A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BUT HAS NOT YET BECOME EFFECTIVE. THESE SECURITIES MAY NOT BE SOLD NOR OFFERS TO BUY THE SAME BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PRELIMINARY PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR BE CONSIDERED A SOLICITATION OF AN OFFER TO BUY.

FILINVEST LAND, INCORPORATED

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

Shelf Registration in the Philipppines of

Fixed-Rate Bonds of up to ₱30.00 Billion

First Tranche:
Offer of up to ₱6.75 BillionFixed-rate Bonds

with an Oversubscription Option of up to ₱2.25 Billion

Consisting of:

3-year Bonds: [●]% p.a due 2023

5.5-year Bonds: [●]% p.a due 2026

Purchase Price: 100% of Face Value

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

Joint Lead Underwriters and Bookrunners

BDO Capital and Investment Corporation | BPI Capital Corporation | China Bank Capital | eastwest | SB Capital A Subsidiary of Security Bank

Co-Lead Underwriter

First Metro Investment Corporation Metrobank Group

The date of this Preliminary Prospectus is August 27, 2020.

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

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

On [●], Filinvest Land, Inc. ("**FLI**", the "**Company**", the "**Issuer**", or, when referred to collectively with its consolidated subsidiaries, the "**Group**") filed a registration statement (the "**Registration Statement**") with the Securities and Exchange Commission ("**SEC**") in connection with the offer and sale to the public of Peso-denominated Fixed-Rate Bonds (the "**Bonds**") up to an aggregate principal amount of ₱30,000,000,000.00 (the "**Bond Program**"), to be issued in one or more tranches (each a "**Tranche**") as authorized by a resolution of the Board of Directors of the Company dated July 15, 2020. The SEC is expected to issue an order rendering the Registration Statement filed by the Company effective and a corresponding permit to offer securities for sale covering the first tranche of the Bond Program.

The first tranche of the Bond Program with an aggregate principal amount of up to ₱6,750,000,000.00 (the "**Base Offer**") and an oversubscription option of up to ₱2,250,000,000.00 (the "**Oversubscription Option**", collectively the "**Offer Bonds**" or the "**Offer**"), shall be issued on [⬤] (the "**Issue Date**"), or on such other date as may be agreed upon by the Issuer and the Underwriters. The succeeding tranche/s of the Bond Program are proposed to be issued under a shelf registration within three (3) years from the date hereof.

After the close of the Offer and within three (3) years following the issuance of the first tranche (the "**Shelf Period**"), the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of the Bonds covered by such Registration Statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur.

The Offer Bonds will be comprised of 3-year Bonds due 2023 (the "**3-year Bonds**") and 5.5-year Bonds due 2026 (the "**5.5-year Bonds**"). FLI reserves the right to allocate the Offer Bonds between the 3-year Bonds and 5.5-year Bonds based on the book building process and may opt to allocate the entire Offer in only one (1) series.

The 3-year Bonds shall have a term ending three (3) years from the Issue Date with fixed interest rate equivalent to [●]% per annum. The 5.5-year Bonds shall have a term ending five (5) years and six (6) months from the Issue Date with a fixed interest rate equivalent to [●]% per annum. Interest on the Offer Bonds shall be payable quarterly in arrears on [●], [●], [●] and [●] of each year, or the subsequent Business Day without adjustment, if such Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on [●] for the 3-year Bonds and [●] for the 5.5-year Bonds (the "**Maturity Date**") while the Offer Bonds are outstanding. Interest on the Offer Bonds shall be calculated on a European 30/360-day count basis. The Offer Bonds, unless earlier redeemed or purchased prior to their respective Maturity Dates, shall be redeemed at par (or 100% of face value) on their respective Maturity Dates or as otherwise set out in "*Description of the Bonds*" section of this Prospectus.

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

The Bonds shall constitute the direct, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of FLI, other than the obligations preferred by law. The Bonds shall effectively be subordinated in right of payment to, among others, all of FLI's secured debts to the extent of the value of the assets securing such debt and all of its debt that is evidenced by a public instrument under Article 2244(14) of the Civil Code of the Philippines.

Each tranche of the Bond Program will be rated by Philippine Rating Services Corporation ("**PhilRatings**"). Such ratings are not recommendations to buy, sell or hold the securities and may be subject to revision, suspension or withdrawal at any time by Philratings. The Offer Bonds have been rated PRS Aaa by PhilRatings. A rating of PRS

Aaa is assigned to long-term debt securities of the highest quality with minimal credit risk. A rating of PRS Aaa is the highest credit rating on PhilRatings' long-term credit rating scale.

The Offer Bonds shall be offered to the public at face value through the Joint Lead Underwriters and Bookrunners and Co-Lead Underwriter (collectively, the "**Underwriters**") named in this prospectus (the "**Prospectus**") with the Philippine Depository & Trust Corp. ("**PDTC**") as the Registrar of the Offer Bonds. It is intended that upon issuance, the Offer Bonds shall be issued in scripless form, with PDTC maintaining the Registry of Bondholders, and listed on the Philippine Dealing & Exchange Corp. ("**PDEx**"). The Offer Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Offer Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

FLI expects to raise gross proceeds of up to ₱30,000,000,000.00 from one or more tranches of its Bond Program. For the first tranche, without exercising the oversubscription option, the net proceeds are estimated to be ₱6.66 billion, after deducting fees, commissions, and expenses relating to the issuance of the Offer Bonds. If the oversubscription option is fully exercised, the net proceeds are estimated to be approximately ₱8.88 billion, after deducting fees, commissions, and expenses relating to the issuance of the Offer Bonds. Proceeds of the Offer shall be used to refinance FLI's maturing bond issuance, fund the capital expenditures of the Company, and fund general corporate requirements. The Underwriters shall receive a fee of [0.45]% on the final aggregate nominal principal amount of the Bonds issued.

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

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

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

No person or group of persons has been authorized by FLI and the Underwriters to give any information or to make any representation concerning the Offer Bonds other than as contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Underwriters.

The price of securities, such as the Bonds, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds described in this Prospectus involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines and risks relating to the Bonds, as set out in "Risk Factors" found on page 31 of this Prospectus, in addition to the other information contained in this Prospectus, in deciding whether to invest in the Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities.

All information in the Prospectus is as of the date hereof, unless otherwise indicated. Neither the delivery of this Prospectus nor any sale made pursuant to this Prospectus shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date.

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

Market data and certain industry forecasts used throughout this Prospectus were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor any of the Underwriters makes any representation as to the accuracy or completeness of such information.

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

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

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

By:

JOSEPHINE G. YAP
President and Chief Executive Officer

REPUBLIC OF THE PHILIPPINES)
_____________, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this ________________ in _____________, affiant exhibiting to me his Passport No. _____________ expiring on _____________ as competent evidence of identity.

Doc No. _____;
Page No. _____;
Book No. _____;
Series of 2020.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

Table of Contents

Page

Glossary of Terms

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

3-year Bonds	shall mean the Bonds having a term ending three (3) years from the Issue Date
5.5-year Bonds	shall mean the Bonds having a term ending five (5) years and six (6) months from the Issue Date.
Affiliate	means with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with, such person
ALGI	A.L. Gotianun, Inc. (formerly ALG Holdings Corporation)
Anti-Money Laundering Act	the Anti-Money Laundering Act 2001 of the Philippines, as amended
Applicant	shall mean the person who shall duly accomplish the Application as defined herein and who shall deliver the same to the Joint Lead Underwriters and Bookrunners in accordance with the Underwriting Agreement
Application to Purchase	the application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Bonds, together with all the other requirements set forth in such application form
BDO Capital	BDO Capital & Investment Corporation
BIR	Philippine Bureau of Internal Revenue
Board	the Board of Directors of FLI
BOI	Philippine Board of Investments
Bond Agreements	shall mean the Trust Agreement between the Company and the Trustee, the Registry and Paying Agency Agreement between the Company and the Registrar and Paying Agent, and the Underwriting Agreement between the Company and the Joint Lead Underwriters and Bookrunners
Bondholder	shall mean a person whose name appears, at any time, as a holder of the Bonds in the Registry of Bondholders
BP 220	Batas Pambansa Bilang 220
BPI Capital	BPI Capital Corporation
BPO	business process outsourcing
BSP	*Bangko Sentral ng Pilipinas*, the Philippine central bank
Building Code	RA 6541, as amended, or the National Building Code of the Philippines

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

Gotianun Family	means any of the following: (a) Mrs. Mercedes T. Gotianun, Mr. Andrew T. Gotianun, Jr., Mr. Jonathan T. Gotianun, Mrs. Josephine Gotianun Yap and Mr. Michael T. Gotianun; (b) the spouses and the direct descendants up to the first degree of consanguinity of any person described or named in clause (a) above; (c) the estates or legal representatives of any person described or named in clause (a) or (b) above; (d) trusts or other analogous arrangements established for the benefit of any person described or named in clause (a), (b) or (c) above or of which any such person is a trustee or holder of an analogous office; or (e) ALGI
Government	the Government of the Republic of the Philippines
Gross receipts	shall mean gross selling price less acquisition cost of the Bonds sold
Group	shall mean FLI and its subsidiaries
H&L	house and lot
hectare	land measurement equivalent to 10,000 square meters
HGC	Home Guaranty Corporation
HLURB	Housing and Land Use Regulatory Board
HSAC	Human Settlement Adjudication Commission
IEE	Initial Environmental Examination
Interest Payment Date	shall mean [●] for the first Interest Payment Date and [●],[●],[●], and [●] of each year for each subsequent Interest Payment Date at which the Bonds are outstanding, or the subsequent Business Day if an Interest Payment Date is not a Business Day. The last Interest Payment Date shall fall on their respective Maturity Dates
IPO	Philippine Intellectual Property Office
Issue Date	[●]
IT	information technology
Joint Lead Underwriters and Bookrunners	BDO Capital, BPI Capital, China Bank Capital, EW, and SB Capital
LGU	local government unit

Maceda Law	RA 6552, a Philippine statute entitled “An Act to Provide Protection to Buyers of Real Estate on Installment Payments”
Majority Bondholders	shall mean, at any time, the Bondholders who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the Bonds
Management Areas	NWRB designated areas as water quality management areas
Master Certificate of Indebtedness	shall mean the certificates to be issued by FLI to the Trustee evidencing and covering such amount corresponding to the Bonds
Maturity Date	shall mean [●] for the 3-year Bonds and [●] for the 5.5-year Bonds after the Issue Date; provided that, in the event that a Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be automatically extended to the immediately succeeding Business Day.
Metro Manila	the metropolitan area comprising the cities of Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, Quezon, Valenzuela and Taguig and San Juan, which together comprise the “National Capital Region” and are commonly referred to as “Metro Manila”
Monetary Board	Monetary Board of the BSP
Moody’s	Moody’s Investors Services, Inc.
MRB	medium-rise building
Offer or Offer Bonds	shall mean the issuance of the first tranche of the Bond Program by FLI, with an aggregate principal amount of up to ₱6,750,000,000.00 with an Oversubscription Option of up to ₱2,250,000,000.00, under the conditions as herein contained
Offer Period	shall refer to the period, commencing at 9:00 a.m. on [●] and ending at 5:00 p.m. on [●], or such earlier or later day as may be mutually agreed between the Issuer and the Joint Lead Underwriters and Bookrunners
OFW	an overseas Filipino worker
PAS	Philippine Accounting Standards
Paying Agent	shall refer to the Philippine Depository & Trust Corp., the party which shall receive the funds from FLI for payment of principal, interest and other amounts due on the Bonds and remit the same to the Bondholders based on the records shown in the Registry of Bondholders
PCD	Philippine Central Depository
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDEx	the Philippine Dealing & Exchange Corp.
PDTC	Philippine Depository & Trust Corp.

Permit to Sell..	shall mean the permit to sell securities issued by the SEC in connection with the Offer
Pesos, Php or ₱....................................	the lawful currency of the Philippines
PEZA..	Philippine Economic Zone Authority
PFRS	Philippine Financial Reporting Standards
Philippine Clean Air Act of 1999........	RA 8749
Philippine Corporation Code..............	Revised Corporation Code of the Philippines, RA 11232
Philippine National..............................	as defined under Republic Act No. 7042 or the Foreign Investments Act, as amended, means a citizen of the Philippines, a domestic partnership or association wholly owned by citizens of the Philippines or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine National
Philippines...	Republic of the Philippines
PhilRatings	Philippine Rating Services Corporation
PIC	PIC Asia Pacific SDN
PIC Q&A...	Philippine Interpretations Committee Questions and Answers
POGOs	Philippine Offshore Gaming Operators, entities that provide and participate in offshore gaming services or service providers that deliver components of offshore gaming operations
Prospectus	The prospectus dated August 27, 2020 and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds
PSA	Philippines Standards on Auditing
PSE..	The Philippine Stock Exchange, Inc.
Purchase Price	In respect of each Bond, an amount equal to the face amount of such Bond, which is payable upon submission of the duly executed Application to Purchase
RA	Republic Act
RA 4726	RA 4726, The Condominium Act, which regulates the development and sale of real property as part of a condominium project or subdivision

RA 7279	RA 7279, the Urban Development and Housing Act of 1992, which requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 20% of the total subdivision area or total subdivision project cost, at the option of the developer, within the same city or municipality whenever feasible and in accordance with the standards set by the DHSUD
Registrar	shall refer to Philippine Depository & Trust Corp., being the registrar appointed by FLI to maintain the Registry of Bondholders pursuant to the Registry and Paying Agency Agreement
Registry of Bondholders......................	shall mean the electronic record of the issuances, sales and transfers of the Bonds to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement
Registry and Paying Agency Agreement...	shall mean the agreement dated on or about [●] by and between the Issuer and Philippine Depository & Trust Corp., as the Paying Agent and Registrar for the Offer
REIT..	real estate investment trust
S&P	Standard & Poor's Rating Services
SB Capital	SB Capital Investment Corporation
SEC	the Securities and Exchange Commission
Security	shall mean any lien, pledge, mortgage, charge, hypothecation, encumbrance or other security or preferential arrangement on or with respect to any asset or revenue of the Company
SGV & Co	SyCip Gorres Velayo & Co., a member practice of Ernst & Young Global Limited
sq.m.	square meter(s)
SRC	Securities Regulation Code of the Philippines (RA 8799) and its implementing rules, as amended
SRP..	South Road Properties
store	any permanent office or place of business in the Philippines other than the head office where a bank may perform activities and provide products and services that are within the scope of its authority and relevant licenses; also known as "branch"
Taxes	shall mean any present or future taxes, levies, imposts, duties, filing, registration and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including but not limited to, gross receipts tax, value-added tax, final withholding tax and documentary stamp tax, should they be imposed on banks and other financial institutions, but exlcuding: (a) taxes on the overall income of any Bondholder, whether or not subject to withholding tax; (b) income taxes on any amount payable to any Bondholder; and (c) any withholding tax on any amount due on the Bonds and payable to any

	Person who is a non-resident alien or a non-resident foreign corporation as defined under Section 22 of the National Internal Revenue Code
Tax Code	National Internal Revenue Code of the Philippines, as amended
Tranche..	shall mean a tranche of the Fixed-Rate Bonds issued under the Bond Program
Trust Agreement..................................	shall mean the agreement dated on or about [●] 2020 between the Issuer and the Trustee as trustee for the Bondholders
Trustee...	China Banking Corporation - Trust and Asset Management Group
Ultimate Parent....................................	shall mean A.L. Gotianun, Inc
Underwriters..	BDO Capital, BPI Capital, China Bank Capital, EW, SB Capital, and First Metro
Underwriting Agreement.....................	shall mean the agreement dated on or about [●] by and between the Issuer and the Underwriters
VAT...	value-added tax

Executive Summary

This summary highlights information contained elsewhere in this Prospectus. This summary is qualified in its entirety by more detailed information and financial statements, including notes thereto, appearing elsewhere in this Prospectus. For a discussion of certain risks that should be considered in evaluating an investment in the Bonds, see "Risk Factors" on page 31 in this Prospectus. Investors are advised to read this entire Prospectus carefully, including the Company's consolidated financial statements and related notes contained herein.

OVERVIEW

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

FLI is one of the largest nationwide residential developers in 53 cities and towns in 19 provinces in the Philippines. It is also one of the largest mid-rise building (MRB) developers in the country today and a market leader in the affordable and middle-income residential segments. As at June 30, 2020, it owns a land bank of 1,896.63 hectares for sustainable future growth.

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

Filinvest Axis Tower 2, located in Northgate Cyberzone Alabang, was completed in 2019 adding 39,341 sq.m. of GLA to the office portfolio. FLI now operates thirty-one (31) office buildings totaling 524,188 sq.m. For retail, FLI has a total of 256,830 sq.m. GLA in the retail portfolio in 2020 from 243,215 sq.m. in 2019.

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

For each of the years ended December 31, 2017, 2018, and 2019, and the six (6) months ended June 30, 2020, the Company recorded consolidated revenues and other income of ₱20,269.7 million, ₱22,205.2 million, ₱25,673.3 million and ₱8,813.5 million, respectively; EBITDA of ₱8,532.3 million, ₱9,206.1 million, ₱11,171.2 million and ₱4,597.5 million, respectively; and net income of ₱5,834.2 million, ₱6,075.9 million, ₱6,520.0 million and ₱2,417.0 million, respectively. FLI's common shares were listed on the PSE on October 25, 1993 and, as of June 30, 2020, FLI had a market capitalization of ₱24,077.2 million.

RECENT DEVELOPMENTS

In July 2015, FLI, Cyberzone Properties, Inc. and Filinvest Alabang Inc. (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 2 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 ₱2.08 billion as of June 30, 2020.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name

The Company has been involved in the real estate development business through the "Filinvest" brand for more than 50 years through its parent and controlling shareholder, FDC, as well as through other Gotianun Family ventures. FLI has become one of the Philippine's leading real estate developers and has successfully developed a large number of high-profile real estate projects, with a particular focus on the affordable and middle market housing segments. The Company believes that it has built a reputation within the real estate industry as well as among purchasers, including the significant OFW and expatriate Filipino markets, as a reliable developer that delivers quality products in a timely manner, and provides accessibility by conveniently locating its developments near major commercial population centers. The Company also has an extensive network of sales offices, in-house sales agents and independent brokers located throughout the Philippines, as well as accredited brokers in countries and regions with large OFW and expatriate Filipino populations. In April 2017, FLI entered into a partnership, as the master franchisee in the Philippines, with KW Realty Inc., the world's largest real estate franchise by agent count with 190,000 real estate agents, 950+ market centers with presence in 48 countries. KW, through its technology, provides the models, systems and tools that agents need to grow their business and make KW the real estate company of choice.

Diversified and innovative real estate development portfolio

The Company believes it is able to offer customers one of the most diversified ranges of real estate products among all developers in the Philippine real estate market. FLI focuses its business on the socialized, affordable and middle-income market segments, but at the same time it has designed projects that address demand from the lowest end of the real estate market to the highest. The Company has also expanded its portfolio to include new types of residential developments that cater to potentially high-growth niche markets, such as residential farm estate projects, entrepreneurial communities, medium-rise buildings, high-rise condominiums and township developments. The Company also introduced new products such as the Dormitels to cater to the accommodation needs of workers, initially in Mimosa and the logistics and innovation park in New Clark City. The Dormitels will be branded as

“Lodgeplus” and the Company plans to build four (4) dormitel buildings with each offering around 800 beds. Expanding the Logistics and industrial park development will address the growing need of logistics, light manufacturing, technology and e-commerce companies looking to support inventory management.

