

FILINVEST LAND, INC.

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24 October 2019

SECURITIES AND EXCHANGE COMMISSION

Ground Floor, North Wing Hall
Secretariat Building, PICC Complex
Vicente Sotto Street, Pasay City

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.s**
Director, Markets and Securities Regulation Department

Attention: **ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE**
Officer-In-Charge, Corporate Governance and Finance Department

THE PHILIPPINE STOCK EXCHANGE

6th to 10th Floors, PSE Tower
5th Avenue corner 28th Street, Bonifacio Global City
Taguig City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

37th Floor, Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas, Makati City

Attention: **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head - Issuer Compliance and Disclosure Department (ICDD)

Gentlemen/Ladies:

Pursuant to our disclosure on 16 October 2019 whereby the Board of Directors of Filinvest Land, Inc. ("FLI") approved the Policy on Related Party Transactions ("Policy") which was adopted in compliance with SEC Memorandum Circular No. 10, Series of 2019, we submit herewith the attached Policy duly signed by FLI's Chairman of the Board and its Compliance Officer.

Thank you.

Very truly yours,



SHARON P. PAGALING-REFUERZO
Corporate Secretary and
Corporate Information Officer

FILINVEST LAND, INC.

RELATED PARTY TRANSACTIONS POLICY

I. POLICY STATEMENT

The Securities and Exchange Commission ("SEC") recognizes that transactions between and among related parties may create financial, commercial and economic benefits to individual institutions and to the entire group where said institutions belong. In this regard, related party transactions are generally allowed, provided, that these are done on an arm's length basis.

This Related Party Transaction Policy ("Policy" or "RPT Policy") of Filinvest Land, Inc. (the "Company") aims to ensure that -

1. All Related Party Transactions ("RPTs") are conducted at arm's length and entered into on terms no less favorable than any such terms available to unrelated third parties under the same or similar circumstances.
2. All RPTs are managed in a manner that will protect the Company, along with its affiliates and subsidiaries (collectively, the "FLI Group") and other stakeholders from conflicts of interest and possible material risks arising from exposures to such transactions; and
3. All RPTs are appropriately reviewed, approved, ratified and disclosed as required, in compliance with legal and regulatory requirements.

II. DEFINITION OF TERMS

1. Affiliate - an entity linked directly or indirectly to the Company through any one or a combination of any of the following:
 - Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stocks of the Company, or vice-versa;
 - Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or
 - Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.

2. Associate - an entity which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has significant influence.
3. Control – is if and only if a person or an entity has all the following:
 - Power over the Company;
 - Exposure, or rights, to variable returns from its involvement with the Company; and
 - The ability to use its power over the Company to affect the amount of the Company's returns.
4. Material RPT - any RPT, either individually or in aggregate over a twelve (12)-month period with the same Related Party, amounting to ten percent (10%) of the Company's Total Consolidated Assets based on its latest audited financial statement.
5. Materiality Threshold - ten percent (10%) of the Company's total consolidated assets based on its latest audited financial statement.
6. Policy - this Related Party Transactions Policy.
7. Related Party - covers the Company's directors, officers, and substantial stockholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or Significant Influence over the Company. It also covers the Company's parent, subsidiaries, fellow subsidiaries, Associates, Affiliates, joint ventures and/or any entity that is directly or indirectly controlled, jointly controlled or significantly influenced or managed by a person who is a Related Party.
8. Related Party Registry - a record of the organizational and structural composition, including any change thereon, of the Company and its Related Parties.
9. Related Party Transaction or RPT - transfer of resources, services or obligations between the Company and a Related Party, with or without underlying monetary consideration. In addition, the RPT scope shall include outstanding transactions that were initially entered into by the Company with an unrelated party that subsequently became a related party.
10. RPT Committee - the Corporate Governance and Related Party Transactions (RPT) Committee.

11. Significant Influence - the power to participate in the financial and operating policy decisions of the Company but has no control or joint control of those policies.
12. Substantial Stockholder - any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

III. POLICIES

A. Guidelines on Arm's Length Terms

Any Related Party Transaction shall be conducted at arm's length based on transparency and fairness, and in the same way as ordinary transactions undertaken with outsiders, considering the best interests of the Company. This means that transactions with a Company's Related Party shall be managed in the regular course of the Company's business and under terms and conditions that are substantially the same as those of similar transactions with non-related parties under comparable circumstances.

B. Conflict of Interest

Members of the Board of Directors, Substantial Stockholders or Management of the Company with personal interest in a Material RPT shall fully and timely disclose to the Board of Directors any and all material facts, including their respective interests, in the Material RPT. Such disclosure shall be made at the board meeting where the Material RPT will be presented for approval and before the execution of the Material RPT.

Directors or officers with personal interest shall abstain from the discussion and approval of such Material RPT. In case of refusal to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

Non-disclosure by the Company's officer of a possible conflict of interest shall be dealt with in accordance with the Company's Code of Business Conduct and Ethics.

C. Materiality Threshold for Related Party Transactions

All Material RPT with a transaction value that reaches the Materiality Threshold 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 this Policy. However,

any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after the non-related party becomes a Related Party, shall subject it to the provisions of this Policy.

In the event wherein there are changes in the RPT classification from non-material to material (e.g. exceeded the Materiality Threshold on an aggregate basis over a period of one year covering the same Related Party), the Material RPT shall be subject to the provisions of this Policy.

