisfaction Score(s)		
Health and Safety			
General Disclosures	Management Approach	Social Performance	
	The Impact and Where it Occurs		
KPIs	Number of substantiated complaints on product or service health and safety		
	Number of complaints addressed		
Marketing and Labelling			
General Disclosures	Management Approach	Social Performance	
	The Impact and Where it Occurs		
KPIs	Number of substantiated complaints on marketing and labelling		
	Number of complaints addressed		
Customer Privacy			

<table>
<tr><td rowspan="2">General Disclosures</td><td>Management Approach</td><td rowspan="5">Social Performance</td><td rowspan="5">All data of FLI are governed by the Data Privacy Act’s provisions and has an Information Security program in place. There has been no reported data breaches or losses in 2021.</td></tr>
<tr><td>The Impact and Where it Occurs</td></tr>
<tr><td rowspan="3">KPIs</td><td>Number of substantiated complaints on customer privacy</td></tr>
<tr><td>Number of complaints addressed</td></tr>
<tr><td>Number of customers, users and account holders whose information is used for secondary purposes</td></tr>
<tr><td colspan="4">Data Security</td></tr>
<tr><td rowspan="2">General Disclosures</td><td>Management Approach</td><td rowspan="3">Social Performance</td><td rowspan="3">All data of FLI are governed by the Data Privacy Act’s provisions and has an Information Security program in place. There has been no reported data breaches or losses in 2021.</td></tr>
<tr><td>The Impact and Where it Occurs</td></tr>
<tr><td>KPI</td><td>No. of data breaches, including leaks, thefts and losses of data</td></tr>
</table>

COVER SHEET

1 7 0 9 5 7

S.E.C. Registration Number

F I L I N V E S T L A N D , I N C .

(Company's Full Name)

7 9 E D S A , H I G H W A Y H I L L S ,

M A N D A L U Y O N G C I T Y

(Business Address; No. Street City / Town / Province)

c/o Atty. Sharon P. Pagaling-Refuerzo

Contact Person

7918-8188

Company Telephone Number

Month Day

Fiscal Year

1 7 - C

FORM TYPE

Month Day

Annual Meeting

Secondary License Type; If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

[EXT] Reinvestment Plan Progress Report

Philippine Stock Exchange <no-reply@pse.com.ph>
Fri 1/14/2022 3:30 PM
To: filinvestcio@filinvestland.com <filinvestcio@filinvestland.com>; filinvestcio@yahoo.com <filinvestcio@yahoo.com>; Honeyann Rivera <honeyann.rivera@filinvestland.com>; Sharon Refuerzo <sharon.refuerzo@filinvestland.com>; disclosure@pse.com.ph <disclosure@pse.com.ph>

CAUTION: This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.

Dear Sir/Madam:

Your disclosure was approved as Company Announcement. Details are as follows:

Company Name: Filinvest Land, Inc.
Reference Number: 0002240-2022
Date and Time: Friday, January 14, 2022 15:30 PM
Template Name: Reinvestment Plan Progress Report
Report Number: C00221-2022

Best Regards,
PSE EDGE

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The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. January 14, 2022
   Date of Report (Date of earliest event reported)

2. SEC Identification Number 170957 3. BIR Tax Identification No. 000-533-224

4. FILINVEST LAND, INC.
   Exact name of issuer as specified in its charter

5. Philippines
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. No. 79 EDSA, Highway Hills, Mandaluyong City, Metro Manila — 1550
   Address of principal office — Postal Code

8. (632) 7918-8188
   Issuer's telephone number, including area code

9. Not applicable
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	24,249,759,506
Preferred	8,000,000,000

11. Indicate the item numbers reported herein: 9

Please see attached letter.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FILINVEST LAND, INC.
Issuer

Date January 14, 2022

SHARON P. PAGALING-REFUERZO
Corporate Secretary and
Corporate Information Officer

FILINVEST
LAND, INCORPORATED

79 EDSA, Highway Hills, Mandaluyong City
Metro Manila 1000, Philippines
Trunk Line: (632) 7918-8188
Customer hotline: (632) 8588-1688
www. filinvestland.com

January 14, 2022

THE PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Plaza
6th Floor, PSE Tower
Bonifacio Global City, Taguig

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: 2021 Annual Progress Report on the Disbursement of Proceeds from the Initial Public Offering ("IPO") of Filinvest REIT Corp. ("FILRT")

Dear Ms. Encarnacion,

We are pleased to submit our Progress Report on the Application of Proceeds for the Year 2021, duly certified by our external auditors, in compliance with the disclosure requirements of the Philippine Stock Exchange.