Extensive and diversified land bank

Over the years, the Company has accumulated an extensive, low-cost land bank. As at June 30, 2020, the Company’s land bank totaled approximately 1,896.63 hectares of raw land, including 199.31 hectares available for development pursuant to joint venture agreements. The bulk of the Company’s land bank consists of land situated in regional centers primarily outside of Metro Manila that FLI believes are prime locations across the Philippines for existing and future property development projects, including land in the nearby provinces of Rizal, Bulacan, Batangas, Cavite and Laguna, as well as in growth areas such as Cebu, Davao and General Santos City in South Cotabato province. It recently expanded its geographic reach in North Luzon provinces with high growth potential such as Dagupan, Bataan, Clark, Mimosa in Pampanga and New Clark City in Tarlac. The Company believes that the diversity of its current projects and land bank will allow it to benefit from these areas’ continued economic development. The Company also has land available for future developments located in central and southern Philippines, which it believes has allowed it to position itself as a leading residential project developer in these new and expanding markets. The Company also believes that its strong reputation and reliability as a developer allows it to attract joint venture partners with desirable land banks, allowing it to access additional land for future development.

Strong development and investment revenue streams

The Company has successfully shown its strong track record in growing its investment property revenue stream. It started in 2006 with just 151,470 sq.m. of gross leasable area, as of June 30, 2020 had 781,018sq.m., combining both retail and office spaces. This segment now accounts for 39% of the company’s gross revenues Moreover, the Company still has twelve (12) buildings under construction, which will add another 281,000 sq.m. of GLA in the next three (3) years. These projects are located in several high growth areas of the country, near the transport hubs and easily accessible to the public.

Strong credit record and financial position

The Company believes it is currently in sound financial condition, with strong debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. The Company’s sound financial management allowed it to continue to meet its debt service obligations for its peso-denominated debts and to meet and exceed the debt service ratios required under its loan agreements even with the aftermath of several financial crises, notably the 1997-1998 Asian financial crisis, 2002 US stock market downturn and the 2008 Global Financial Crisis. The Company believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The Philippine Rating Services Corporation (“Philratings”) maintained the PRS Aaa for FLI’s outstanding bonds (i) ₱4.30 billion bonds due in 2020, (ii) ₱2.70 billion bonds due in 2023, (iii) ₱5.30 billion bonds due in 2021, (iv) ₱1.70 billion bonds due in 2024, (v) ₱7.0 billion bonds due in 2022, and (vi) ₱1.0 billion bonds due in 2025. PRS Aaa rating is also maintained for the ₱6.0 billion bond of CPI, a 100% subsidiary of the Company, maturing in 2023. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by Philratings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name and track record.

Benefits of Large Scale Operations

The Company, as one of the Philippines’ leading real estate developers and with one of the largest real estate operations and in-depth industry knowledge, believes it is well positioned to respond promptly to changes in market conditions and capture opportunities. Moreover, the Company’s scale of real estate business operations enhances its position in negotiations with vendors and contractors, supply chain management, partnership with landowners, credible land purchases, and maintaining a balanced tenant mix, as well as strengthening its reputational and brand awareness in sales.

Experienced Management Team

The Company has an experienced management team with an average of more than 30 years of operational and management experience in real estate development and who have also enjoyed long tenure with both the Company and FDC. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and has also developed positive relationships with key market participants, including construction companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

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

Continue product, market and geographic diversification to strengthen leadership position in the affordable and middle market segments.

In real estate trading, FLI capitalizes on its strong position in the affordable and middle market segments to increase its market share. With these segments representing the largest subset of house buyers in the Philippines, and with highly fragmented supply, FLI shall maintain its strong position by expanding its product offerings and geographic reach. New products are continuously being studied and offered to cater to the evolving needs of the market. In particular, FLI plans to offer more inner city mixed-used developments and MRB products to capture the growing demand for these types of products in greater Metro Manila, Cebu, and Davao. Meanwhile, the company shall explore opportunities for expansion to new territories by acquiring land bank in selective regional markets for residential township and commercial development.

Continue to build up recurring income streams and capitalize on REIT opportunities.

In addition to retaining its position as one of the leading residential house and lot ("H&L") and MRB developers in the Philippines, FLI has built its position as well as a reputable provider of office and commercial leasable spaces. FLI intends to continue to increase recurring rental income through the expansion of its commercial office and retail space leasing operations. The Company intends to achieve this by, among other things, increasing occupancy at its newer malls and other commercial projects, rolling out new leasing projects, introducing new leasing product types, enhancing its existing investment portfolio through proactive leasing and management, and capitalizing on its extensive real estate experience, scale and access to resources. The Company also believes that the development of REITs in the Philippines, will provide the Company with new opportunities to unlock value and accelerate the growth of its recurring income portfolio.

Accelerate monetization of land bank.

FLI believes that there is currently significant unrealized value in its land bank based on the historical low cost carrying value of such land bank on its balance sheet. The Company believes that it is now the opportune time to take advantage of the appreciation in value of such land bank and accelerate monetization through land sales, or establish vertical trading developments or developments to generate recurring income. Townships masterplans are consistently being revisited to ensure adaptability to the changing needs of the market and its existing residents or locators. In addition, given the current projects in their pipeline, the Company believes it can benefit from the country's strong economic fundamentals to accelerate the pace of new project launches. For their higher value raw land portfolio, the Company plans to develop higher density and higher value-added projects, such as residential buildings, office buildings and retail malls, with a view to optimizing the revenue per sq.m. generated from such land bank.

Targeted vertical operations integration and digitization to improve cost efficiency.

The Company plans to continue initiatives to further integrate their operations. As an example, the Company has established in 2017 a separate construction company (Dreambuilders Pro, Inc.) to undertake construction of specific projects and products, such as MRBs, to improve its cost competitiveness. Moreover, the Company has embarked on targeted digitization 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.

RISKS OF INVESTING

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

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

Please refer to the section entitled "Risk Factors" beginning on page 31 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Bonds.

COMPANY INFORMATION

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

Overview of the Bond Program

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

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

Issuer	Filinvest Land, Inc.
Issue..	Fixed-Rate Bonds constituting the direct, unconditional, unsecured and unsubordinated obligations of FLI
Use of Proceeds...................................	The intended use of proceeds for each Tranche shall be set in the relevant prospectus and/or offer supplement under the "Use of Proceeds" section
Facility Amount...................................	₱30,000,000,000.00
Availability..	The Bond Program shall be continuously available until the expiration of the Shelf Period and the Permit to Sell Securities to be issued by the SEC
Form and Denomination......................	The Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
Purchase Price	The Bonds shall be issued at 100% of face value.
Status of the Bonds..............................	The Bonds shall constitute the direct, unconditional, unsubordinated and unsecured obligations of FLI and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of FLI, other than obligations preferred by law and preferred claims under any bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (but not the preference or priority established by Article 2244(14)(a) of the Civil Code of the Philippines).
Negative Pledge...................................	The Bonds will have the benefit of a negative pledge on all properties and assets of the Issuer, subject to certain permitted liens.
Covenants	Issuance of the Bonds shall be subject to standard covenants such as but not limited to cross-default provisions and adherence to certain financial ratios.
Listing	The Bonds will be listed on the Philippine Dealing & Exchange Corp. ("**PDEx**") on the Issue Date.

Purchase and Cancellation..................	The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at market price, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.
Transfer of the Bonds..........................	Trading of the Bonds shall be coursed through a PDEx Trading Participant subject to the applicable PDEx rules and conventions. Transfer, and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the electronic register of Bondholders to be maintained by the Registrar.
Governing Law....................................	Philippine Law

Summary of the Offer

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

First Tranche of the Bond Program

Issuer	Filinvest Land, Inc.
Base Offer	Up to ₱6,750,000,000.00
Oversubscription Option	In the event of oversubscription, the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, shall have the option to increase the Base Offer by up to ₱2,250,000,000.00. In the event that the Oversubscription Option is not fully exercised, the unexercised portion shall be placed under shelf registration to be issued within the period prescribed by relevant regulations.
The Offer	The Offer Bonds will be issued in two (2) series, at the discretion of the Issuer: • 3-year Bonds due 2023 • 5.5-year Bonds due 2026 The Issuer has the discretion to adjust the Offer, allocate the Offer between the 3-year Bonds and 5.5-year Bonds based on the bookbuilding process, or may opt to allocate the entire Offer in just one (1) series.
Manner of Distribution	Public offering in the Philippines to eligible investors
Use of Proceeds	Proceeds of the Offer shall be used by the Company to: 1. Refinance its maturing bond issuance; 2. Fund its capital expenditures; and 3. Fund its general corporate requirements For a detailed discussion on the Use of Proceeds please refer to the section on “Use of Proceeds”.
Offer Period	The Offer shall commence at 9:00 a.m. on [●] and end at 5:00 p.m. on [●], or on such date as the Issuer and the Underwriters may agree upon.
Issue Date	[●]
Maturity Date	3-year Bonds: Three (3) years from the Issue Date 5.5-year Bonds: Five years and six months (5.5) from Issue Date
Interest Rate	3-year Bonds: [●] % per annum 5.5-year Bonds: [●] % per annum
Interest Payment Dates and Interest Payment Computation	Interest on the Offer Bonds shall be calculated on the basis of a 30/360-day basis, and shall be paid quarterly in arrears commencing on [●], for the first Interest Payment Date, and [●],[●],[●] and [●] of each year for each subsequent Interest Payment Date while the

	Offer Bonds are outstanding, or the next Business Day if any such dates fall on a non-Business Day without any adjustment in the amount of interest as originally computed. The last Interest Payment Date on the Offer Bonds shall fall on their respective Maturity Dates.
Final Redemption	The Offer Bonds shall be redeemed at par or 100% of face value on their respective Maturity Dates, unless earlier redeemed or purchased and cancelled by the Issuer. In the event the relevant Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment for accrued interest and Final Redemption Amount, on the succeeding Business Day.
Early Redemption Option....................	The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part) the outstanding 5.5-year Bonds on the relevant Early Redemption Dates as set out below:

5.5-year Bonds	
Early Redemption Dates	**Early Redemption Price**
On the Third anniversary of the Issue Date	101.00%
On the Fourth anniversary of the Issue Date	100.50%

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

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

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

For a detailed discussion on the Early Redemption Option please refer to the section on "Description of the Offer Bonds – Early Redemption Option" on page 70.

Redemption for Taxation Reasons	If payments under the Offer Bonds become subject to additional or increased taxes, other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer shall have the option, but not the obligation, to redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) days' nor less than thirty (30) days' prior written notice to the Trustee and the Registrar and Paying Agent) at 100% of the face value of the Offer Bonds plus accrued interest thereon computed up to the date when the Offer Bonds shall be redeemed earlier than its maturity date, subject to the requirements of Applicable Law. For a detailed discussion on Redemption for Taxation Reasons please refer to the section on "Description of the Offer Bonds – Redemption for Taxation Reasons" on page 71.
Change in Law or Circumstance	If any provision of the Trust Agreement or any of the related documents is or shall become for any reason invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internally recognized law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Offer Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Offer Bonds to the contrary. For a detailed discussion on Redemption due to Change in Law or Circumstances please refer to the section on "Description of the Offer Bonds – Redemption due to Change in Law or Circumstances" on page 71.
Bond Rating	The Offer Bonds have been rated PRS Aaa by the Philippine Rating Services Corporation on August [●], 2020. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, while the Offer Bonds are outstanding.
Joint Lead Underwriters and Bookrunners	BDO Capital & Investment Corporation BPI Capital Corporation China Bank Capital Corporation East West Banking Corporation SB Capital Investment Corporation

Co-Lead Underwriter	First Metro Investment Corporation
Registry and Paying Agent..................	Philippine Depository & Trust Corp.
Trustee..	China Banking Corporation - Trust and Asset Management Group
Counsel to the Issuer	FLI's Legal Services Division
Counsel to the Joint Lead Underwriters and Bookrunners............	Picazo Buyco Tan Fider & Santos
Incorporation by way of Reference	All disclosures, reports and filings of the Company made after the date of the Prospectus (the "Company Disclosures") and submitted to the SEC and/or the PSE pursuant to the Philippine Corporation Code, the Securities Regulation Code and the Revised Disclosure Rules of the PSE are incorporated or deemed incorporated by reference in the Prospectus. Copies of the Company Disclosures may be viewed at the website of the Company at: www.filinvestland.com/disclosures. The Company Disclosures contain material and meaningful information relating to the Company and investors should review all information contained in the Prospectus and the Company Disclosures incorporated or deemed incorporated herein by reference.
Risk Factors...	Prospective Bondholders should carefully consider the risks connected with an investment in the Bonds, certain of which are discussed in the section titled "Risk Factors" beginning on page 31 of this Prospectus.

Summary of Financial Information

The following tables present summary consolidated financial information for the Company and should be read in conjunction with the auditor's reports and the Company's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information presented below as of and for the years ended December 31, 2017, 2018 and 2019 was derived from the consolidated financial statements of FLI prepared in accordance with PFRS and audited by SGV & Co. in accordance with the PSA. The summary financial information presented below as of December 31, 2017, 2018 and 2019 and for the six (6) months ended June 30, 2019 and 2020 was derived from the unaudited interim condensed consolidated financial statements of FLI prepared in accordance with PAS 34. The information below is not necessarily indicative of the results of future operations.

The Company adopted PFRS 16, Leases, using the modified retrospective approach with the initial date of application of January 1, 2019. Amounts presented in the interim consolidated statement of financial position and interim consolidated statement of income as of and for the six (6) months ended June 30, 2019 and June 30, 2020 are based on PFRS 16 which supersedes PAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases-Incentives, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Please refer to Note 2 of the Company's unaudited interim condensed consolidated financial statements, which are included as an Annex to this Prospectus, for the effect of the adoption of PFRS 16.

CONSOLIDATED STATEMENTS OF INCOME

	For the years ended December 31,			**For the six months ended June 30,**	
	2017 (audited)	**2018 (audited)**	**2019 (audited)**	**2019 (unaudited)**	**2020 (unaudited)**
			(millions, except per share figures)		
REVENUES					
Real estate sales……………………..	₱13,748.4	₱14,404.2	₱17,013.1	₱8,426.2	₱ 4,556.2
Rental and releated services	4,414.7	5,608.3	7,008.7	3,387.6	3,421.5
EQUITY IN NET EARNINGS OF ASSOCIATES..........................	350.2	537.0	401.5	264.0	533.4
OTHER INCOME					
Interest income	935.3	977.3	571.7	310.6	191.0
Others – net......................................	821.0	678.4	678.2	235.4	111.2
Total Revenues and Other Income	20,269.7	22,205.2	25,673.3	12,623.9	8,813.5
COSTS					
Real estate sales	8,051.9	8,339.2	9,853.9	4,964.9	2,684.2
Rental and related services................	999.1	1,130.5	1,128.4	782.0	683.8
OPERATING EXPENSES					
General and administrative expenses	1,879.1	2,322.1	2,474.7	1,043.5	864.6
Selling and marketing expenses	981.7	1,442.6	1,448.6	662.0	485.1
INTEREST AND OTHER FINANCE CHARGES	1,062.7	1,192.4	2,493.0	1,243.8	1,415.8
	12,974.5	14,426.8	17,398.5	8,696.2	6,133.5
INCOME BEFORE INCOME TAX	7,295.2	7,778.4	8,274.8	3,927.7	2,680.0
PROVISION FOR INCOME TAX					
Current..	705.0	1,029.5	1,273.8	487.5	388.6
Deferred..	756.0	673.0	481.2	296.0	(125.7)
	1,461.0	1,702.5	1,755.0	783.5	262.9
NET INCOME	₱5,834.2	₱6,075.9	₱6,520.0	₱ 3,144.3	₱ 2,417.0
Net income attributable to:					
Equity holders of the Parent Company	₱5,685.4	₱5,894.4	₱6,283.6	₱ 3,036.3	₱ 2,301.1
Noncontrolling interest	148.8	181.5	236.2	108.0	115.9
	₱5,834.2	₱6,075.9	₱6,520.0	₱ 3,144.3	₱ 2,417.0

	For the years ended December 31,			For the six months ended June 30,	
	2017 (audited)	2018 (audited)	2019 (audited)	2019 (unaudited)	2020 (unaudited)
Basic Earnings Per Share [(1)]	₱0.23	₱0.24	₱0.26	₱0.13	₱0.09

Notes:

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,			As of June 30,
	2017 (audited) (as restated)	2018 (audited)	2019 (audited)	2020 (unaudited)
	(millions)			
ASSETS				
Cash and cash equivalents	₱7,576.1	₱6,419.6	₱4,773.6	₱ 3,854.3
Contracts receivables	4,535.3	800.9	1,446.2	1,724.1
Contract assets	—	3,798.8	5,998.4	6,348.6
Other receivables	1,882.4	2,348.4	3,175.0	4,000.2
Real estate inventories	52,299.1	67,853.0	63,018.4	65,759.0
Other current assets	4,586.8	3,874.3	4,388.5	3,988.2
Contract assets – net of current portion	—	6,243.3	7,117.3	5,966.6
Contract receivables – net of current portion	12,690.7	—	—	—
Investments in associates	4,197.0	4,056.0	4,170.7	4,704.1
Investment properties..	44,355.6	50,018.4	61,321.2	62,855.6
Property and equipment	3,408.3	3,833.1	3,288.7	3,272.8
Right-of-use assets..	—	—	5,247.8	5,168.0
Deferred income tax	48.7	86.0	52.4	113.8
Goodwill..	4,567.2	4,567.2	4,567.2	4,567.2
Other noncurrent assets...	4,974.7	4,961.5	5,130.8	5,338.3
Total Assets	₱145,121.9	₱158,860.5	₱173,696.4	₱177,660.9
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and accrued expenses	₱14,259.1	₱12,446.8	₱13,164.9	₱14,189.9
Contract liabilities	—	2,157.0	972.8	1,413.6
Lease liabilities – current portion..	—	—	318.1	315.0
Due to related parties	199.3	181.3	100.8	65.6
Income tax payable	49.2	109.0	142.7	106.3
Current portion of loans payable	3,661.1	1,970.0	6,887.5	5,055.2
Current portion of bonds payable	—	6,993.6	4,294.6	4,300.0
Loans payable – net of current portion	19,647.4	22,978.5	28,640.8	32,154.5
Bonds payable – net of current portion	34,775.7	27,840.7	23,590.0	23,606.6
Contract liabilities – net of current portion	—	1,053.2	779.6	770.5
Lease liabilities – net of current portion....................................	—	—	5,552.0	5,647.8
Net retirement liabilities	517.9	598.4	512.4	566.4
Deferred income tax liabilities - net	5,298.4	6,011.7	6,512.6	6,434.5
Accounts payable and accrued expenses – net of current portion	3,212.7	9,248.8	10,063.3	10,137.2
Total Liabilities	₱81,620.9	₱91,588.9	₱101,532.1	₱104,763.0
EQUITY				
Common stock	₱24,470.7	₱24,470.7	₱24,470.7	₱24,470.7
Preferred stock	80.0	80.0	80.0	80.0
Additional paid-in capital...	5,612.3	5,612.3	5,612.3	5,612.3

	As of December 31,			As of June 30,
	2017 (audited) (as restated)	2018 (audited)	2019 (audited)	2020 (unaudited)
Treasury stock	(221.0)	(221.0)	(221.0)	(221.0)
Retained earnings	33,099.9	36,882.3	41,661.6	42,344.2
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.6)	(2.6)	(2.6)	(2.6)
Remeasurement losses on retirement plan – net of tax	(155.3)	(148.6)	(24.3)	(25.1)
Share in other components of equity of associates	361.8	361.8	361.8	361.8
Total	63,245.7	67,034.9	71,938.5	72,620.2
Noncontrolling interest	255.3	236.7	225.8	277.7
Total Equity	63,501.0	67,271.6	72,164.3	72,897.9
TOTAL LIABILITIES AND EQUITY	₱145,121.9	₱158,860.5	₱173,696.4	₱177,660.9

CONSOLIDATED STATEMENTS OF CASH FLOW

Pursuant to the adoption of certain Interpretations issued by the Philippine Interpretations Committee, the Company restated certain portions of its financial statements, including its statements of cash flow for the year ended December 31, 2017.