D. Review and Approval of Related Party Transactions

As a general rule, Related Party Transactions in the ordinary course of business or recurring transactions that do not exceed the Materiality Threshold per transaction shall not require the review by the RPT Committee nor the approval by the Board of Directors, except that RPTs which fall below the Materiality Threshold but determined by Management to be significant shall be presented to the RPT Committee.

Below is the approval policy structure for Material Related Party Transactions:

Approving Authority	Function
RPT Committee	<ul style="list-style-type: none"> • Reviews RPTs which are significant (but are not considered Material RPTs) as may be reasonably determined by Management • Reviews Material RPTs before the same is presented to the Board of Directors for approval • Reports to the Board every 1st half of the year the status and aggregate exposures to each Related Party as well as the total amount of exposures across the FLI Group
Board of Directors	<ul style="list-style-type: none"> • Approves Material RPTs reviewed by the RPT Committee • In case of approval of the Board, but without a majority vote of the independent directors, report Material RPTs to the stockholders for ratification
Stockholders	<ul style="list-style-type: none"> • In case that a majority of the independent directors vote is not secured, the Material RPT may be ratified by the vote of the Stockholders representing at least 2/3 of the outstanding capital stock.

1. The Senior Management shall implement appropriate controls to effectively manage and monitor Material RPTs on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an ongoing basis to ensure compliance with the Company's Policy and SEC's regulations.
2. The RPT Committee is tasked to assist the Board of Directors in ensuring that transactions with Related Parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations and that RPTs are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged.
3. All Material RPTs, including renewals and/or material changes in the terms and conditions of the RPTs and subsequent write-off, as applicable, shall be reviewed/vetted by the RPT Committee and presented to the Board of Directors for the latter's approval.
4. Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.
5. Before the execution of the Material RPT, the Board shall appoint an external independent party to evaluate the fairness of the terms of the Material RPTs. An external independent party may include, but is not limited to auditing/accounting firms and third party consultants and appraisers. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.

E. Identifying and Monitoring Related Parties and Their Transactions

1. The Corporate Secretary, in coordination with relevant departments of the Company, shall maintain a Related Party Registry, which shall be reviewed quarterly by the Senior Management and updated when necessary.
2. Senior Management shall put in place the appropriate systems and procedures to identify, track, monitor and report RPTs to the RPT Committee and the Board. The system must be able to assess situations when a non-related party with

whom the Company has entered into a transaction subsequently becomes a Related Party and vice-versa.

3. The CFO shall submit every half of the year to the RPT Committee, and thereafter the RPT Committee shall report to the Board of Directors, the status and aggregate exposures to each Related Party, and the total exposures to all Related Parties.

F. Disclosure and Reporting

1. A summary of Material RPTs reviewed and approved during the year shall be disclosed by the Company in its Integrated Annual Corporate Governance Report.
2. The Corporate Secretary or its Authorized Representative shall file a signed Advisement Report to the SEC within three (3) calendar days after the execution date of the Material RPT.

The disclosures in (1) and (2) above shall contain the information required under the SEC's relevant regulations.

G. Roles of Internal Audit and Compliance

1. The Internal Auditor shall conduct a periodic review of the effectiveness of the system and internal controls governing RPTs to assess consistency with the Board-approved policy and procedures. The audit reports, including exceptions or breaches in limits, shall be communicated to the Audit and Risk Management Oversight Committee.
2. The Senior Management along with the Compliance Officer shall ensure the Company's compliance with relevant rules and regulations on Related Parties. They shall assist the RPT Committee in the review of RPTs and identify any potential Material RPT that would require review by the RPT Committee and the Board of Directors. They shall ensure that the Policy is kept updated and properly implemented throughout the Company.

H. Whistle Blowing Mechanism

In furtherance of the Company's commitment to carry out the regulations on Material RPTs, the Company shall adopt the Board-approved whistle-blowing policy to promote

the cooperation of all stakeholders in reporting, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable Material RPTs.

I. Restitution of Losses and Other Remedies for Abusive and Fraudulent Material Related Party Transactions

1. Any finding of abusive and fraudulent Material RPTs shall be referred to the following for immediate restitution:

1.1 Senior Management for the determination of actual loss incurred from the Material RPT transaction in question as well as any probable and imminent financial loss that may result therefrom.

1.2 Legal Department for the recommendation of appropriate legal action to recover loss incurred or to prevent any further incurrence of losses.

Abusive Material RPTs refer to Material RPTs that are not entered at arm's length and unduly favor a Related Party.

2. Any breach of this Policy by the Company's Director may be a ground for his removal in accordance with the Revised Corporation Code of the Philippines and other related laws and regulations, after compliance with due process has been served and evaluation by the Board of Directors has been completed.

3. Any breach of this Policy by a Company employee shall be considered a violation of the Company's Code of Business Conduct and Ethics and shall be sanctioned accordingly after due process has been served.

All aforementioned findings and recommendations shall be forwarded to the Compliance Officer for consolidation and reporting to the Board of Directors, through the RPT Committee, for proper disposition.

J. Policy Review

The Policy shall be reviewed at least annually and amended when necessary by the internal audit and the RPT Committee. Any changes or amendments in the Policy and procedure shall be approved by majority of the Board of Directors.

K. Effectivity

This Policy shall take effect upon approval by the Board of Directors and shall continue to be in full force unless amended or superseded.

Pursuant to the requirement of the Securities and Exchange Commission in Memorandum Circular No. 10, series of 2019, this Policy is signed on behalf of Filinvest Land, Inc. this

OCT 24 2019.


JONATHAN T. GOTIANUN
Chairman of the Board


NELSON M. BONA
Compliance Officer 