Please be advised that as of December 31, 2021, the remaining balance of the proceeds from the FILRT IPO amounts to Nine Billion Six Hundred Ninety Million Four Hundred Ninety Five Thousand Three Hundred Thirty Two Pesos and Seventy Eight Centavos (Php 9,690,495,332.78).

The details of the disbursements in 2021 are as follows:

Gross Proceeds from IPO	Php	12,583,246,445.00
Purchase of shares during the stabilization period	-	2,281,799.73
Underwriters and IPO-related fees	-	316,945,305.82
Net Proceeds received		12,264,019,339.45
Disbursements for Transaction Costs, Aug. 12- Sept. 30	-	132,542,600.57
Disbursements for Transaction Costs, Oct. 1- Dec. 31	-	1,571,600.24
Available for Reinvestment		12,129,905,138.64
Disbursements for Reinvestment Aug 12- Sept 30	-	1,566,787,666.62
Disbursements for Reinvestment Oct 1-Dec. 31	-	872,622,139.24
Balance of IPO Proceeds as of December 31, 2021	Php	9,690,495,332.78

Thank you.

Very truly yours,

ANA VENUS A. MEJIA
Chief Finance Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDALUYONG) S.S.

I certify that on JAN 14 2022, before me a notary public duly authorized in the city named above to take acknowledgments, personally appeared:

	Competent Evidence of Identity	Date / Place Issued
Filinvest Land, Inc. *Represented by:*	TIN: 000-533-224-000	
Ana Venus A. Mejia	Unified Multi Purpose ID CRN - 0003-8766880-6	

who were identified by me through competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that theyhave executed the instrument as their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc. No. 1;
Page No. 2;
Book No. 7;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0295-21 UNTIL DECEMBER 31, 2022
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
PTR NO. 4869924; 1-3-22; MANDALUYONG
MCLE COMPLIANCE NO. VI 0017960 14 APRIL 2022
METRO MART COMPLEX, MANDALUYONG CITY

FILINVEST LAND, INC.
79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

ANNEX A- Disbursements from August 12, 2021-September 30, 2021

Project Name	Disbursing Entity	Amount
Axis Three	Filinvest Land, Inc.	426,856,231.03
Axis Four	Filinvest Land, Inc.	368,883,104.82
Cebu Tower 3	Filinvest Land, Inc.	89,003,459.40
Cebu Tower 4	Filinvest Land, Inc.	66,964,038.96
Columna	Filinvest Land, Inc.	22,232,993.99
387 Gil Puyat	Filinvest Cyberparks Inc	34,644,230.20
PDDC	Phil. DCS Development Corp.	370,963.32
Marina Town Mall	Filinvest Land, Inc.	14,843,258.53
Clark Lifestyle Mall	Filinvest Cyberzone Mimosa Inc	53,017,112.84
Panglao Oasis	Filinvest Land, Inc.	19,436,889.45
Alta Spatial	Filinvest Land, Inc.	61,152,633.67
Verde Spatial	Filinvest Land, Inc.	26,431,861.01
Bali Oasis	Filinvest Land, Inc.	10,232,709.20
Belize Oasis	Filinvest Land, Inc.	5,025,428.96
Raw Land	Filinvest Land, Inc.	264,575,693.71
Dreambuilders capex	Filinvest Land, Inc.	103,117,057.53
TOTAL		**1,566,787,666.62**

FILINVEST LAND, INC.

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Disbursements from October 1, 2021 to December 31, 2021