	For the years ended December 31,			For the six months ended June 30,	
	2017 (audited) (as restated)	2018 (audited)	2019 (audited)	2019 (unaudited)	2020 (unaudited)
			(millions)		
Net cash provided by (used in) operating activities[(1)]	₱9,157.9	₱6,914.5	₱8,925.1	₱3,377.6	₱862.7
Net cash used in investing activities[(1)]	(6,793.3)	(4,880.4)	(9,088.9)	(3,814.3)	(1,640.3)
Net cash provided by financing activities	338.4	(3,190.6)	(1,482.1)	(1,251.5)	(141.7)

Notes:

(1) *Please see Company's consolidated financial statements elsewhere in this Prospectus for more information of the restatement of net cash provided by operating activities and net cash used in investing activities for the year ended December 31, 2017.*

FINANCIAL RATIOS FOR THE COMPANY

	As of and for the years ended December 31,			As of and for the six months ended June 30,
	2017	2018	2019	2020
Current Ratio [(a)]	3.90	3.57	3.20	3.37
Long-term Debt-to-Equity Ratio[(b)]	0.91	0.89	0.72	0.89
Debt Ratio[(c)]	0.56	0.58	0.58	0.59
EBITDA to Total Interest Paid [(d)]	3.07	3.12	3.71	2.86
Price Earnings Ratio[(e)]	8.02	5.88	5.77	5.22
Quick Asset Ratio[(f)]	1.02	0.72	0.76	0.78
Solvency Ratio [(g)]	0.08	0.08	0.07	0.03
Intrest Coverage Ratio [(h)]	7.86	7.72	4.32	2.89
Net Profit Margin [(i)]	0.30	0.27	0.25	0.27
Return on Equity[(j)]	0.09	0.09	0.09	0.07

Notes:

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

(b) *Long-term Debt-to-Equity Ratio is computed as total long-term debt divided by total equity.*

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

(d) *EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other charges, income tax, depreciation and amortization) divided by total interest paid*

(e) *Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2019, 2018 and 2017, and annualized earnings per share for the quarter ended June 30, 2020.*

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

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

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

(i) *Net Profit Margin is computed as net income divided by revenue*

(j) *Return on Equity is computed as net income divided by total equity*

Risk Factors

An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of these securities. Investors deal with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost.

The means by which the Company plans to address the risks discussed herein are principally presented in the sections of this Prospectus entitled "Business — Competitive Strengths" on pages 101 to 102, "Business — Business Strategy" on pages 102 to 103 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 84 to 94. This section entitled "Risk Factors" does not purport to disclose all of the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high risk securities. Investors may request publicly available information on the Offer and FLI from the SEC and PDEx.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company 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.

FLI is subject to significant competition in connection with the acquisition of land for residential real estate projects, investment properties and the leasing business. The Company's future growth and development are dependent, in part, on their ability to acquire or enter into agreements to develop additional tracts of land suitable for the types of residential real estate projects they have developed over the years. As the Company and its competitors attempt to locate sites for development, FLI may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to them, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. The Company may also have difficulty in attracting land owners 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 competes with a number of commercial developers, some of which have greater financial and other resources and may be perceived to have more attractive projects. Moreover, FLI's emphasis on medium-rise buildings ("**MRBs**") potentially exposes the Company to greater competition for real estate projects due to there being fewer barriers to entry in this segment as compared to larger developments. Competition from other developers, and in the cases of Festival Supermall, Fora Mall or Main Square Mall, from neighboring shopping malls, may adversely affect the Company' ability to successfully operate their investment properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office and retail space. The Company also faces competition with respect to its commercial office space properties, principally from Megaworld Corporation, Eton Properties Philippines, Robinsons Land Corporation, SM Prime Holdings, Inc. and Ayala Land, Inc., each of which has a large portfolio of commercial office space available for lease in Metro Manila's principal business districts. These competitors may have greater experience in commercial leasing operations and there can be no assurance that the Company will be able to successfully compete with larger and more experienced competitors. Consequently, the competition that FLI faces could have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

In the real estate business, the Company holds 55.4 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 joint venture and profit-sharing arrangement with the Cebu City Government. In 2019, the Company has fully paid an additional acquisition of 10 hectares of land in SRP. In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the Bases Conversion Development 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 may be unable to continue to exploit opportunities to acquire or invest in new businesses and diversify its operations.

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

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

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

In addition, the Company may spend considerable management time and cost in evaluating potential acquisition targets or investments which may divert management attention from the Company's current business. As a result of any of these factors, the Company may be unable to grow its existing business in the manner it expects, which could have a material adverse effect on the Company's existing business, financial condition and results of operations. The Company's future acquisitions and investments, if any, may require it to use significant amounts of cash and incur substantial amounts of indebtedness, each of which could adversely affect the Company's business, financial condition and results of operations.

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

The business in which the Company currently operates and may in the future operate are capital-intensive. The real estate business requires significant capital expenditures to develop and implement new projects and complete existing projects. In the year ended December 31, 2019, the Company spent ₱20.00 billion on capital expenditure. For the six months ended June 30, 2020, the Company spent ₱4.87 billion on capital expenditure out of a total budget for capital expenditure for 2020 of ₱16.00 billion for land acquisition, land development, housing and condominium construction and investment properties.

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

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

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

FLI also has current joint venture arrangements or partnerships with several government units. Although these projects developments are covered by contracts and agreements that have been authorized by government legal protocols and proceedings, there might be circumstances in the future that such agreements may be subjected to review and audit which may affect the Company's ability to deliver on its obligations to its clients, and might hamper the operations of the company as a whole, to generate the revenues from the projects. Such joint venture arrangements are the 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

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 June 30, 2020, 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 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; Andrew T. Gotianun, Jr.,member of the executive committee; 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 any vacant 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 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, bank managers, 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.

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

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

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

From time to time the Company has had to and may continue to defend itself against third parties who claim to be the rightful owners of land which has been the subject of tax declarations in the name of the Company, titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. Although historically these claims have not had a material adverse effect on the Company, in the event a greater number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the residential and land development projects of the Company or its subsidiaries, the management of the Company or relevant subsidiary may be required to devote significant time and incur significant costs in defending itself against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of its land development or other business projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operation, as well as on its business reputation.

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

PFRS and PAS continue to evolve, and certain newly promulgated standards and interpretations taking effect at the beginning of a relevant year may affect the financial reporting of the Company's business.

Availment of Deferral

The Philippine SEC issued memorandum circulars providing relief to the real estate industry by deferring the application of the following provisions of PIC Q&A 2018-12 for a period of three (3) years:

a. Exclusion of land and uninstalled materials in the determination of percentage of completion (POC)
b. Accounting for significant financing component
c. Accounting to Common Usage Service Area (CUSA)
d. Charges Accounting for Cancellation of Real Estate Sales

Effective January 1, 2021, real estate companies will adopt the deferral and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Company availed of the deferral of adoption of the above specific provisions, except for the treatment of CUSA charges wherein the current accounting policy of the Company is consistent with the conclusion of PIC Q&A.

Had these deferred provisions been adopted, it would have the following impact to the financial statements:

a. The exclusion of land and uninstalled materials in the determination of POC would reduce the percentage of completion of real estate projects
b. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income will be recognized for contract assets and interest expense for contract liabilities using effective interest rate method.
c. Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted. Currently, the Company records the repossessed inventory at original cost.

Refer to the 2019 audited consolidated financial statements of the Company for the detailed discussion of the deferral.

March 2019 IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, *Borrowing Costs*)

In March 2019, IFRIC Update was issued summarizing the decisions reached on the capitalization of borrowing cost on over time transfer of constructed goods. The IFRIC Agenda Decision clarified that the related assets that might be recognized in the real estate company's financial statements (i.e., installment contract receivable, contract asset, or inventory) will not qualify as a qualifying asset and the corresponding borrowing cost may no longer capitalized. On February 21, 2020, the Philippine SEC issued SEC Memorandum Circular 4-2020 for the deferment of this IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, real estate companies will adopt the deferral and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

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

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

The companies controlled by the Gotianun Family have a number of commercial transactions with the Company. As of June 30, 2020, the Company had an outstanding net amount due from related parties (after deducting amounts due to related parties) of ₱519.48 million. These related party transactions, apart from outstanding compensation to directors, officers, stockholders and related interests, also include non-interest bearing cash advances and various charges to and from non-consolidating affiliates for management fees, rent, share of expenses and commission charges. The Company also applies this principle to contracts between different companies within the Company. See "Related Party Transactions" and the notes to the Company's consolidated financial statements appearing elsewhere in this Prospectus.

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

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

The Company can provide no assurance that the Company's related party transactions will not have a material adverse effect on its business, financial condition and results of operations.

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

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

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, including, most recently, the Taal volcano eruption in Southern Luzon on January 12, 2020 and a magnitude 6.3 earthquake that struck the northwest of Manila on April 22, 2019. Natural catastrophes may disrupt the Company's business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors, which are not within the Company's control, could potentially have significant effects on its business operations and development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, that are susceptible to damage. Damages resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions, may adversely affect the Company's business, financial condition and results of operations. Further, although Company carries insurance for certain catastrophic events, of different types, in varying amounts and with deductibles and exclusions that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations. Similarly, pandemics such as COVID-19, which erupted globally in 2020, may happen which could have material adverse impact on the company's operations and financial condition.

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

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

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

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

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

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

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

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

The Company 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. For example, in March 2019, the braking system of one of the elevators in PBCom Tower, one of the Company's investment properties, malfunctioned, injuring more than 10 passengers. Such incidents may subject the Company to liability and materially and adversely affect the Company's business reputation.

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

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

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.

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

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

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

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

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

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

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

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

The Company relies on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects, particularly for their affordable and middle-income projects. Approximately 31% of the Company's real estate sales for the year ended December 31, 2019 is attributed to sales to OFWs. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reduction in the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers. Any of these events could adversely affect demand for the

Company’s residential real estate projects from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company’s business, financial condition and results of operations.

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

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

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

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 Compnay would be able to resell the same property at an acceptable price or at all. Any of the foregoing events would have a material adverse effect on the Company’s business, financial condition and results of operations.

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

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

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on the Company’s financial condition and results of operations.

The Company 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 or hospitality 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.

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

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

In addition, the time and the costs involved in completing the development and construction of real estate projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or squatters, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular project not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in 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's reputation may be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

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

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

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

The loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

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

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

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

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

Several developments of FLI are registered with BOI and granted an income tax holiday for certain number of years.While the Tax Reform for Acceleration and Inclusion ("**TRAIN**"), which is the first package of the Comprehensive Tax Reform Program ("**CTRP**") of the Duterte administration, brought about extensive changes to individual income taxation, it did not include changes in corporate income taxation. This is, instead, expected to be addressed in the second package of the CTRP, which was submitted to Congress on January 16, 2018. The second package reportedly aims to lower corporate income taxes while reducing fiscal incentives for corporations, such as income tax holidays, special rates, and custom duty exemptions. If passed into law, the fiscal incentives enjoyed by the Company may be affected. Once the tax exemptions or incentives are revoked, repealed or reduced, the Company's income from these sources will be subject to the regular corporate income tax rate, which is currently fixed at 30.0% of net taxable income, and the Company's tax expense will increase, reducing its profitability and adversely affecting its net income. There have also been reports that the Government may in the future discontinue its policy of granting tax incentives for similar types of projects. Therefore, there is no assurance that the Company will be able to obtain and enjoy similar tax incentives for future projects.

Under package 4 of the CTRP, the Department of Finance reportedly proposes to lower the rate of transaction taxes on land, including 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. Further, 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 H&L and residential dwellings with selling price not more than ₱2.0 million. In the event these sales become subject to the VAT, the purchase prices for the Company's residential lots and housing units will increase and this could adversely affect its sales. Because taxes such as the VAT are expected to have indirect effects on FLI's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

The Company's residential real estate projects are exposed to risks associated with their in-house financing activities, including the risk of customer default, and the Company may not be able to sustain their in-house financing program.

Although historically the Company has provided a substantial amount of in-house financing particularly to buyers of affordable and middle-income housing products, the increased availability of bank financing at competitive rates has lessened customers' availment of in-house financing. However, in cases where the Company provides in-house financing, they charge customers interest at rates that are substantially higher than comparable rates for bank financing and which also provide for upward adjustments to the interest charged if bank financing rates also move upward. As a result, and particularly during periods when interest rates are relatively high, the Company faces the risk that a greater number of customers who utilize the Company's in-house financing facilities will default on their payment obligations, which may require the Company to incur expenses, such as those relating to sales cancellations, foreclosures and eviction of occupants.

There is also no assurance that the Company can resell any property once a sale has been cancelled. Therefore, the inability of their customers who obtain in-house financing from the Company to meet their payment obligations and a decline in the number of customers obtaining such in-house financing could also have a material adverse effect on the Company's business, financial condition and results of operations.

Further, if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derive from interest due on in-house financing, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrants the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by them when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six (6) months from the delivery of the house to the buyer. In addition, RA 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or their officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors engaged by the Company will be able to either correct defects or indemnify the Company for costs incurred by them to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on the Company's business, financial condition and results of operations.

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

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

The Company believes that the Philippine property sector is adequately protected against a domestic asset price bubble burst. The country has a very young demographic profile benefitting from rising disposable income. It likewise remains to be one of the fastest growing emerging economies in the Asia Pacific region, registering Gross Domestic Product growth rates of 6.7% in 2017, 6.2% in 2018 and 5.9% in 2019 and the growth in the property sector is largely supported by infrastructure investments from both the public and private sectors and strong macroeconomic fundamentals.

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

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

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

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

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

The residential housing industry in the Philippines has been and continues to be characterized by a significant shortage of mortgage financing, particularly in the low-cost housing sector. For example, a significant portion of the financing for purchases of socialized housing projects is provided by Government-sponsored housing funds such as the Pag-IBIG Fund, which is financed primarily through mandatory contributions from the gross wages of workers and the amount of funding available and the level of mortgage financing from these sources is limited and may vary from year to year. The Company depends on the availability of mortgage financing provided by these Government-mandated funds for substantially all of its sales of socialized housing, which represented 15% of the Company's total real estate sales for 2019 and 8% of the Company's total real estate sales for the six months ended June 30, 2020. 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.

RISKS RELATING TO THE PHILIPPINES

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

Historically, the Company's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. Although the Philippine economy has experienced strong GDP growth over the past five years, 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 prevailing prices of, developed land and house, lot and condominium units are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs. Demand for FLI's housing and land developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The Philippine residential housing industry is cyclical and is sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing.

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

- decreases in business, industrial, manufacturing or financial activity in the Philippines, in Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the Asian or global markets;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the taxation policies and laws; and
- other regulatory, political or economic developments in or affecting the Philippines and other Asian countries.

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

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

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

The valuation of the Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the

Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. As of June 30, 2020, according to BSP data, the Peso has appreciated by 3.3% to ₱51.044 per U.S. $1.00 from ₱52.782 per U.S. $1.00 for the period ended March 29, 2019, and depreciated by 0.6% from ₱50.744 per U.S. $1.00 at the end of 2019.

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 and raise substantial concerns about visitors' personal safety.

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

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

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. The enhanced community quarantine was further extended to May 15, 2020, in order to stem the spread of COVID-19 and to prevent a second wave of infections. On March 24, 2020, Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which confers emergency powers on the President of the Philippines. On June 1, 2020 the country shifted to General Community Quarantine (GCQ) / Modified General Community Quarantine (MGCQ). Metro Manila will remain under GCQ until July 31,, 2020. Due to surge of COVID-19 cases, President Duterte granted the request of the medical community to reimpose Modified Enhanced Community Quarantine (MECQ) for Metro Manila, Laguna, Rizal, Cavite and Bulacan effective August 4 until August 18, 2020. After a two-week timeout for the medical frontliners, President Duterte has approved to place Metro Manila as well as the provinces of Laguna, Cavite, Rizal, and Bulacan under GCQ starting August 19 until August 31.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve. If the outbreak of COVID-19 and the measures to combat such outbreak increase in severity, it could have an 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, 2020, 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

As of the end of second quarter 2020, Philippine GDP shrank 16.5% year-on-year and revised down its forecast for the year. Overall, the Philippine's GDP growth is expected at -3.8% in 2020 based on ADB forecast.

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, Filinvest 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.

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. The Board of Inquiry on the Mamasapano incident and the Senate released their reports on the Mamasapano incident. On March 27, 2015, former President Aquino named a 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 on July 18, the bicameral committee approved the final version. On July 26, 2018, President Duterte signed into law Republic Act No. 11054 or the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Organic Law**"). The Bangsamoro Organic Law established an autonomous political entity known as the Bangsamoro Autonomous Region in Muslim Mindanao ("**Bangsamoro Autonomous Region**"), replacing the Autonomous Region in Muslim Mindanao ("**ARMM**") created under Republic Act No. 6734. A plebiscite was held on January 21, 2019 and February 06, 2019, with majority of the residents in ARMM and Cotabato City voting in favor of the Bangsamoro Organic Law. As such, the law was deemed ratified and the Bangsamoro Autonomous Region was formally created. It is composed of Cotabato City which voted for its inclusion in the new region and the five provinces under ARMM: Basilan (except Isabela City), Lanao del Sur, Maguindanao, Tawi-Tawi and Sulu. The Bangsamoro Autonomous Region, unlike the unitary form of government under the ARMM, has a parliamentary-democratic government. The Bangsamoro parliament has the power to enact laws in the Bangsamoro Autonomous Region. Moreover, the Bangsamoro Autonomous Region enjoys fiscal autonomy (unlike ARMM).

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

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

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

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

There can be no assurance that the Duterte 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. The President's unorthodox methods may also increase the risks of social and political unrest. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's business, prospects, financial condition and results of operations.

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

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

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

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

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

Under BSP regulations, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign exchange may be freely sold and purchased outside the Philippine banking system. There are restrictions on the sale and purchase of foreign exchange 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 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.

The sovereign credit ratings of the Philippines directly affect companies resident and domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. In 2013, the Philippines earned investment grade status from all three (3) major credit rating agencies – Fitch (BBB-), S&P (BBB-) and Moody's (Baa3). In 2014, S&P and Moody's upgraded their ratings to "BBB" and "Baa2" in May and December, respectively, with both agencies affirming these ratings in 2017. In December 2017, Fitch upgraded the country's credit rating from "BBB-" to "BBB" and, in April 2019, S&P upgraded the country's credit rating from "BBB" to "BBB+", with positive outlook. In 2020, Moody's, Fitch and S&P all maintained their credit ratings with a stable outlook affirming the country's strong fiscal position which will help in shielding it from the impact of the coronavirus crisis. All ratings are at least one notch above investment grade and the highest that the country has received to date from any credit rating agency.

International credit rating agencies issue credit ratings for companies with reference to the country in which they are resident. As a result, the sovereign credit ratings of the Philippines directly affect companies that are resident in the Philippines, such as the Company. There is no assurance that Fitch, Moody's, S&P or other international credit rating agencies will not downgrade the credit rating of the Philippines in the future. Any such downgrade could have a material adverse effect on liquidity in the Philippine financial markets and the ability of the Philippine government and Philippine companies, including the Company, to raise additional financing, and will increase borrowing and other costs.

Investors may face difficulties enforcing judgments against the Company.

The Company is organized under the laws of the Republic of the Philippines. All of the Company's assets are located in the Philippines and outside of the United States. It may be difficult for investors to effect service of process outside of the Philippines upon the Company. Moreover, it may be difficult for investors to enforce judgments against the Company outside of the Philippines in any actions pertaining to the Bonds. In addition, a majority of the directors and officers of the Company are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons or enforce against such persons judgments obtained in courts or arbitral tribunals outside of the Philippines predicated upon the laws of jurisdictions other than in the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Judgments obtained against the Company in any foreign court may be recognized and enforced by the courts of the Philippines in an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment. However, such foreign judgment or final order may be rejected in the following instances: (i) such judgment was obtained by collusion or fraud, (ii) the foreign court rendering such judgment did not have jurisdiction, (iii) such order or judgment is contrary to good customs, public order, or public policy of the Philippines, (iv) the Company did not have notice of the proceedings before the foreign court, or (v) such judgment was based upon a clear mistake of law or fact.

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

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

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

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

RISKS RELATING TO THE BONDS

Liquidity Risk

The Philippine debt securities markets, particularly the market for corporate debt securities are substantially smaller, less liquid and more concentrated than other securities markets. The Company cannot guarantee whether an active trading market for the Bonds will develop or if the liquidity of the Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEx, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, adverse business developments in the Company and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

Pricing Risk

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

Reinvestment Risk

Prior to the relevant Maturity Dates, the Issuer shall have the option, but not the obligation, to redeem in whole (and not in part), the outstanding Bonds on the relevant Early Redemption Dates (see "Description of the Bonds – Redemption and Purchase (a) Early Redemption Option"). In the event that the Company exercises this early redemption option, all Bonds will be redeemed and the Company would pay the amounts to which Bondholders would be entitled. Following such redemption and payment, there can be no assurance that investors in the redeemed Bonds will be able to re-invest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Retention of Ratings Risk

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

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

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

Use of Proceeds

FLI estimates that the net proceeds from the ₱6.75 billion Base Offer shall amount to approximately ₱6.66 billion after deducting fees, commissions and expenses. Assuming the Oversubscription Option is fully exercised, the net proceeds from the Offer shall amount to approximately ₱8.88 billion after deducting fees, commissions and expenses.

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

For a ₱6.75 billion Base Offer:

Particulars	Total (₱)
Estimated gross proceeds ………………………………………	6,750,000,000.00
Less: Estimated fees, commissions and expenses	
Underwriting and Other Professional Fees …………………	*34,375,000.00*
Documentary Stamp Taxes ……..	*50,625,000.00*
SEC Registration fee and Legal Research Fee ………………	*2,840,625.00*
Publication Fee…………………………………………………	*100,000.00*
PDEx Listing Application Fee ……………………….....	*112,000.00*
Credit Rating Fee……………………………………………………….	*2,550,000.00*
Trustee Fees……………………………………………………	*150,000.00*
Registry and Paying Agency Fees………………………	*200,000.00*
Other expenses………………………………………………	*50,000*
Total estimated fees, commissions and expenses ….	*91,002,625.00*
Estimated net proceeds…………………………………………	***₱6,658,997,375.00***

Assuming the Oversubscription Option is fully exercised:

Particulars	Total (₱)
Estimated gross proceeds …………………………………………	9,000,000,000.00
Less: Estimated fees, commissions and expenses	
Underwriting and Other Professional Fees …………………	*44,500,000.00*
Documentary Stamp Taxes ……..	*67,500,000.00*
SEC Registration fee and Legal Research Fee ………………	*2,840,625.00*
Publication Fee…………………………………………………	*100,000.00*
PDEx Listing Application Fee ……………………….....	*112,000.00*
Credit Rating Fee……………………………………………………….	*2,550,000.00*
Trustee Fees……………………………………………………	*150,000.00*
Registry and Paying Agency Fees………………………	*200,000.00*
Other expenses………………………………………………	*50,000.00*
Total estimated fees, commissions and expenses ….	*118,002,625.00*
Estimated net proceeds…………………………………………	***₱8,881,997,375.00***

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

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

2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱150,000.00 (net of tax) per annum;

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

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

The net proceeds from the Offer shall be used by FLI for the following:

Purpose	Net Proceeds from the Base Offer (In ₱ Millions)	Net Proceeds from the Offer assuming the Oversubscription Option is Fully Exercised (In ₱ Millions)	Estimated Timing of Disbursement	Status of Project Development
Refinancing of FLI's maturing fixed-rate bonds with a coupon rate of 4.8562% p.a, and maturity date of November 8, 2020	4,300	4,300	November 8, 2020	
Fund capital expenditures Project Development: Commerical/Retail Office Buildings Industrial Development Land Acquistion: New purchase anywhere in the Phiilippines	 200 1,000 500 500	 700 2,000 700 982	4Q 2020 to 1H 2021	On-going developments of various projects
Fund general corporate requirements	159	200	4Q 2020 to 1H 2021	
Total	**6,659**	**8,882**		

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

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

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

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

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

Market Price, Dividends and Distributions, and Related Stockholder Matters

Market Information

The Company's common shares were listed on the PSE under the symbol "FLI" on October 25, 1993. As of June 30, 2020, the closing price of the Company's common shares was ₱0.99 with a market capitalization of ₱24,077.2 million..

The high and low prices of the common shares for each quarter of the last three (3) fiscal years are indicated in the table below.

	High	Low
2017		
January 1 to March 31, 2017	₱1.82	₱1.55
April 1 to June 30, 2017	1.78	1.60
July 1 to September 30, 2017	2.16	1.68
October 1 to December 31, 2017	2.08	1.75
2018		
January 1 to March 31, 2018	1.90	1.62
April 1 to June 30, 2018	1.77	1.40
July 1 to September 30, 2018	1.53	1.40
October 1 to December 31, 2018	1.51	1.40
2019		
January 1 to March 31, 2019	1.62	1.42
April 1 to June 30, 2019	1.89	1.50
July 1 to September 30 2019	2.01	1.53
October 1 to December 31, 2019	1.64	1.46
2020		
January 1 to March 31, 2020	1.55	0.77
April 1 to June 30, 2020	1.08	0.90

Source: Bloomberg

Dividends and Dividend Policy

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

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP. See "Philippine Foreign Exchange and Foreign Ownership Controls" on page 165 of this Prospectus.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements. See "Market Price, Dividends and Distributions, and Related Stockholder Matters – Dividends and Dividend Policy " on page 58 of this Prospectus.

Record Date

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

Dividend Policy

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

Dividend History

In 2020, FLI declared cash dividends as follows:

To all common stockholders of record as of 10 July 2020 in the amount of ₱0.0324 per share, broken down as follows: a) Regular Cash Dividend of ₱0.0259 per share; (b) Special Cash Dividend of ₱0.0065 per share. Payment date was set on 05 August 2020.

To all preferred stockholders of record as of 10 July 2020 in the amount of ₱0.00032 per share Regular Cash Dividend. Payment date was set on 05 August 2020.

To all common stockholders of record as of 16 November 2020 in the amount of ₱0.0324 per share, broken down as follows: a) Regular Cash Dividend of ₱0.0259 per share; (b) Special Cash Dividend of ₱0.0065 per share. Payment date was set on 11 December 2020.

To all preferred stockholders of record as of 16 November 2020 in the amount of ₱0.00032 per share Regular Cash Dividend. Payment date was set on 11 December 2020.

In 2019, FLI declared cash dividends to all stockholders of record as of 22 May 2019 in the amount of ₱0.0619 per share, broken down as follows: a) Regular Cash Dividend of ₱0.0486 per share; (b) Special Cash Dividend of ₱0.0132 per share. Payment date was set on 17 June 2019.

In 2018, FLI declared cash dividends to all stockholders of record as of 20 May 2018 in the amount of ₱0.0618 per share, broken down as follows: a) Regular Cash Dividend of ₱0.0469 per share; (b) Special Cash Dividend of ₱0.0149 per share. Payment date was set on 14 June 2018.

In 2017, FLI declared cash dividends to all stockholders of record as of 21 May 2017 in the amount of ₱0.0613 per share, broken down as follows: a) Regular Cash Dividend of ₱0.0430 per share; (b) Special Cash Dividend of ₱0.0183 per share. Payment date was set on 14 June 2017.

Sale of Unregistered or Exempt Securities

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

Capitalization

The following table sets forth the consolidated capitalization and indebtedness of the Company as of June 30, 2020. The table should be read in conjunction with FLI's unaudited interim consolidated financial statements, including the notes thereto, included in this Prospectus. Other than as described below, there has been no material change in FLI's capitalization since June 30, 2020.

In **₱ millions**	**As of June 30, 2020 (Unaudited)**	**As Adjusted for Base Offer Size of ₱6.75 billion (Upon issuance of the Offer Bonds)**	**As Adjusted for maximum Offer of ₱9.0 billion (Upon issuance of the Offer Bonds)**
Liabilities			
Total current liabilities	25,445.4	25,445.4	25,445.4
Total noncurrent liabilities	79,317.5	86,067.5	88,317.5
Total Liabilities	**104,762.9**	**111,512.9**	**113,762.9**
Equity			
Common stock	24,470.7	24,470.7	24,470.7
Preferred stock	80.0	80.0	80.0
Additional paid-in capital	5,612.3	5,612.3	5,612.3
Treasury stock	(221.0)	(221.0)	(221.0)
Retained earnings	42,344.2	42,344.2	42,344.2
Revaluation reserve on financial assets at fair value	(2.6)	(2.6)	(2.6)
Remeasurement losses on retirement plan – net of tax	(25.1)	(25.1)	(25.1)
Share in other components of equity of associates	361.8	361.8	361.8
Equity attributable to equity holders of the parent	72,620.3	72,620.3	72,620.3
Non-controlling interests	277.7	277.7	277.7
Total equity	**72,898.0**	**72,898.0**	**72,898.0**
Total capitalization	**177,660.9**	**184,410.9**	**186,660.9**

Plan of Distribution

The Company shall issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Lead Underwriters and Bookrunners and Co-Lead Underwriter. The Offer

Bonds does not include an international offering. The Offer Bonds will be issued on [●] and will be comprised of 3-year Bonds due 2023 and 5.5-year Bonds due 2026. The Company has the discretion to allocate the principal amount among the different series of the Offer Bonds based on the bookbuilding process and may opt to allocate the entire Offer in just one (1) series.

Underwriters of the Offer

BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, East West Banking Corporation, and SB Capital Investment Corporation as the Joint Lead Underwriters and Bookrunners, and First Metro Investment Corporation as the Co-Lead Underwriter for the Offer, have agreed to distribute and sell the Offer Bonds at the Purchase Price, pursuant to an Underwriting Agreement with FLI dated [●] (the "Underwriting Agreement"). Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Lead Underwriters and Bookrunners and Co-Lead Underwriter have committed to underwrite the following amounts on a firm basis:

Joint Lead Underwriters and Bookrunners	**Underwriting Commitment**
BDO Capital & Investment Corporation	₱[1,250,000,000.00]
BPI Capital Corporation	₱[1,250,000,000.00]
China Bank Capital Corporation	₱[1,250,000,000.00]
East West Banking Corporation	₱[1,250,000,000.00]
SB Capital Investment Corporation	₱[1,250,000,000.00]
Co-Lead Underwriter	
First Metro Investment Corporation	₱[500,000,000.00]
Total	**₱**[6,750,000,000.00]

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

The underwriting fees and any selling fees to be paid by the Company in relation to the Offer shall be equivalent to [0.45]% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Lead Underwriters and Bookrunners, Co-Lead Underwriter, and any commissions to be paid to the selling agents, if any.

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

East West Banking Corporation is a subsidiary of FDC. As of June 30, 2020, FDC owns 78% of the outstanding capital stock of East West Banking Corporation. In turn, as of June 30, 2020, FDC beneficially owned approximately 64.67% of FLI's outstanding common shares and 100% of FLI's issued and outstanding preferred shares, such that FDC has an effective 73.5% voting ownership in FLI.

The Joint Lead Underwriters and Bookrunners and Co-Lead Underwriter have no contract or other arrangement with FLI by which it may return to FLI any unsold Offer Bonds.

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

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

BDO Capital is a leading investment bank in Philippines and was incorporated in the Philippines on December 1998 as a wholly owned subsidiary of BDO Unibank, Inc. BDO Capital presently conducts business as a full service investment house with the following functions, among others: securities underwriting and trading; loan syndication; financial advisory; and private placement of debt and equity. As of December 30, 2019, it had total assets of ₱3.9 billion, total liabilities of ₱0.3 billion and total equity of ₱3.6 billion.

BPI Capital is a Philippine corporation organized in the Philippines as a wholly owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the Philippine SEC to engage in underwriting and distribution of securities to the public. As of March 31, 2020, its total assets amounted to ₱4.1 billion and its capital base amounted to ₱4.0 billion. It has an authorized capital stock of ₱1 billion of which approximately ₱506.4 million represents its paid-up capital.

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

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

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

First Metro is a leading investment bank in the Philippines with fifty-six (56) years of service in the development of the country's capital markets. It is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. First Metro and its subsidiaries offer a wide range of services, from debt and equity underwriting to loan syndication, project finance, financial advisory, investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research. First Metro has established itself as a leading bond house with key strengths in origination, structuring, and execution.

Sale and Distribution

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

There are no persons to whom the Offer Bonds are allocated or designated. The Offer Bonds shall be offered to the public at large and without preference.

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

Offer Period

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

Application to Purchase

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

Applicants may purchase the Offer Bonds during the relevant Offer Period by submitting to the Joint Lead Underwriters and Bookrunners and Co-Lead Underwriter properly completed Applications to Purchase, together with two (2) signature cards, identification document, and the full payment of the Purchase Price of the Offer Bonds in the manner provided in the said Application to Purchase.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) with respect to tax treaty relief, a copy of the duly filed tax treaty relief application with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 72-2010; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certificate, ruling or opinion addressed to the relevant applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty;

(iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

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

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

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

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

Minimum Purchase

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

Allotment of the Offer Bonds

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

Acceptance of Applications

The Company, the Joint Lead Underwriters and Bookrunners and Co-Lead Underwriter reserve the right to accept or reject applications to purchase the Offer Bonds and allocate the Offer Bonds available to the Applicants in a manner they deem appropriate.

Rejection of Applications

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

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

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

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

Refunds

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

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

Payments

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

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

Unclaimed Payments

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

Purchase and Cancellation

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

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

Secondary Market

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

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

Registry of Bondholders

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the 3-year Bonds and 5.5-year Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

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

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

Description of the Offer Bonds

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

The issuance of up to ₱30,000,000,000.00 aggregate principal amount of the Bonds, to be issued in one or more tranches, was authorized by a resolution of the Board on July 15, 2020. The initial Tranche of the Bond Program will be issued with an aggregate principal amount of up to ₱6,750,000,000.00 with an Oversubscription Option of up to ₱2,250,000,000.00 (the "**Offer Bonds**"). The Offer Bonds will be issued on the Issue Date, which is on [●] and will comprise of 3-year Bonds due 2023 and 5.5-year Bonds due 2026.

The Offer Bonds shall be constituted by a Trust Agreement (the "**Trust Agreement**") to be executed on or about [●] between FLI and China Banking Corporation - Trust and Asset Management Group as Trustee. The Trustee has no interest in or relation to FLI which may conflict with the performance of its functions as trustee for the Offer Bonds. The description of and the terms and conditions of the Offer Bonds as set out below is subject to the detailed provisions of the Trust Agreement.

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

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

1. Form, Denomination and Title

(a) *Form and Denomination*

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing each of the 3-year Bonds, and 5.5-year Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

The Offer Bonds shall be issued in minimum denominations of Fifty Thousand Pesos (₱50,000) each and in integral multiples of Ten Thousand Pesos (₱10,000) thereafter and traded in denominations of Ten Thousand Pesos (₱10,000) in the secondary market.

(b) *Title*

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders (the "**Registry of Bondholders**") maintained by the Registrar. A notice confirming the principal amount of the Offer Bonds purchased by each applicant in the Offering shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Offer Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic

Registry of Bondholders maintained by the Registrar. Settlement with respect to such transfer or change of title to the Offer Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) *Offer Bonds Rating*

The Offer Bonds have been rated PRS Aaa with a Stable Outlook by Philippine Rating Services Corporation on August [●], 2020 having considered FLI's business plans, growth prospects and cashflow. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. FLI's capacity to meet its financial commitment on the obligation is extremely strong.

The rating and outlook assigned reflects the following key considerations: (1) sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; (2) its conservative debt position and high financial flexibility; (3) its established brand name and track record. Philratings shall continuously monitor developments relating to FLI and may change the rating at any time, should circumstances warrant a change. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After Issue Date, the Trustee shall likewise monitor compliance by the Issuer with certain covenants in relation to the Offer Bonds through regular annual reviews.

2. Transfer of Bonds

(a) *Registry of Bondholders*

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

(b) *Transfers; Tax Status*

Subject to the compliance with all procedures and provisions set forth in the Registry and Paying Agency Agreement and as the same may be amended by the Registrar with notice to the Issuer, as well as payment by the relevant Bondholder of the proper fees, if any, to PDEx and/or the Registrar, Bondholders may transfer their Offer Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee except for: (i) transfers across Tax Categories shall not be allowed except on Interest Payment Dates that fall on a Business Day, provided however that transfers from a Tax-Exempt Category to a Taxable Tax Category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEx, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade. Should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax-withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities; (ii) transfers by Bondholders with deficient documents; and (iii) transfers during a Closed Period. *"Closed Period"* means the periods during which the Registrar shall not register any transfer or assignment of the Offer Bonds, specifically: (a) during the period of two (2) Business Days preceding (and including) the Interest Payment Date or the Maturity Date, as the case may be; or (b) the period after the Offer Bonds have been called for redemption or pre-termination. Transfers taking place in the Registry of Bondholders after the Offer Bonds are listed on PDEx shall be allowed between non tax exempt and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guideline of PDEx and PDTC. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified below under *"Payment of Additional Amounts; Taxation",* within the period required under the PDEx rules.

(c) *Secondary Trading of the Offer Bonds*

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

3. Ranking

The Offer Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall rank pari passu and ratably without any preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by the law.

4. Interest

(a) *Interest Payment Dates*

The 3-year Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of [●]% per annum, payable quarterly in arrears, commencing on [●], for the first Interest Payment Date and [●], [●], [●], and [●] of each year or the subsequent Business Day without adjustment to the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

The 5.5-year Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of [●]% per annum, payable quarterly in arrears, commencing on [●], for the first Interest Payment Date and [●], [●], [●], and [●] of each year or the subsequent Business Day without adjustment to the amount of interest to be paid, if such Interest Payment Date is not a Business Day.

For purposes of clarity, the last Interest Payment Date on the Offer Bonds shall fall on their respective Maturity Dates, or on [●] for the 3-year Bonds and on [●] for the 5.5-year Bonds. The cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due shall be the second (2nd) Business Day immediately preceding the relevant Interest Payment Date (the "**Record Date**"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds. No transfers of the Offer Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(b) *Interest Accrual*

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

(c) *Determination of Interest Amount*

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

5. Redemption and Purchase

(a) *Early Redemption Option*

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

Early Redemption Dates for the 5.5-year Bonds	**Early Redemption Price**
On the Third anniversary of the Issue Date	101.00%
On the Fourth anniversary of the Issue Date	100.50%

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

(b) *Final Redemption*

Unless previously purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on [●] for the 3-year Bonds and on [●] for the 5.5-year Bonds. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment in computation as to the amount of interest payable and Final Redemption amount, on the succeeding Business Day.

(c) *Redemption for Taxation Reasons*

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

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

If any provision of the Trust Agreement or any of the related documents is or shall become for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Offer Bonds, including all accrued interest and other chargers thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without and pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Offer Bonds to the contrary.

(e) *Purchase and Cancellation*

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

6. Payments

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

7. Payment of Additional Amounts - Taxation

Interest income on the Offer Bonds is subject to a final withholding tax at rates between 20% and 30% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of FLI; provided however that, FLI shall not be liable for the following:

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

(b) the applicable final withholding tax on interest earned on the Offer Bonds prescribed under the Tax Reform Act of 1997, as amended and its implementing rules and regulations as maybe in effect from time to time. Interest income on the Offer Bonds is subject to a final withholding tax at rates between 20% and 30% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by FLI as being sufficient in form and substance: (i) certified true copy of the valid/revalidated tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue confirming the exemption or preferential rate; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify FLI of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold FLI and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, which shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to FLI that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by FLI to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

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

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

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

8. Financial Covenant

(a) FLI shall maintain a Debt-to-Equity Ratio of not more than [2.5:1]. Debt-to-Equity ratio is computed as total Financial Indebtedness divided by Total Equity.