Project Name	Disbursing Entity	4Q2021
Axis Three	Filinvest Land, Inc.	39,043,957.65
Axis Four	Filinvest Land, Inc.	8,092,912.79
Cebu Tower 3	Filinvest Land, Inc.	51,375,589.70
Marina Town	Filinvest Land, Inc.	24,395,903.00
Columna	Filinvest Land, Inc.	19,146,350.21
387 Gil Puyat	Filinvest Cyberparks Inc	53,430,947.80
4Workplus	Filinvest Cyberzone Mimosa Inc	11,080,029.39
7 Workplus	Filinvest Cyberzone Mimosa Inc	2,533,826.02
PDDC	Phil. DCS Development Corp.	3,599,857.96
Marina Town Mall	Filinvest Land	37,082,938.66
Clark Lifestyle Mall	Filinvest Cyberzone Mimosa Inc	103,739,027.40
Panglao Oasis	Filinvest Land, Inc.	113,346,538.06
Alta Spatial	Filinvest Land, Inc.	106,058,156.07
Verde Spatial	Filinvest Land, Inc.	37,030,012.69
Bali Oasis	Filinvest Land, Inc.	37,112,772.31
Belize Oasis	Filinvest Land, Inc.	33,232,551.90
Raw Land	Filinvest Land, Inc.	96,343,773.59
Dreambuilders capex	Filinvest Land, Inc.	95,976,994.04
TOTAL		872,622,139.24

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Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

REPORT OF FACTUAL FINDINGS

Filinvest Land, Inc.
Filinvest Building, 79 EDSA, Highway Hills
Mandaluyong City 1550, Metro Manila

Attention: **Ms. Ana Venus Mejia**
Chief Finance Officer

Dear Ms. Mejia:

We have performed the procedures agreed with you and enumerated below with respect to the attached Annual Progress Report as at **December 31, 2021** on the use of the proceeds from the secondary offer received by **Filinvest Land, Inc.** (the "Company") from the Initial Public Offering ("IPO") of **Filinvest REIT Corp.** ("FILRT") on **August 12, 2021**. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s requirement to submit an external auditor's certification on the information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, *Engagements to PerformAgreed-Upon Procedures Regarding Financial Information*. These agreed-upon procedures and results thereof are summarized as follows:

1. Obtain the Annual Progress Report on Use of Proceeds from IPO of FILRT for the period August 12, 2021 to December 31, 2021 (the "Progress Report") and check the mathematical accuracy of the Progress Report.
2. Compare the proceeds received in the Progress Report to the bank statement and journal voucher noting the date received and amount recorded.
3. Compare the disbursements in the Progress Report to the list of disbursements for the period August 12, 2021 to December 31, 2021 (the "Disbursements Schedule").
4. Compare the Disbursements Schedule with the schedule of planned use of IPO proceeds as documented in the Reinvestment Plan.
5. On a sample basis, trace disbursements to the supporting documents such as progress billings, invoices, check vouchers, official receipts, and bank statements.

We report our findings below:

1. We obtained the Progress Report and checked its mathematical accuracy, no exceptions noted.
2. We compared the net proceeds received in the Progress Report amounting to ₱12,264,019,339 to the bank statements and journal vouchers, and noted the following:
   i. The Company received ₱11,122,469,644 representing the proceeds from the firm offer shares on August 12, 2021 and ₱1,141,649,695 representing the proceeds from the overallotment shares on September 16, 2021.

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Building a better working world

ii. We noted a difference of ₱100,000 which management represented pertained to the opening balance of the bank account of FILRT which was included when it transferred the funds to the Company.

3. We compared the disbursements in the Progress Report to the Disbursement Schedule for the period August 12, 2021 to December 31, 2021, no exceptions noted.

4. We compared the Disbursements Schedule with the schedule of Planned use of IPO proceeds as documented in the Reinvestment Plan and noted that the projects in the Disbursement Schedule are included in the REIT plan and disbursements for each project are within the amount allocated in the Reinvestment Plan.

5. On a sample basis, we traced disbursements to the supporting documents such as progress billings, invoices, check vouchers, official receipts, and bank statements. We noted differences in the amounts per disbursements selected as sample and supporting documents which pertain to other items not selected as samples, not part of the Reinvestment Plan or related to withholding taxes.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who havenot agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the offering anditems specified above and do not extend to any financial statements of the Company taken as a whole.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 118546-SEC (Group A)
SEC Firm Accreditation No. 0001-SEC (Group A)
BIR Accreditation No. 08-001998-137-2020, January 31, 2020, valid until January 30, 2023
PTR No. 8534358, January 4, 2021, Makati City

January 14, 2022

SUBSCRIBED AND SWORN to before me this 14th day of January 2022 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Philippine Passport No. P1622490B, as competent evidence of her identity, bearing her photograph and signature, issued by the Department of Foreign Affairs Manila on May 8, 2019.

Doc. No. 11 ;
Page No. 4 ;
Book No. 2 ;
Series of 2022.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-21 UNTIL DECEMBER 31, 2022
ROLL NO. 53970
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
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