(b) FLI shall maintain a minimum Current Ratio of [2:1]. Current Ratio means the ratio of Current Assets to Current Liabilities.

(c) FLI shall maintain a Debt Service Coverage Ratio of not less than [1:1]. Debt Service Coverage Ratio means the ratio of EBITDA to total Debt Service by reference to the immediately preceding twelve (12) months.

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

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

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

"Debt Service" means all amounts payable by FLI under any Financial Indebtedness, including all principal, interest, fees, commissions, costs and expenses.

"EBITDA" represents net income after adding provisions for income tax, depreciation and amortization and interest expense.

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

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

"**Total Equity**" means total consolidated stockholders' equity (including minority interest) as recognized and measured in FLI's audited consolidated financial statements in conformity with PFRS.

9. Negative Pledge

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

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

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

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

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

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

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

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

(h) Any Security to be constituted on the assets of the Issuer after the date of the Trust Agreement which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Agreement; and

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

(j) Any Security or Lien undertaken in compliance with the requirements of government regulatory agencies such as but not limited to the Bangko Sentral ng Pilipinas, the Department of Human Settlements and Urban Development, the Housing and Land Use Regulatory Board and the Department of Agrarian Reform, provided that any such Security or Liens are created by operation of law and not as a result of any default or omission by the Issuer.

10. Events of Default

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

(a) *Payment Default*

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

(b) *Representation/Warranty Default*

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

(c) *Other Default*

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

(d) *Cross Default*

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

(e) *Insolvency Default*

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

(f) *Closure Default*

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

(g) *Expropriation Default*

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

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

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

(i) *Judgment Default*

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

(j) *Writ and Similar Process Default*

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

(k) *Non-Payment of Taxes*

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

For purposes hereof, **"Material Subsidiaries"** means Cyberzone Properties Inc, Filinvest Cyberzone Mimosa Inc, Filinvest AII Phils Inc., Filinvest Cyperparks Inc. and Filinvest Asia Corporation

11. Consequences of Default

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

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

If any one or more of the Events of Default occur and continue without the same being cured within the periods provided in the Trust Agreement and in these Terms and Conditions, the Trustee may on its own, or, if upon the written direction of persons holding more than 50% of the aggregate principal amount of the issued Offer Bonds (the "**Majority Bondholders**"*)*, shall, by notice in writing delivered to FLI, with a copy furnished the Paying Agent, Receiving Bank, and Registrar, declare the principal of the Offer Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable (the "**Accelerated Amounts**"), and upon such declaration the same shall be immediately due and payable.

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

12. Notice of Default

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

13. Penalty Interest

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

14. Payment in the Event of Default

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

15. Application of Payments

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

16. Prescription

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

17. Remedies

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

Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. Ability to File Suit

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

19. Waiver of Default by the Bondholders

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

20. Trustee; Notices

(a) *Notice to the Trustee*

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

> To the Trustee: China Banking Corporation – Trust and Asset Management Group
> Attention: Mary Ann T. Lim (First Vice President) and Susan U. Ferrer (Senior Assistant Vice President)
> Subject: Filinvest Land, Inc. Fixed-Rate Bonds Due 2023 and 2026
> Address: 8/F China Bank Building, 8745 Paseo de Roxas corner Villar Street, Makati City
> Telephone: 8885 - 5874
> E-mail address: suferrer@chinabank.ph

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

(b) *Notice to the Bondholders*

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

Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication or (iv) on date of delivery, for personal delivery.

(c) *Binding and Conclusive Nature*

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

21. Duties and Responsibilities of the Trustee

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

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

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

22. Resignation and Change of Trustee

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

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

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

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

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

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

23. **Successor Trustee**

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

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

24. Reports to the Bondholders

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

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

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

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

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

(i) Trust Agreement

(ii) Registry and Paying Agency Agreement

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

(iv) SEC Permit to Offer Securities for Sale

25. Meetings of the Bondholders

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

(a) *Notice of Meetings*

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

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

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

(c) *Quorum*

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

(d) *Procedure for Meetings*

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

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

(e) *Voting Rights*

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

(f) *Voting Requirement*

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

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

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

26. Amendments

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

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

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

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

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

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

(e) reduce the amount payable upon the redemption or repurchase of any Offer Bond under the Terms and Conditions or change the time at which any Bond may be redeemed;

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

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

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

(i) amend or modify the Payment of Additional Amounts-Taxation, the Events of Default or the Waiver of Default by the Bondholders sections; or

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

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

27. Evidence Supporting the Action of the Bondholders

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

28. Non-Reliance

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

29. Governing Law

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

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

The following discussion of the Company's recent financial results should be read in conjunction with the auditors' reports and the Company's consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Summary of Financial Information". This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

Results of operations for the six months ended June 30, 2020 compared to six months ended June 30, 2019

For the six months ended June 30, 2020, FLI's net income from its business segments registered a decline of 23.13% or ₱727.26 million from ₱3,144.26 million in 2019 to ₱2,417.00 million in 2020. The decline is generally due to the impacts of the Taal volcano eruption in January 2020 and quarantines (ECQ, MECQ, and GCQ) imposed due to COVID-19 pandemic beginning March 17, 2020 in several regions of the country.

Revenues

Total consolidated revenues are lower by 30.18% or ₱3,810.44 million, from ₱12,623.89 million in 2019 to ₱8,813.45 billion in 2020. The said decline is attributed mainly to the 45.93% or ₱3,869.95 million decline in real estate sales, from ₱8,426.18 million in 2019 to ₱4,556.23 million in 2020.

Rental and related services increased by 1.00% or ₱33.94 million from ₱3,387.61 million to ₱3,421.55 million. This higher rental revenue is attributed to the increase in occupancy of office spaces, mainly in Filinvest Axis Tower 1 and Tower 2, Cebu Cyberzone and Vector 2. The renewal of contracts at escalated rates is contributed to the increase mitigated by the decrease in rental income from malls and other commercial centers due to their closure during quarantine periods.

Interest income for the six months ended June 30, 2020 decreased by 38.51% or ₱119.64 million, from ₱310.64 million in 2019 to ₱191.01 million in 2020. The decrease was due to lower interest income generated from in house installment contracts receivable and lower collections attributable to buyers' payment extension. Other income also decreased by 52.75% or ₱124.18 million, from ₱235.42 million in 2019 to ₱111.24 million in 2020 mainly due to the deconsolidation of Pro-Excel Property Managers, Inc. (Pro-Excel; a then subsidiary) effective on December 26, 2019. Pro-Excel was deconsolidated from the buy-out of ownership in Pro-Excel by Filinvest Alabang, Inc. (FAI) from CPI and FCI.

The Group's equity in net earnings of associates increased by 102.02% or ₱269.38 million, from ₱264.04 million in 2019 to ₱533.42 million in 2020 due to higher net income reported by FAI.

Costs

Cost of real estate sales decreased by 45.94% or by ₱2,280.68 million, from ₱4,964.86 million in 2019 to ₱2,684.18 million in 2020. The lower cost was due to lower real estate sales booked in 2020.

Cost of rental and related services also decreased by 12.56% or ₱98.22 million, from ₱782.00 million in 2019 to ₱683.78 million in 2020. This is mainly due to lower costs of operations from the interruption of mall operations.

Gross Profit

Gross profit margin for real estate sales is at 41.09% in 2020 and 41.08% in 2019 while gross profit margin on rental and related services is at 80.02% in 2020 and 76.92% in 2019.

Expenses

General and Administrative expenses decreased by 17.14% or ₱178.85 million, from ₱1,043.46 million in 2019 to ₱864.61 million in 2020 mainly due to lower salaries expenses as a result of lower manpower in 2020 compared to 2019.

Selling and marketing expenses went down by 26.73% or ₱176.96 million, from ₱662.04 million in 2019 to ₱485.08 million in 2020 primarily due to lower commissions and marketing and sales-related activities as a result lower sales relative to quarantine restrictions imposed throughout the country.

Interest and other finance charges increased by 13.83% or ₱172.09 million, from ₱1,243.80 million in 2019 to ₱1,415.81 million due to lower interest capitalized as part of land development and real estate projects under construction. This capitalized interest will be charged to net income once sold.

Provision for income tax decreased by 66.43% or ₱520.48 million, from ₱783.47 million in 2019 to ₱262.99 million in 2020 as a result of lower taxable income.

Financial Condition as of June 30, 2020 compared to as of December 31, 2019

As of June 30, 2020, FLI's total consolidated assets stood at ₱177,660.91 million, higher by 2.28% or ₱3,964.48 million than the ₱173,696.43 million total consolidated assets as of December 31, 2019. The following are the material changes in account balances:

19.26% Decrease in Cash and cash equivalents
The decrease is mainly due to capital outlays amounting to ₱1.531.13 million. Repayments of principal loans and interest were negated by loan drawdowns.

3.59% Decrease in Contracts assets and receivables
Decrease in contracts receivables is due to collections from customers mitigated by additional receivables recognized thru realized real estate sales.

28.94% Increase in Other Receivables
The increase is due to the receivables mainly from CPI tenants amounting to ₱900.00 million.

4.35% Increase in Real Estate Inventories
The increase is primarily due to lower realized cost of real estate sales for the period.

0.49% Decrease in Property and Equipment
The decrease was mainly due to higher depreciation for the period mitigated by additions during the year.

24.64% Increase in Contract Liabilities
The increase in this account is due to high customer reservations received during the period June 30, 2020 and collection on contracts not yet qualified for revenue recognition.

34.93% Decrease in Due to Related Parties
The decrease in due to related party transactions is due to regular settlement of charges between the parent and subsidiaries.

25.43% Decrease in Income Tax Payable
The decrease in income tax payable is due to lower provision for income tax for the period.

4.73% Increase in Loans Payable
The increase is due to new loan drawdowns amounting to ₱5,257.73 million mitigated by principal loan repayments of ₱3,661.50 million.

Components of Financial Soundness as of and for the six months ended June 30, 2020 and June 30, 2019

	As of and for the six months ended June 30,	
	2019	2020
Current Ratio	4.26	3.37
Long-term Debt-to-Equity Ratio	0.89	0.89
Debt Ratio	0.59	0.59
EBITDA to Total Interest Paid	3.71	2.86
Price Earnings Ratio	7.35	5.22
Quick Asset Ratio	0.76	0.78
Solvency Ratio	0.04	0.03
Intrest Coverage Ratio	4.47	2.89
Net Profit Margin	0.26	0.27
Return on Equity	0.09	0.07

Results of Operations for 2019

Year ended December 31, 2019 compared to year ended December 31, 2018

For the year ended December 31, 2019, FLI's operating regular net income registered a year on year growth of 7.31% or P443.93 million from ₱6,075.87 million in 2018 to ₱6,519.80 million in 2019.

Revenues and other income

Total consolidated revenues went up by ₱3,468.12 million or 15.62%, from ₱22,205.19 million in 2018 to ₱25,673.31 million in 2019 due to higher rental and related services, and real estate sales.

Rental and related services increased by ₱1,400.48 million or by 24.97%, from ₱5,608.26 million in 2018 to ₱7,008.74 million in 2019. Filinvest Axis Tower 2, located in Northgate Cyberzone Alabang, was completed in 2019 adding 39,341 sq.m. of GLA to the office portfolio. FLI now operates 31 buildings totaling 523,902 sq.m. For retail, FLI has 243,215 sq.m. GLA in the retail portfolio in 2019 from 242,127 sq.m. in 2018.

Real estate sales increased by ₱2,608.92 million or by 18.11%, from ₱14,404.20 million in 2018 to ₱17,013.12 million in 2019. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 55% (inclusive of MRB and HRB); Affordable 32%; High-End 9%; Farm Estate 2%; Socialized and others 2%. The higher real estate sales can be attributed to higher percentage of completion for MRB and HRB, and higher completion of downpayments from 2018 sales.

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. ₱1,130.51 million in 2018 to ₱1,128.41 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.

Total operating expenses increased to ₱3,923.30 million in 2019 from ₱3,764.65 million in 2018. 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 ₱293.39 million or by 28.50%, from ₱1,029.49 million in 2018 to ₱1,322.88 million in 2019 due to higher taxable income as a result of increased revenues.

Provision for deferred income tax decreased by ₱240.93 million or by 35.80%, from ₱673.02 million in 2018 to ₱432.09 million in 2019 due to temporary differences between financial and taxable income.

Financial Condition

As of December 31, 2019, FLI'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 FLI'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 receivables
The increase is in line with the higher revenue for the year and higher mix of cash sales.

22.26% Increase in Other receivables
Increase is mainly due to higher receivables amounting ₱0.52 billion from the leasing segment particularly CPI. Also, there was an overall increase in occupancy of FSI Mall Expansion, Fora Mall and Main Square for the year.

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

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

10.32% Increase in Investment in Associates
On December 26, 2019, CPI and FCI, wholly owned subsidiaries of FLI, 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 disposal resulted to the accounting for FLI's investment of ₱18.50 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.

22.60% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings for office and commercial lease amounting to ₱8.16 billion. These are primarily located in Northgate Cyberzone in Alabang, Filinvest Mimosa, Makati City, Quezon City and Ortigas City.

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

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

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

3.41% 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 ₱0.71 billion 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 Group'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.

33.74% Increase in Income tax payable
The increase was due to the higher taxable income for the year.

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

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

14.36 % Decrease in Retirement liabilities

The decrease was due to the ₱0.18 billion experience adjustment on the present value of defined benefit obligation.

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

Components of Financial Soundness

	As of and for the years ended December 31,	
	2018	**2019**
Current Ratio	3.57	3.20
Long-term Debt-to-Equity Ratio	0.89	0.72
Debt Ratio	0.58	0.58
EBITDA to Total Interest Paid	3.12	3.71
Price Earnings Ratio	5.88	5.77
Quick Asset Ratio	0.72	0.76
Solvency Ratio	0.08	0.07
Intrest Coverage Ratio	7.72	4.32
Net Profit Margin	0.27	0.25
Return on Equity	0.09	0.09

Results of Operations for 2018

Year ended December 31, 2018 compared to year ended December 31, 2017

For the year ended December 31, 2018, FLI's operating regular net income registered a year on year growth of 4.14% or P241.69 million from ₱5,834.18 million in 2017 to ₱6,075.87 million in 2018.

Revenues and other income
Total consolidated revenues went up by ₱1,935.53 million or 9.55% from ₱20,269.65 million in 2017 to ₱22,205.19 million in 2018. Increase in revenue is attributable to increase in rental and related services of 27.04% or ₱1,193.59 million, from ₱4,414.67 million in 2017 to ₱5,608.26 million in 2018. Filinvest Axis Tower 1, located in Northgate Cyberzone Alabang, Filinvest Cyberzone Cebu Tower 2, located in Salinas, Cebu, Filinvest Cyberzone Mimosa Building 1 and 2 Workplus Building; located in Mimosa Clark, and Filinvest Cyberzone Bay City Buildings A and D, located in Bay City, Pasay City, have been completed bringing the total adding 136,564 sq.m. of GLA to theoffice portfolio. FLI now operates 30 buildings totaling 484,564 sq.m. of GLA. For retail, FLI now has 242,127 sq.m. GLA to the retail portfolio.

Real estate sales increased by ₱655.77 million or by 4.77% from ₱13,748.42 million in 2017 to ₱14,404.20 million in 2018. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 70% (inclusive of MRB and HRB); Affordable 18%; High-End 7%; Farm Estate 1%; Socialized and others 4%.

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

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

Costs and Expenses

Cost of real estate sales increased by ₱287.30 million or by 3.57% from ₱8,051.90 million in 2017 to ₱8,339.21 million in 2018. The increase was mainly due to increase in the amount of real estate sales booked during the current period. Cost of rental services on the other hand, increased by ₱131.45 million or 13.16% from ₱999.06 million in 2017 to ₱1,130.51 million in 2018 basically due to depreciation of newly completed investment properties.

Total operating expenses increased to ₱3,764.65 million in 2018 from ₱2,860.83 million in 2017.

General and administrative expenses increased by ₱442.93 million or by 23.57% to ₱2,322.06 million in 2018 from ₱1,879.14 million in 2017. The increase was due to operating expenses related to opening of new malls and BPO buildings for lease. Likewise, business permits and real property taxes increased as a result of higher revenues and completion of more buildings during the year. Also contributed to the increase were the higher salaries, wages and other benefits due to the full operation of DPI and recognition of service fees for the service rendered by Engie O&M to PDDC. Selling and marketing expenses increased by ₱460.90 million or by 46.95% from ₱981.69 million in 2017 to ₱1,442,59 million in 2018 mainly due to higher broker's commission released during the year and managed advertising costs.

Provision for Income Tax

Total provision for income tax increased by 16.53% from ₱1,460.98 million in 2017 to ₱1,702.51 million in 2018. Provision for current income tax increased to ₱1,029.49 million in 2018 from ₱705.04 million in 2017 or an increase of ₱324.46 million or by 46.02% due to higher taxable income as a result of increased revenues

Provision for deferred income tax decreased by ₱82.92 million or by 10.97% from ₱755,94 million in 2017 to ₱673.02 million in 2018 due to temporary differences between financial and taxable income.

Financial Condition

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

15.27% Decrease in Cash and cash equivalents
Net outflows of cash mainly came from acquisition of Gintong Parisukat Realty & Dev't, Inc. (GPRDI) amounting to ₱1.90 billion and ₱1.30 billion as initial down payment for the acquisition of Cleon properties. Although the FLI's operations yielded a consolidated total of ₱11.27 billion during the year and new loan availments were made amounting to ₱5.50 billion, these were used mostly to fund new investments and construction projects amounting to ₱13.00 billion and dividend paid amounting to ₱1.50 billion.

37.05% Decrease in Contracts receivable
Contracts receivable decreased due to strong collections during the period. Majority of collections came from middle-income projects.

24.75% Increase in Other receivables
Increase is mainly due to higher receivables amounting ₱0.18 billion from CPI with the newly awarded contract of lease to new tenants for Filinvest 3, Vector 3, Axis T1, Cebu T1 & T2. On the other hand, FCI recorded an increase of ₱0.23 billion for new tenants of Filinvest Cyberzone Bay City Tower A & D opened in 2018. An increase of occupancy rate of FSI Malls and Expansion was also noted amounting to ₱0.09 billion from tenants and ₱0.05 billion receivable from newly operated rental/ commercial spaces of FCMI and FLTI.

29.74% Increase in Real estate inventories
Inventories increased due to raw land acquisitions including acquisition of land in Mandaluyong City amounting to ₱4.74 billion and ₱1.90 billion located in Paranaque City. Moreover, real estate inventories accelerated spending on saleable real estate project costs.

15.53% Decrease in Other current assets
The decrease is mainly due to the adoption of PFRS 15, a new accounting standard effective in the current fiscal year resulting to transition adjustment to commission expense from prepaid commission amounting to ₱0.41 billion.

3.36% Decrease in Investment in Associates

The decrease in investment is due to receipt of dividends amounting to ₱0.68 billion reduced by the share in net income from FAI and FMI amounting to ₱0.54 billion.

12.43% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings intended for office and commercial buildings for lease with a consolidated total of ₱6.10 billion before depreciation recorded for the year amounting to ₱0.63 billion. These are primarily located in Northgate Cyberzone in Alabang, Filinvest Cyberzone in Pasay Bay Area, Filinvest Mimosa, Fora Mall in Tagaytay, Main Square in Cavite, and Il Corso in Cebu.

12.46% Increase in Property, plant and equipment
The increase was primarily due to the ₱0.18 billion additional improvement made for DCS plant (District Cooling System) which supplies the chilled water for the Northgate Cyberzone buildings as well as the ₱0.34 billion for the acquisition of new field machineries and construction equipment for Dreambuilders Pro, Inc.

76.71% Increase in Deferred tax assets
The increase was primarily due to additional advance rentals made amounting to ₱0.03 billion for new office leases opened in Alabang and Clark during the year.

2.76% Increase in Other noncurrent assets
The increase is mainly attributed to the construction costs of the Filinvest Cebu Cyberzone, classified under non-current other assets pursuant to BTO agreement with the Government of Cebu amounting to ₱0.06 billion, net of depreciation.

2.42% Increase in Accounts payable and accrued expenses
The increase is mainly due to ₱0.20 billion increase in payables to contractors and suppliers for the construction activities.

220.66% Increase in Other Non-current liabilities
The increase in this account was mainly due to the accrual for the purchase of land in Mandaluyong City amounting to ₱3.5 billion, additional reserve accounts due to ₱2.0 billion net increase in additional budget set-up for the year.

7.04% Increase in Loans payable
The increase in mainly due to the ₱5.5 billion newly availed loans offset by ₱3.87 billion repayments.

0.17% Increase in Bonds payable
The increase was due to bond issuance of ₱6.0 billion during the year by CPI, a 100% subsidiary of FLI.

9.05% Decrease in Due to related parties
The decrease was due to payments of the liability to affiliates for the Group'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.

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

13.46% Increase in Deferred Income Tax Liabilities
The increase was mainly due to the additional capitalized borrowing cost on long-term loans amounting to ₱0.46 billion and other temporary differences between financial and taxable income.

Components of Financial Soundness

	As of and for the years ended December 31,	
	2017	**2018**
Current Ratio......................	3.90	3.57
Long-term Debt-to-Equity Ratio	0.91	0.89
Debt Ratio	0.56	0.58

	As of and for the years ended December 31,	
	2017	2018
EBITDA to Total Interest Paid	3.07	3.12
Price Earnings Ratio..........	8.02	5.88
Quick Asset Ratio..............	1.02	0.72
Solvency Ratio	0.08	0.08
Intrest Coverage Ratio	7.86	7.72
Net Profit Margin	0.30	0.27
Return on Equity	0.09	0.09

Results of Operations for 2017

Year ended December 31, 2017 compared to year ended December 31, 2016

For the year ended December 31, 2017, FLI's operating regular net income registered a year on year growth of 9.03% or ₱483.39 million from ₱5,350.79 million in 2016 to ₱5,834.18 million in 2017.

Revenues and other income

Total consolidated revenues went up by ₱769.06 million or 3.94% from ₱19,500.59 million in 2016 to ₱20,269.65 million in 2017. Increase in revenue is attributable to 30.45% or ₱1,030.49 million increase in rental and other related services revenue from ₱3,384.18 million in 2016 to ₱4,414.67 million in 2017. Vector Three, located in Northgate Cyberzone Alabang has been completed and turned over, adding 36,000 sq.m. of GLA to the office portfolio. FLI now operates 22 buildings totaling 348,000 sq.m. of GLA. For retail, Fora Mall in Tagaytay and Main Square Mall in Bacoor were completed adding 50,000 sq.m. GLA to the retail portfolio.

Real estate sales slightly decreased by ₱507.50 million or by 3.56% from ₱14,255.92 million in 2016 to ₱13,748.42 million in 2017. Real estate sales booked during the current period broken down by product type are as follows: Middle Income 69% (inclusive of MRB and HRB); Affordable 20%; High-End 9%; Farm Estate 1%; Socialized and others 1%.

Interest income increased by ₱63.33 million or by 7.26% from ₱871.97 million in 2016 to ₱935.30 million in 2017. The increase was due to higher interest income derived from cash and cash equivalents and contracts receivable.

Costs and Expenses

Cost of real estate sales decreased by ₱270.37 million or by 3.25% from ₱8,322.27 million in 2016 to ₱8,051.90 million in 2017. The decrease was mainly due to decline in the amount of real estate sales booked during the current period. Cost of rental services on the other hand, increased by ₱256.57 million or 34.56% from ₱742.49 million in 2016 to ₱999.06 million in 2017 basically due to depreciation of newly completed investment properties.

Total operating expenses increased to ₱2,860.83 million in 2017 from ₱2,508.76 million in 2016. General and administrative expenses increased by ₱575.19 million or by 44.11% to ₱1,879.14 million in 2017 from ₱1,303.95 million in 2016. The increase was due to operating expenses related to opening of new malls and BPO buildings for lease. Likewise, business permits and real property taxes increased as a result of higher revenues and completion of more buildings during the year. Selling and marketing expenses decreased by ₱223.11 million or by 18.52% from ₱1,204.80 million in 2016 to ₱981.69 million in 2017 mainly due to lower broker's commission released during the year and managed advertising costs.

Provision for Income Tax

Total provision for income tax decreased by 2.84% from ₱1,503.62 million in 2016 to ₱1,460.98 million in 2017. Provision for current income tax increased to ₱705.04 million in 2017 from ₱385.79 million in 2016 or an increase of ₱319.25 million or by 82.75% due to higher taxable income generated from increased revenues

Provision for deferred income tax decreased by ₱361.88 million or by 32.37% from ₱1,117.82 million in 2016 to ₱755.94 million in 2017 due to temporary differences between financial and taxable income.

Financial Condition

As of December 31, 2017, FLI's total consolidated assets stood at ₱145.12 billion, higher by 12.13% or by ₱15.70 billion than the ₱129.43 billion total consolidated assets as of December 31, 2016. The following are the material changes in account balances:

55.47% Increase in Cash and cash equivalents
Inflows of cash mainly came from proceeds of loans and Bonds during the year together with strong collection of receivables offset by expenditures on projects and acquisitions of land and property investments and debt repayments.

20.93% Decrease in Contracts receivable
Contracts receivable decreased due to strong collections during the period. Majority of collections came from middle-income projects.

31.97% Increase in Other receivables
Increase is mainly due to higher receivables from tenants due to new leasable areas, escalations of rents etc.

29.14% Increase in Real estate inventories
Inventories increased due to raw land acquisitions and accelerated spending on saleable real estate project costs.

16.67% Increase in Other current assets
Other current assets increased due to higher prepaid expenses and CWTs during the year.

16.74% Increase in Investment property
The increase was mainly due to the additional construction costs of new buildings intended for office and commercial buildings for lease. These are primarily located in Northgate Cyberzone in Alabang, Filinvest Cyberzone in Pasay Bay Area, Filinvest Mimosa, Fora Mall in Tagaytay, Main Square in Cavite, and Il Corso in Cebu.

28.85% Increase in Property, plant and equipment
The increase was primarily due to the completion of the DCS plant (District Cooling System) which supplies the chilled water for the Northgate Cyberzone buildings.

2.88% Increase in Other noncurrent assets
The increase in this account was mainly construction costs of the Filinvest Cebu Cyberzone, classified under non-current other assets pursuant to BTO agreement with the Government of Cebu.

51.87% Increase in Accounts payable and accrued expenses
The increase in this account was mainly due to the accrual for the purchase of raw land and payables to contractors and suppliers for project constructions.

4.69% Decrease in Loans payable
The increase in mainly due to the ₱3.23 billion newly availed loans offset by ₱4.37 billion repayments

20.77% Increase in Bonds payable
The increase was due to bond issuance of ₱6.0 billion during the year by CPI, a 100% subsidiary of FLI.

18.23% Decrease in Due to related parties
The decrease was due to payments of the liability to affiliates for the Group'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.

15.74 % Increase in Retirement liabilities
The increase was due to the accrual of the current service cost and interest cost to the retirement fund for the year.

17.33% Increase in Deferred Income Tax Liabilities
The increase was mainly due to the additional capitalized borrowing cost on long-term loans and other temporary differences between financial and taxable income.

Components of Financial Soundness

	As of and for the years ended December 31,	
	2016	**2017**
Current Ratio	3.50	3.90
Long-term Debt-to-Equity Ratio	0.90	0.91
Debt Ratio	0.54	0.56
EBITDA to Total Interest Paid	3.16	3.07
Price Earnings Ratio	6.95	8.02
Quick Asset Ratio	1.09	1.02
Solvency Ratio	0.08	0.08
Intrest Coverage Ratio	7.39	7.86
Net Profit Margin	0.29	0.30
Return on Equity	0.09	0.09

Other Disclosures

On known trends, events or uncertainties that have had or are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of FLI, the COVID-19 global pandemic which started to occur in the Philippines in January of 2020 and accelerated by March has caused disruptions in the Company’s operations. On March 15, the Philippine government implemented a “Community Quarantine” in Metro Manila. On March 17, 2020, the government expanded the scope with an “Enhanced Community Quarantine (ECQ)” “Modified Enhanced Community Quarantine (MECQ)”and “General Community Quarantine (GCQ)”, in several regions of the country which effectively restricted movement and mandated the temporary closure of non-essential shops and businesses. The Company expects that these developments are unfavorable to the Company’s overall financial performance as follows:

a. Decline in pre-sales for both the domestic and OFW markets
b. Decline in revenues from our retail operations as a result of decline in foot traffic and temporary suspension of mall operations except for outlets offering basic services like supermarkets, banks and healthcare centers, as mandated by the government.
c. Delay in the completion of housing, office and retail buildings
d. Pre-leasing and occupancy of new buildings will be lower than expected
e. Some tenants might reduce or in worst case, pre-terminate space to adopt a work-from-home scheme or other flexible working arrangements
f. Possible cancellation of lease negotiations for either new space or expansion due to internal business decision of the client

Aside from any probable material increase in interest rates on the outstanding long-term debt with floating rates, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Company within the next 12 months. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments, or any significant amount of the Company’s payables that have not been paid within the stated trade terms.

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

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period other than those that were previously reported.

Corporate History and Structure

HISTORY OF THE COMPANY

Filinvest Land, Inc. was incorporated in the Philippines on November 24, 1989 as Citation Homes, Inc. and later changed its name to FLI on July 12, 1993. It started commercial operations in August 1993 after Filinvest Development Corporation spun off most of its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI. FLI's shares were listed on the PSE on October 25, 1993. FDC remains FLI's largest shareholder. As of June 30, 2020, FDC beneficially owned approximately 64.67% of FLI's outstanding common shares and 100% of FLI's issued and outstanding preferred shares, such that FDC has an effective 73.5% voting ownership in FLI. FDC is the holding company for real estate and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr. and his family in 1955. The shares of FDC and FLI are both listed in the Philippine Stock Exchange. The ultimate parent company of FLI is A. L. Gotianun, Inc.

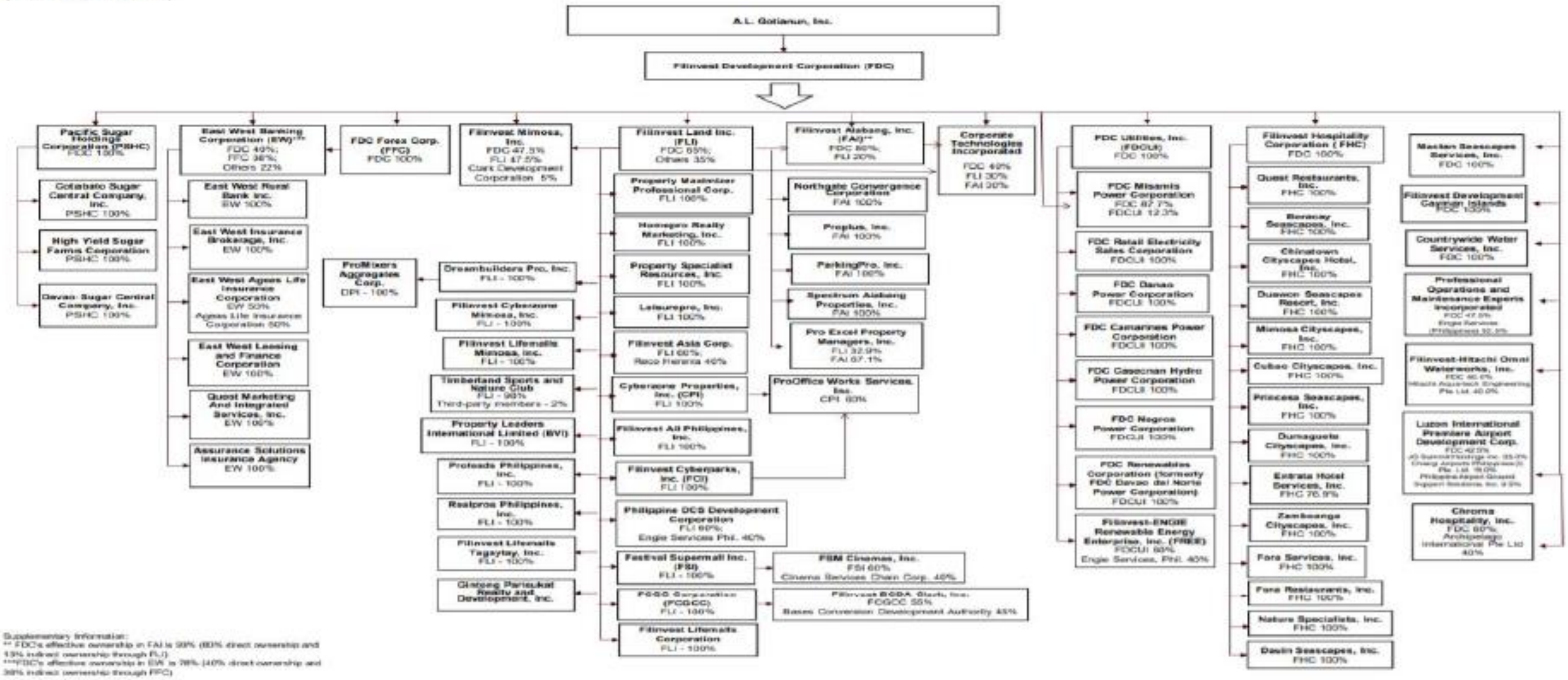
With over 50 years of experience in real estate industry that is highly sensitive to the financial crises, market downturns, and political upheaval, FLI has emerged as one of the few survivors in the country. The Company has carefully built and nurtured a distinguished performance record in the real estate development, which was recognized by international bankers, fund's managers, other global institutional investors, and the international financial community.

FLI's principal corporate office is located at 79 EDSA, Brgy. Highway Hills, Mandaluyong City, Philippines.

STRUCTURE

The chart on the next page illustrates the Company's corporate structure as of June 30, 2020.

A.L. GOTIANUN, INC.
Group Structure



Supplementary Information:
** FDC's effective ownership in FAI is 99% (80% direct ownership and 13% indirect ownership through FLI)
***FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FFC)

SUBSIDIARIES AND AFFILIATES

The following table sets out FLI's and its principal subsidiaries' and affiliates' direct ownership interests, organized by business segment as of June 30, 2020. The voting rights held by the Company in these entities are in proportion to their ownership interest.

Subsidiaries	Nature of Business	% Ownership
Filinvest All Philippines, Inc.	Real estate developer	100
Filinvest BCDA Clark, Inc.(1)	Real estate developer	55
FCGC Corporation	Real estate developer	100
Gintong Parisukat Realty and Development Inc	Real estate developer	100
Homepro Realty Marketing, Inc.	Real estate developer	100
Cyberzone Properties, Inc. (CPI)	Leasing	100
Filinvest Asia Corporation (FAC)	Leasing	60
Filinvest Cyberparks, Inc. (FCI)	Leasing	100
Filinvest Cyberzone Mimosa, Inc.	Leasing	100
Festival Supermall, Inc.	Property Management	100
Filinvest Lifemalls Corporation	Property Management	100
Filinvest Lifemalls Mimosa, Inc.	Property Management	100
Filinvest Lifemalls Tagaytay, Inc.	Property Management	100
Pro Excel Property Managers, Inc. ("Pro-Excel")(2)	Property Management	33
ProOffice Works Services, Inc. ("ProOffice")(3)	Property Management	100
Property Specialist Resources, Inc.	Property Management	100
FSM Cinemas, Inc(4).	Theater operator	60
Philippine DCS Development Corporation	District cooling systems, builder and operator	60
Timberland Sports and Nature Club, Inc. ("TSNC")	Recreational sports and natures club	98
Dreambuilders Pro, Inc.	Construction	100
ProMixers Aggregates Corp. (PMAC) (5)	Construction	100
Leisurepro, Inc.	Marketing	100
Proleads Philippines, Inc.	Marketing	100
Property Leaders International Limited (PLIL)	Marketing	100
Property Maximizer Professional Corp.	Marketing	100
Realpros Philippines, Inc.	Marketing	100

Notes:

1. FBCI is owned indirectly through FCGCC.
2. Deconsolidated in 2019. CPI and FCI sold its ownership in Pro-Excel to FAI. The effective ownership interest of the Parent Company was reduced to 33%.
3. ProOffice is owned indirectly through CPI and FCI.
4. FSM Cinemas is owned indirectly through FSI.
5. PMAC is owned indirectly through DPI.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this Prospectus), purchased or sold a significant amount of assets outside the ordinary course of business.

SECURITIES ISSUANCES

On November 8, 2013, FLI issued to the public unsecured fixed rate retail bonds with aggregate principal amount of ₱7.0 billion comprised of ₱4.30 billion seven (7)-year fixed rate bonds due in 2020 and ₱2.7 billion ten (10) year fixed rate bonds due in 2023. The seven (7)-year bonds carry a fixed interest rate of 4.8562% per annum while the five-year bonds have a fixed interest rate of 5.4333% per annum. Actual net proceeds amounted to ₱6,917,093,003.36 after deducting fees. The Company utilized the net proceeds of the Bonds to partially finance the projects in the fourth quarter of 2013 and in 2014.

On December 4, 2014, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱ 7.0 billion comprising of ₱5.30 billion seven (7)-year fixed rate bonds due in 2021 and ₱1.70 billion ten (10)-year fixed rate bonds due in 2024. The seven (7)year bonds carry a fixed rate of 5.4% per annum while the ten-year bonds have a fixed interest rate of 5.64% per annum. FLI raised net proceeds of ₱6,922,093,063. As of June 30, 2015, the Company has fully utilized the net proceeds from the said bond issue in accordance with its intended use of proceeds as per the prospectus submitted to the SEC.

On August 20, 2015, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.0 billion comprising of ₱7.0 billion seven (7)-year fixed rate bonds due in 2022 and ₱1.0 billion ten (10)-year fixed rate bonds due in 2025. Net proceeds from this issue is ₱7,913,188,532.00 the Company has fully utilized the net proceeds from the said bond issue in accordance with its intended use of proceeds as per the prospectus submitted to the SEC.

On July 2017, Cyberzone Properties, Inc. (CPI) a wholly-owned subsidiary of FLI issued to the public ₱6.0 billion worth of unsecured fixed rate bonds due in 2023. The bonds carry a fixed interest rate of 5.05% per annum payable quarterly. The Company utilized the net proceeds of the Bonds to partially finance the projects in the second half of 2017 and first half of 2018.

Business

OVERVIEW

The Company is a leading real estate developer in the Philippines, providing real estate products to residential and commercial customers with a particular focus on the affordable and middle market housing segments. The Company has over 50 years of real estate expertise through the "Filinvest" brand. The Company has developed over 2,500 hectares of land and completed a large number of high-profile real estate projects. Having provided homes for more than 200,000 families, the Company believes that it has a reputation both in the real estate industry and among purchasers, including the significant OFW and expatriate Filipino markets, as a reliable developer that develops and delivers quality products in a timely manner conveniently located near major commercial centers. The Company believes it is able to offer customers one of the most diversified ranges of real estate products in the Philippine market. As of June 30, 2020, the Company's projects are situated across over 53 cities and municipalities, and the Company believes that this product, market and geographic diversification mitigates construction, market as well as economic risks.

The Company's residential property segment remains a key driver of the Company's income, contributing ₱17.01 billion to the Company's total revenue of ₱25.67 billion in 2019. The Company develops and sells residential real estate to generate cash flow for their business operations and retain ownership of a significant portion of commercial and retail real estate for long-term investment to generate recurring income and realize potential capital appreciation. The Company is a pioneer and major player in office development and leasing in the Philippines with a stable and growing revenue stream from recurring income. The Company believes that its unblemished credit track record over its long history with the local banking community as well as local and international bond markets, especially during market downturns, such as the Asian Financial Crisis and Global Financial Crisis, have resulted in increased investor confidence, which allows the Company greater access to medium and low cost funding. The Company believes that its strength in credit record and financial position enhances its ability to expand its business and capitalize on opportunities in the Philippine housing and land development market.

FLI focuses on the development of residential houses, lots, condotels, mid-rise buildings ("**MRBs**") and high-rise buildings ("**HRBs**") projects throughout the Philippines, and the development of investment properties in the retail, office and industrial real estate sectors. As of June 30, 2020, FLI has built more than 200 residential developments across the country and operates thirty-one (31) offices and seven (7) retail developments totaling 781,018 sq.m. of GLA. Retail developments also fall under FLI's "Filinvest Lifemalls" brand while office developments are owned by FLI or Cyberzone Properties Inc. and Filinvest Cyberparks, both wholly owned subsidiaries of FLI. In addition, FLI owns 60% of Filinvest Asia Corp. whose sole project is PBCom Tower. FLI's shares were listed on the PSE on October 25, 1993. The net asset value of FLI and its subsidiaries' office properties for lease is ₱133 billion according to Colliers. As of June 30, 2020, FLI's market capitalization was ₱24.0 billion.

For each of the years ended December 31, 2017, 2018, and 2019, and the six months ended June 30, 2020, the Company recorded consolidated revenues and other income of ₱20,269.7 million, ₱22,205.2 million, ₱25,673.3 million and ₱8,813.5 million, respectively; EBITDA of ₱8,532.3 million, ₱9,206.1 million, ₱11,171.2 million and ₱4,597.5 million, respectively; and net income of ₱5,834.2 million, ₱6,075.9 million, ₱6,519.8.0 million and ₱2,417.0 million, respectively. FLI's common shares were listed on the PSE on October 25, 1993 and, as of June 30, 2020, FLI had a market capitalization of ₱24,077.2 million.

	For the six months ended June 30			
	2019 (unaudited)		2020 (unaudited)	
	millions	%	millions	%
REVENUES AND OTHER INCOME				
Real estate sales	₱8,426.2	66.7%	₱4,556.2	51.7%
Rental and releated services..............	3,387.6	26.8%	3,421.5	38.8%
EQUITIY IN NET EARNINGS OF ASSOCIATES	264.0	2.1%	533.4	6.1%
OTHER INCOME				
Interest income	310.6	2.5%	191.0	2.2%

	For the six months ended June 30			
	2019 (unaudited)		2020 (unaudited)	
Others - net	235.4	1.9%	111.2	1.3%
Total	₱12,623.9	100.0%	₱8,813.5	100.0%

	For the years ended December 31,					
	2017 (audited)		2018 (audited)		2019 (audited)	
	millions	%	millions	%	millions	%
REVENUES AND OTHER INCOME						
Real estate sales	₱13,748.4	67.8%	₱14,404.2	64.9%	₱17,013.1	66.3%
Rental and releated services	4,414.7	21.8%	5,608.3	25.3%	7,008.7	27.3%
EQUITIY IN NET EARNINGS OF ASSOCIATES	350.2	1.7%	537.0	2.4%	401.5	1.6%
OTHER INCOME						
Interest income	935.3	5.6%	977.3	4.4%	571.7	2.2%
Others - net	821.0	4.1%	678.4	3.0 %	678.2	2.6%
Total	₱20,269.7	100.0%	₱22,205.2	100.0%	₱25,673.3	100.0%

COVID-19 Impact on Company's Financial Operations

COVID-19 continues to impact FLI's 1H20 results. The disruptions brought about by the COVID-19 pandemic weighed on FLI, the publicly-listed property arm of the Gotianun-led Filinvest Development Corporation (FDC). In the first half of 2020, FLI reported a 30% decline in gross revenues to ₱8.81 billion from ₱12.62 billion in the same period last year, and a 24% drop in net income attributable to equity holders of the parent to ₱2.42 billion from ₱3.04 billion in the first half of 2019. The results reflect the full impact of the Community Quarantines from mid March to June which hampered operations and delayed construction activities.

Rental revenues slightly increased by 1% to ₱3.42 billion in the first half of 2020, with the growth in office leasing offsetting the decline in retail mall revenues. FLI's office buildings continued to enjoy high occupancy rates and remained operational during the ECQ period. However, most parts of FLI's malls were closed for the duration of the ECQ, with the exception of essential services such as supermarkets, drugstores and banks. Following the government's mandate and as support to its tenants, FLI waived rent for establishments which were not operational during the ECQ period.

As Metro Manila and other cities transitioned to GCQ from June to August 3, FLI's malls were 60% operational with more establishments allowed to open. Real estate sales revenues went down by 46% to ₱4.56 billion resulting from lower sales take-up coupled with revenue recognition delay brought about by the construction restrictions during the quarantine period. FLI also granted a grace period in homebuyers' payments as support to its customers while under ECQ which affected real estate sales recognition. There were no residential projects launched in the second quarter, but the company plans to launch ₱11.3 billion worth of residential projects for the rest of the year.

The second quarter was a most difficult time for the company with ECQ limiting the operations of malls and construction restrictions affecting residential revenue recognition. Despite the challenges, FLI prioritized easing the burden of our 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 COVID-19 pandemic from digital marketing and online selling processes to the continued communication with the buyers and homeowners through the online service desk.

For the second half of the year, the company is taking a two-pronged strategy of (i) expanding the investment property portfolio and (ii) prudent residential development focusing on the end-user, affordable and middle-income markets. The company is focusing on the completion of its key projects, particularly office buildings which continue to be in demand, Phase 1 of the Filinvest Innovation Park in New Clark City, the Lodgeplus dormitels in Clark Mimosa Plus and selected residential developments across the country.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name

The Company has been involved in the real estate development business through the "Filinvest" brand for more than 50 years through its parent and controlling shareholder, FDC, as well as through other Gotianun Family ventures. FLI has become one of the Philippine's leading real estate developers and has successfully developed a large number of high-profile real estate projects, with a particular focus on the affordable and middle market housing segments. The Company believes that it has developed a reputation within the real estate industry and among home buyers, including the significant OFW and expatriate Filipino markets, as a reliable developer that delivers quality products in a timely manner, and provides accessibility by conveniently locating its developments near major commercial population centers. The Company also has an extensive network of sales offices, in-house sales agents and independent brokers located throughout the Philippines, as well as accredited brokers in countries and regions with large OFW and expatriate Filipino populations. In April 2017, FLI entered into a partnership, as the master franchisee in the Philippines, with KW Realty Inc., world's largest real estate franchise by agent count with 190,000 real estate agents, 950+ market centers with presence in 48 countries. KW, through its technology, provides the models, systems and tools that agents need to grow their business and make KW the real estate company of choice.

Diversified and innovative real estate development portfolio

The Company believes it is able to offer customers one of the most diversified ranges of real estate products among all developers in the Philippine real estate market. FLI focuses its business on the socialized, affordable and middle-income market segments, but at the same time it has designed projects that address demand from the lowest end of the real estate market to the highest. The Company has also expanded its portfolio to include new types of residential developments that cater to potentially high-growth niche markets, such as residential farm estate projects, entrepreneurial communities, medium-rise buildings, high-rise condominiums and township developments. The Company also introduced new products such as the Dormitels to cater to the accommodation needs of workers, initially in Mimosa and the logistics and innovation park in New Clark City. The Dormitels will be branded as "Lodgeplus" and the Company plans to build four (4) dormitel buildings with each offering around 800 beds. Expanding the Logistics and industrial park development will address the growing need of logistics, light manufacturing, technology and e-commerce companies looking to support inventory management

Extensive and diversified land bank

Over the years, the Company has accumulated an extensive, low-cost land bank. As at June 30, 2020, the Company's land bank totaled approximately 1,896.63 hectares of raw land, including 199.31 hectares available for development pursuant to joint venture agreements. The bulk of the Company's land bank consists of land situated in regional centers primarily outside of Metro Manila that FLI believes are prime locations across the Philippines for existing and future property development projects, including land in the nearby provinces of Rizal, Bulacan, Batangas, Cavite and Laguna, as well as in growth areas such as Cebu, Davao and General Santos City in South Cotabato province. It recently expanded its geographic reach in North Luzon provinces with high growth potential such as Dagupan, Bataan, Mimosa and Clark. The Company believes that the diversity of its current projects and land bank will allow it to benefit from these areas' continued economic development. The Company also has land available for future developments located in central and southern Philippines, which it believes has allowed it to position itself as a leading residential project developer in these new and expanding markets. The Company also believes that its strong reputation and reliability as a developer allows it to attract joint venture partners with desirable land banks, allowing it to access additional land for future development.

Strong development and investment revenue streams

The Company has successfully shown its strong track record in growing its investment property revenue stream. It started in 2006 with just 151,470 sq.m. of gross leasable area, and as of June 30, 2020 had 776,650 sq.m., combining both retail and office spaces. This segment now accounts for 39% of the company's gross revenues Moreover, the Company still has twelve (12) buildings under construction, which will add another 281,000-sq.m. of GLA in the next three (3) years. These projects are located in several high growth areas of the country, near the transport hubs and easily accessible to the public.

Strong credit record and financial position

The Company believes it is currently in sound financial condition, with strong debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. The Company's sound financial management allowed it to continue to meet its debt service obligations for its peso-denominated debts and to meet and exceed the debt service ratios required under its loan agreements even with the aftermath of several financial crises, notably the 1997-1998 Asian financial crisis, 2002 US stock market downturn and the 2008 Global Financial Crisis. The Company believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The Philippine Rating Services Corporation ("Philratings") maintained the PRS Aaa for FLI's outstanding bonds (i) ₱4.30 billion bonds due in 2020, (ii) ₱2.70 billion bonds due in 2023, (iii) ₱5.30 billion bonds due in 2021, and (iv) ₱1.70 billion bonds due in 2024, (v) ₱7.0 billion bonds due in 2022 and (vi) ₱1.0 billion bonds due in 2025 PRS Aaa rating is also maintained for the ₱6.0 billion bond of CPI , a 100% subsidiary of the Company, maturing in 2023. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by Philratings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name and track record.

Benefits of Large Scale Operations

The Company, as one of the Philippines' leading real estate developers and with one of the largest real estate operations and in-depth industry knowledge, believes it is well positioned to respond promptly to changes in market conditions and capture opportunities. Moreover, the Company's scale of real estate business operations enhances its position in negotiations with vendors and contractors, supply chain management, partnership with landowners, credible land purchases, and maintaining a balanced tenant mix, as well as strengthening its reputational and brand awareness in sales.

Experienced Management Team

The Company has an experienced management team with an average of more than 30 years of operational and management experience in real estate development and who have also enjoyed long tenure with both the Company and FDC. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and has also developed positive relationships with key market participants, including construction companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

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

Continue product, market and geographic diversification to strengthen leadership position in the affordable and middle market segments.

In real estate trading, FLI capitalizes on its strong position in the affordable and middle market segments to increase its market share. With these segments representing the largest subset of house buyers in the Philippines, and with highly fragmented supply, FLI shall maintain its strong position by expanding its product offerings and geographic reach. New products are continuously being studied and offered to cater to the evolving needs of the market. In particular, FLI plans to offer more inner city mixed-used developments and MRB products to capture the growing demand for these types of products in greater Metro Manila, Cebu, and Davao. Meanwhile, the Company shall explore opportunities for expansion to new territories by acquiring land bank in selective regional markets for residential township and commercial development.

Continue to build up recurring income streams and capitalize on REIT opportunities.

In addition to retaining its position as one of the leading residential house and lot ("H&L") and MRB developers in the Philippines, FLI has built its position as well as a reputable provider of office and commercial leasable spaces. FLI intends to continue to increase recurring rental income through the expansion of its commercial office and retail space leasing operations. The Company intends to achieve this by, among other things, increasing occupancy at its newer malls and other commercial projects, rolling out new leasing projects, introducing new leasing product types, enhancing its existing investment portfolio through proactive leasing and management, and capitalizing on its extensive real estate experience, scale and access to resources. The Company also believes that the development of REITs in the Philippines, will provide the Company with new opportunities to unlock value and accelerate the growth of its recurring income portfolio.

Accelerate monetization of land bank.

FLI believes that there is currently significant unrealized value in its land bank based on the historical low cost carrying value of such land bank on its balance sheet. The Company believes that it is now the opportune time to take advantage of the appreciation in value of such land bank and accelerate monetization through land sales, or establish vertical trading developments or developments to generate recurring income. Townships masterplans are consistently being revisited to ensure adaptability to the changing needs of the market and its existing residents or locators. In addition, given the current projects in their pipeline, the Company believes it can benefit from the country's strong economic fundamentals to accelerate the pace of new project launches. For their higher value raw land portfolio, the Company plans to develop higher density and higher value-added projects, such as residential buildings, office buildings and retail malls, with a view to optimizing the revenue per sq.m. generated from such land bank.

Targeted vertical operations integration and digitization to improve cost efficiency.

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

PROPERTIES

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 a pre-agreed distribution ratio.

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

As of June 30, 2020, the Parent Company had a land bank of approximately 1,897 hectares of raw land for the development of its various projects, including approximately 199 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 June 30, 2020 are set out in the table below:

Location	Company Owned	Under Joint Venture	Total	% to Total
			Area in Hectares	
RESIDENTIAL LAND BANK				
Luzon				
Metro Manila	32.73	—	32.73	1.73%
Rizal	689.64	9.20	698.84	36.85%
Bulacan	252.06	—	252.06	13.29%
Bataan	12.27	—	12.27	0.65%
Pampanga	—	23.33	23.33	1.23%
Camarines Sur	1.94	—	1.94	0.10%
Pangasinan	3.48	—	3.48	0.18%
Cavite	299.49	58.83	358.32	18.89%
Laguna	227.12	0.71	227.83	12.01%
Batangas	45.59	42.07	87.66	4.62%
Sub-total	**1,564.31**	**134.14**	**1,698.45**	**89.55%**
Visayas				
Cebu	21.87	35.54	57.41	3.03%
Negros Occidental	4.66	—	4.66	0.25%
Sub-total	**26.53**	**35.54**	**62.07**	**3.27%**
Mindanao				
Davao	5.16	29.63	34.79	1.83%
South Cotabato	101.32	—	101.32	5.34%
Sub-total	**106.48**	**29.63**	**136.11**	**7.18%**
Total Residential Land Bank	**1,697.32**	**199.31**	**1,896.63**	**100.00%**

Townships

City di Mare

In August 2010, FLI launched City di Mare, a 50.6-hectare property located at the South Road Properties in Cebu City. The 10.6-hectare portion of the property includes retail, office and leisure buildings and a public promenade which is a one-kilometer long waterfront lifestyle strip that will offer a range of seaside leisure activities. The remaining forty (40) hectares will be developed into four (4) phases of residential clusters over a 20-year period.

SRP 2

In July 2015, FLI, CPI 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.

Pampanga

Filinvest Mimosa, Inc., the new company formed in 2016 by the consortium of Filinvest Development Corporation (FDC) and FLI as the winning bidder in the privatization of the former Mimosa Leisure Estate, has signed the lease agreement with Clark Development Corporation for a term of fifty (50) years, renewable for another twenty-five (25) years. Over this period, Filinvest Mimosa will develop, manage and operate the estate.

Tarlac

FLI signed a Joint Venture Agreement with the Bases Conversion and Development Authority (BCDA) for the development of the 288-hectare Filinvest at New Clark City in Tarlac. New Clark City is envisioned to be developed as the country's newest sustainable urban community and globally-competitive investment center that is smart, green and disaster-resilient. The industrial and logistics park is now currently being developed. The township will also have commercial and residential components.

Laguna

Ciudad de Calamba is a 350-hectare Modern Filipino-Hispanic Township development in the gracious City of Calamba, Laguna. It is a master-planned affordable and middle-income township with an industrial component.

Rizal

Havila is master-planned as a mix of affordable, middle-income and high-end subdivisions in Rizal province overlooking Metro Manila. With its 306-hectare development, the township offered three major communities such as Mission Hills, Highlands Pointe and Forest Farm interconnected by linkroad of Antipolo, Taytay and Angono Rizal. New developments in Havila are Mira Valley,Amarilyo Crest and Amarilyo Residences.

Timberland Heights, a sprawling 677-hectare premier mountain suburban township development located in the highest peaks of San Mateo Rizal. It captures the essence of a mountain hideaway, a sporting and leisure paradise and a luxurious country resort in a premier township development.

Manna East, a 60-hectare modern Filipino themed affordable and middle-income community in Theresa Rizal. Housing construction is on-going for New Fields Phase 1 (launched Jan 2018). The construction of all amenity areas for New Fields Phase 1 is also expected to be completed by 3Q 2021. Land development has also commenced in Futura Plains (launched July 2019). FLI is currently planning the expansion for New Fields and is projecting to launch Phase 2 in 2021.

Negros Occidental

Palm Estates, 51-hectare township development designed to be a city within Talisay City. The first residential project was launched in the last quarter of 2016. Land Development works will be completed by mid-September 2020 and construction of housing units is expected to commence in the third quarter 2020.

Recent Land Acquisitions

In 2017, FLI acquired from various third-party sellers parcels of land in Alabang Muntinlupa City, Cubao, Quezon City, Teresa, Cainta and Taytay, Rizal, Balanga, Bataan and Zamboanga City.

In 2018, FLI acquired from various third-party sellers parcels of land in Quezon City, Parañaque City, Dagupan City, Pangasinan, Bacoor City, Cavite, Calamba City, Laguna, Mandaluyong City, Dumaguete City and Zamboanga City.

In 2019, FLI acquired from various third-party sellers parcels of land in San Rafael, Bulacan, Cainta, Rizal, Bacoor City, Cavite, Dagupan City, Pangasinan, Naga City, Bicol, Davao City, Dumaguete City, General Santos City and Negros Oriental.

In 2020, FLI acquired from various third-party sellers parcels of land in Dagupan City, Pangasinan and Bacoor City, Cavite.

Residential Developments

FLI will further grow its core residential real estate development business, which includes house and lots, MRBs and high-rise condominium units. Currently, FLI has the following completed and on-going high-rise condominiums projects:

The Linear

The Linear, a master-planned residential and commercial hub in Makati City. Two (2) L-shaped towers, each twenty-four (24) storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals.

Studio City

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

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 eighteen (18) storeys per building with commercial units at the ground floor. All residential floors will have twenty-five (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 (4)-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with four (4) towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens. The second tower is currently under construction.

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, and retail components. It is entrenched in the heart of Quezon City's busiest and liveliest district, Cubao. Situated at the crossroads of two (2) of the metro's most vital thoroughfares. Activa connects to the north and south via EDSA, and to the east and west via Aurora Boulevard. It also has direct access to the MRT and LRT lines, and accessible by various modes of transportation like buses and jeepneys.

FLI expects to remain focused on core residential real estate development business which includes landed housing, medium-rise buildings (MRB) and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market.

In 2020, FLI intends to retain its dominant position as the leader in MRB projects by launching seven (7) new projects nationwide and nineteen (19) additional buildings of existing projects. Aside from the MRBs, FLI has pipelined twelve (12) horizontal residential projects and two (2) HRB projects.

Leasing Segment

The Company has a significant leasing portfolio comprising mostly commercial office and retail developments, including thirty-one (31) offices and BPO buildings, its flagship mall, the Festival Supermall in Filinvest City, and three (3) other community malls. The Company was a pioneer among the Philippine landlords with the longest histories of focusing on the BPO industry as tenants. As of June 30, 2020, the Company has a portfolio of 524,188 sq.m. of leased office space comprising major international BPO tenants and 256,830 sq.m. of retail space. The Company believes this history and track record is a competitive advantage in gaining the continued confidence of BPO locators.

The Company's revenue from leasing, including revenue from retail malls, increased 27.0%% from ₱4,414.7 million in 2017 to ₱5,608.3 million in 2018 and 25% increased to ₱7,008.7 in 2019. In 2019, the Company's recurring income made up 48% of its overall net income. As of June 30, 2020, the Company's office portfolio and retail portfolio had average occupancy rates of 91% and 63%, respectively. The following table shows the historical GLA of the Company's commercial properties for the last three (3) years and the six (6) months ended June 30, 2020:

(In '000 sq.m.)	**2017**	**2018**	**2019**	**Six months ended June 30, 2020**	**Change 2017 to 2018**	**Change 2018 to 2019**
Office……………….	348,000	484,564	523,902	524,188	39.24%	8.12%
Retail………………..	239,286	242,127	243,215	256,830	8.12%	0.45%
Total GLA…………..	587,286	726,691	767,117	781,018	23.74%	5.56%

FLI has the following investment properties for lease:

Commercial Retail Leasing Properties

Festival Supermall

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

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

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

Fora Mall

Conveniently located right by Tagaytay Rotunda is Fora Mall, the first regional mall in the area. This prime retail destination provides about 26,000 sq. m of leasable space amidst nature, open spaces, and a beautifully-landscaped amphitheater. It primarily serves the local market and Tagaytay bound tourists. A number of local and popular food concepts, along with national brands, have opened in the mall. Super Metro, a 24-hour hypermarket, serves as its anchor. Other notable shops include Ace Hardware, Power Mac, Own Days, Anello and La Sedia. The mall also has four (4) digital cinemas which have become the go to place for Tagaytay City and surrounding towns for recreation.

Main Square

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

Il Corso

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

Other Filinvest Lifemalls

The following table sets out a summary of the Company's other major Filinvest Lifemalls:

Mall	**Location**	**GLA (sq.m.)**	**Features**
Fora Mall...............	Taytay Rotonda	26,000	• 24-hour super metro anchor store • Four (4) digital cinemas • Open air amphitheater and forest feature • Beside Quest Hotel
Main Square	Princeton Heights, Bacoor, Cavite	18,000	• Robinson Supermarket • Watsons, Ace Hardware, DIY • Anytime Fitness • Starbucks, Coffee Bean & Tea Leaf • Beside Bacoor City Hall
Il Corso..................	City di Mare, Cebu	34,000	• Seaside waterfront boardwalk with al fresco dining • Central piazza with dancing fountain • Fully-functional lighthouse and battleship playground for children • Cebuano Home-Grown Food Concepts (Laguna Café Group, Chikaan, Fishes, etc)

Retail Space Projects in the Pipeline

As of the date of this Prospectus, the Company has no plans to acquire any additional shopping malls, but intends to undertake commercial and retail projects to complement its residential developments in selected areas.

Mall Locators

In the Philippines, many major shopping malls have been developed by companies which also own large retail operations that to comprise a large chink of the leasable area. The Company does not own any retail operations. Because the Company and its affiliates are focused primarily on real estate development and finance, the Company believes that this gives its Filinvest Lifemalls the flexibility to sign up tenants who can best serve its target market. The Company has successfully attracted major retailers at the Filinvest Lifemalls, such as Robinson's Retail, SM, SSI, Metro Retail, H&M, Uniqlo and Landmark.

Mall Leasing Policies

FLI manages its Filinvest Lifemalls with a view to maximizing and enhancing its value by ensuring that it has a mix of tenants that will allow it to cater to the widest possible range of market segments and to meet consumer demand in the communities which the mall serves.

Tenants enter into short- to medium-term leases, typically for periods of two (2) to five (5) years, with tenants required to make a security deposit equal to three (3) to six (6) months' rent and to pay rent on a monthly basis. Tenants pay rents that are either fixed or are comprised of a base rent plus a variable portion ranging from 1.5% to 15.0% of the tenants' sales revenues. Typically, tenants operating restaurants and other dining establishment are charged higher variable rates than tenants who operate apparel stores and other retail establishments. The combined rent of a base amount per sq.m. plus a variable rent factor based on a percentage of sales, is subject to a minimum rent computed at an amount per sq.m. per month. The base portions of rents are primarily determined by the specific location in the mall and size of space being leased, and are typically subject to an annual escalation rate. Fixed-rate leases are generally with tenants that provide services (such as banks and foreign exchange centers) or which sell high-priced goods (such as jewelry stores and computer stores) and which do not typically generate high turnover. Tenants are charged separately for common area-related costs, such as costs for security, janitorial and other maintenance services and for utilities.

Commercial Office Properties

As of June 30, 2020, the Group owns commercial office spaces for lease to several BPO and other office locators with total gross leasable space of 524,188 sq.m. Primarily, they are located in Northgate Cyberzone in Filinvest City, Alabang, Muntinlupa. Northgate is an 18.7- hectare PEZA zone that enjoys developer incentives. Among the 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 located along Ayala Avenue, Makati City with a GLA of 35,148 sq.m.

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

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

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 allows the tenants assurance of expansion options within close proximity thereby giving the Group an advantage over stand-alone developments.

- Northgate Cyberzone, an 18.7-hectare, PEZA-registered IT park located in Filinvest City in Alabang. The office buildings of the Group sit within the ten (10) hectare parcel of land in the Northgate district owned by FLI.

- Mimosa Workplus, an office campus type environment that is comprised of eight (8) buildings set amidst the lush natural environment of the Filinvest Mimosa+ Leisure City.

- Cyberzone Cebu and Filinvest IT Park are two (2) distinct developments on two (2) separate BTO arrangements with the Cebu Province having land area of 1.2 hectares and 2.9 hectares respectively. The said properties are in close proximity to the city center located along Salinas Avenue and Banilad, in Cebu City. Together they comprise seven office towers, a mall and a hotel development. The office and mall portions are pre-certified LEED Gold rating.

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

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

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

The following office leasing projects are in the pipeline and the Company targets to complete these project in the next five (5) years:

	Gross Leasable Area (sq.m.)					
Location	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Filinvest City		78,681		36,313	62,097	**177,091**
Other Metro Manila ..		86,310	8,846		53,572	**148,728**
Cebu..........................	–	10,355	43,378	49,327	25,054	**128,113**
Clark Mimosa	15,163	7,020	7,802	15,050	13,896	**58,931**
Others........................		4,685	8,932	24,464	38,054	**76,135**
Total	**15,163**	**187,052**	**68,959**	**125,154**	**196,671**	**588,998**

Lease Profiles

The Company's office tenants are principally companies in the BPO sectorwith customer care, medical transcription, software development, graphic design and animation services. Firms that provide corporate backroom support operations, such as accounting and bookkeeping, account maintenance, accounts payable administration, payroll processing, expense and revenue reporting, legal, financial reporting and other finance-related services, have also established a growing presence in the Philippines. Aside from the BPO sector, there are Traditional HQ tenants and small database of POGO tenants.

Office space leases for FLI are typically for periods ranging from three (3) to five (5) years, although "built-to-suit" buildings are typically leased for ten years. The lease agreements generally require tenants to make a three-month security deposit and three (3) months advance rent. Rent is paid on a fixed per sq.m. basis, depending on unit size and location.

Leases with POGO tenants, which account for approximately 20% of total office space leased in aggregate, are usually for terms of minimum three (3) to five (5) years with six (6) months deposit and six (6) months advance rent (to be applied at the end of the lease term but these are payable upront upon handover) for such tenants.

FLI's current tenants include Top Multinational BPO Companies - which are some of the most recognized players in the BPO space. FLI enjoys relatively high repeat business from its existing clients with about 90% of its current tenants being original tenants who have opted to either renew or extend their respective lease contracts, suggesting the company's strong ability to retain quality lessees.

Trading Segment

The Company, develops and sells residential subdivisions, commercial lots, housing units, MRBs and HRBs across all income segments in the Philippines with an emphasis on the affordable and middle-income segments. The Company also develops central business districts ("**CBDs**"), and other mixed-use and residential projects such as various types of townships, residential farms, leisure estates and condotels. As of June 30, 2020, the Company had over 100 developments under construction in 53 cities and municipalities located throughout the Philippines.

The following tables set forth the Company's trading real estate revenue for 2017, 2018 and 2019 and for the six months ended June 30, 2019 and 2020:

	For the six months ended June 30,			
	2019		**2020**	
	(₱)	**(%)**	**(₱)**	**(%)**
	(in millions of Pesos, except percentages)			
Residential Lots, House & Lot Packages, MRBs and HRBs				
Socialized	₱191.6	2.3%	₱25.80	0.6%
Affordable/Middle Income	7,476.2	88.7%	4,103.0	90.1%
High-End and Others	605.2	7.2%	427.4	9.4%
Commercial/Industrial Lots	0.0	0.0%	0.0	0.0%
Leisure/Residential Farm Estates	153.2	1.8%	0.0	0.0%
Total	8,426.2	100.0%	₱4,556.2	100.0%

	For the year ended December 31,					
	2017		**2018**		**2019**	
	(₱)	**(%)**	**(₱)**	**(%)**	**(₱)**	**(%)**
	(in millions of Pesos, except percentages)					
Residential Lots, House & Lot Packages, MRBs and HRBs						
Socialized	₱172.2	1.3%	₱274.2	1.9%	₱345.2	2.0%
Affordable/Middle Income	12,154.1	88.4%	12,617.8	87.6%	14,848.3	87.3%
High-End and Others	1,189.2	8.6%	1,249.2	8.7%	1,477.8	8.7%
Commercial/Industrial Lots	21.5	0.2%	48.3	0.3%	0.0	0.0%
Leisure/Residential Farm Estates	211.4	1.5%	214.7	1.5%	341.8	2.0%
Total	₱13,748.4	100.0%	₱14,404.2	100.0%	₱17,013.1	100.0%

Sales to OFWs accounted for 20%, 31%, 32% and 33%of total real estate option sales for the period ended June 30, 2020 and for the years ended December 31, 2019, 2018 and 2017, respectively. The table below illustrates the breakdown of effective share of sales to OFWs (direct & indirect) to the total real estate sales of FLI for the period ended June 30, 2020, and years ended 31 December 2019, 2018 and 2017.

	30-June-20	**31-Dec-19**	**31-Dec-18**	**31-Dec-17**
Americas	0%	0%	1%	0%
Europe	21%	15%	11%	7%
Asia/Asia Pacific/Oceania	10%	12%	24%	17%
Middle East	69%	73%	62%	72%
Others	0%	0%	2%	4%
Total	100%	100%	100%	100%

Current Projects		**Number of Units**			
	Product	**Luzon**	**Visayas**	**Mindanao**	**Total**
Socialized	H&L	1,016	2	-	1,018
Affordable/Middle Income	H&L	8,224	1,450	1,584	11,258
	MRB/HRB	3,149	847	1,652	5,648
High End	H&L	700	-	26	726
	MRB/HRB	241	137	24	402

Projects in the Pipeline

The following table sets forth the Company's pipeline of projects for 2020:

		Number of Units			
	Product	**Luzon**	**Visayas**	**Mindanao**	**Total**
Socialized................................	H&L	1,990	-	-	1,990
Affordable/Middle Income	H&L	4,060	-	-	4,060
	MRB/HRB	5,271	1,057	1,880	8,208
High End..................................	H&L	-	-	-	-
	MRB/HRB	-	-	24	24

Residential Housing

Since it began commercial operations, FLI's core business has been developing and selling residential subdivisions and housing units in the Philippines. In the 1990s, FLI started developing affordable housing units in the Philippines. Since then, the Company has ventured into the development of other real estate products, such as MRBs and HRBs. The Company believes that its long-standing brands, built over a five (5)-decade history of success and innovation provides it with an advantage in the marketing and sales of its core affordable housing products nationwide.

The Company's residential projects include houses, lots, MRBs and HRBs, which are offered in the socialized, affordable, middle income and high end housing segments. Except for FLI's socialized housing products, which are categorized based on criteria set by the Government, FLI's residential product lines are categorized based on criteria determined solely by the Company, taking into consideration factors such as the price points for each category and the target market for each project. The criteria set by the Company in determining which of its projects are affordable, middle-income and high-end may differ from those set by its competitors and by industry associations.

The Company's customer base consists of both domestic and overseas Filipinos. The Company believes the OFW population and expatriate Filipinos contribute a significant portion of the demand for FLI's affordable and middle-income housing by remitting funds to family members in the Philippines to purchase property and by purchasing properties from abroad.

Landed Residential Housing

Socialized Housing

Socialized housing is marketed under FLI's "Pabahay" brand, with lots typically priced at up to ₱160,000 per lot and housing units typically priced at up to ₱580,000 per unit. FLI's socialized housing comprises large-scale, mass-housing projects that have historically ranged in size from approximately six to 55 hectares and have been developed in phases typically comprising 1,000 lots of 35 to 50 sq.m. each, organized in clusters of front-expandable row houses with supporting amenities and facilities. Government regulations generally require developers to allocate at least 5% to 20% of their subdivision development activities (by either area or cost) for socialized housing units, although this requirement can also be satisfied through alternative means. Buyers of socialized housing projects are eligible to obtain financing from the Government's Pag-IBIG Fund. Maximum sales prices for FLI's socialized housing products do not exceed Government-mandated ceilings of ₱580,000 per unit and income realized from the development and improvement of socialized housing sites are exempt from taxation. See "Regulatory and Environmental Matters."

Affordable/Middle-Income Housing

Affordable housing is marketed under FLI's "Futura Homes" brand, with lot-only prices ranging from ₱160,000 to ₱750,000 and per-unit prices for housing units ranging from ₱450,000 to ₱l,500,000. Affordable housing developments typically range from two (2) hectares to twenty-six (26) hectares and have been developed in phases typically comprising approximately 300 lots each. Houses typically have a floor area of approximately 40 sq.m., with a lot size generally between 80 to 150 sq.m. Homes in this sector are designed and constructed with the capacity and structural strength to allow the owner to construct an additional story, which can double the available floor area. Affordable housing developments are generally located in the provinces bordering Metro Manila, including Rizal, Pampanga, Bulacan, Laguna, Batangas and Cavite, and in key regional cities such as Tarlac, Cebu, Iloilo, Cotabato, Palawan, Negros, Zamboanga and Davao. Construction of a house is usually completed approximately six months from the receipt date of the final installment of the required down payment.

The Company markets its middle-income housing under the "Filinvest Aspire" brand, with lot-only prices ranging from ₱750,000 to ₱1,200,000 and per-unit prices for housing units ranging from ₱1,500,000 to ₱4,000,000. Historically, FLI's middle-income housing developments have ranged in size from approximately five (5) to forty-six (46) hectares and have been developed in phases typically comprising approximately 150 lots of 150 to 300 sq.m. each. Middle-income housing developments are typically located within Metro Manila, nearby providences such as Rizal, Tarlac, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Palawan, Butuan, Cagayan de Oro, Davao, and Zamboanga. A typical home in the middle-income projects has two (2) stories. Houses in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure. Construction of a house is usually completed approximately nine (9) to twelve (12) months from the receipt date of the final installment of the required down payment.

<u>High-end housing</u>

The Company markets its high-end housing developments under the "Filinvest Prestige" brand, with lots priced at above ₱1,200,000 each, and per-unit prices for housing units above ₱4,000,000. The Company also markets high-end housing projects under the "Filigree" brand for its more exclusive developments. Historically, the Company's high-end housing developments have ranged in size from approximately 5 to 25 hectares and have been developed in phases typically comprising approximately 35 to 300 lots of 250 to 1,000 sq.m. each. High-end housing developments are typically located within Metro Manila and in areas immediately outside Metro Manila and in major regional urban centers in Cebu. A typical home in a high-end housing project has two (2) stories. Homes in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure. Construction of a house is usually completed approximately nine (9) to twelve (12) months from the receipt date of the final installment of the required down payment.

Vertical Residential Housing

<u>Medium-Rise Buildings</u>

MRB projects are designed in clusters of buildings that surround amenities with the intention of providing a quiet environment within an urban setting. MRBs are typically five (5) stories with an elevator and include studio, one bedroom and two (2) bedroom units. The Company's policy is to commence construction of an MRB building when at least 50.0% of the units in the building has been sold. From a developer's perspective, MRBs offer several benefits compared to high-rise developments. MRBs can generally be constructed in less than one year once all approvals have been obtained, which reduces the risk borne by FLI between the launch and delivery of a project. The lower height of MRBs also reduces construction costs compared with high-rises which require extra reinforcement to protect against earthquake damage.

MRBs are marketed under FLI's "Oasis" brand for the middle-income market and under FLI's "Spatial" brand for the affordable housing market. MRBs under the "Oasis" brand typically have per-unit prices ranging from ₱2,000,000 to ₱4,400,000 depending on the size of the unit, while MRBs under the "Spatial" brand typically have per-unit prices ranging from ₱1,700,000 to ₱3,600,000. MRBs offer low-density development and lower association dues compared with high-rise condominium buildings, in addition to a lower price per sq.m. MRBs are generally located in prime urban zones. Further, MRBs are developed to maximize open space, with buildings typically occupying 30% to 35% of the development's land area. In contrast with its other developments, which generally require the down payment to be paid within 12 months, FLI generally allows MRB purchasers to pay the down payment in installments over a 24-month period.

As of the date of this Prospectus, the Company has 27 MRB projects with more than 100 buildings throughout Luzon, Visayas and Mindanao.

High-Rise Buildings ("**HRBs**")

The Company develops HRBs in prime areas. HRBs are at least 18 stories, with various floor plans and designs depending upon the demographics of the target market for each building. FLI's policy is to commence construction of a HRB when at least 50% of the units in the building has been sold. From a development perspective, HRBs generally can be constructed in two (2) years once all Government approvals have been obtained.

Leisure Projects

The Company's leisure projects consist of its condotels, residential farm estates, residential resort developments.

Condotels

FLI developed the 25-storey Grand Cenia Hotel and Residences, which is strategically located across the Cebu Business Park, a joint venture project of FLI, as developer, and Gotianun Family-owned GCK Realty Corporation, as landowner. Under the terms of the joint venture agreement, GCK Realty Corporation contributed 4,211 sq.m. of land to be developed in accordance with a master development plan in exchange for an 8% interest in the joint venture. The condotel units are targeted to business travelers, returning OFWs and expatriate Filipinos. Owners of individual condotel units are required to place their units in a rental pool that will be operated as a business hotel. Owners are entitled to use the unit for 14 days annually. The units were handed over to the condotel buyers for preparation for hospitality operations. In 2012, the hotel started operating as the Quest Hotel and Conference Center, Cebu, a three-star hotel with business and conference facilities.

The Company is also developing the Fora Hotel Tagaytay .

Residential Farm Estates

The Company began marketing its residential farm estate projects to customers in 2003, after FLI's in-house market research indicated that there was demand among customers, such as retirees and farming enthusiasts, for leisure farms that can serve as alternative primary homes near Metro Manila. To help attract buyers, the Company maintains demonstration farms in its farm estate projects and also has personnel on site to provide buyers with technical advice on farming. Customers can purchase lots (with a minimum lot size of 750 sq.m.) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farming, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers responsible for the construction of residential units on their lots.

As of the date of this Prospectus, the Company has three (3) residential farm estates under FLI, Nusa Dua Farm Estate, Mandala Residential Farm Estate and Forest Farms Residential Farm Estate. Nusa Dua Farm Estate is located in Cavite, just south of Metro Manila. Mandala Residential Farm Estate ("**Mandala**") is located in Rizal province and integrated in FLI's Timberland Heights township project. Forest Farms Residential Farm Estate ("**Forest Farms**") is also located in Rizal province as part of FLI's Havila township project. It is an exclusive mountain retreat and nature park, located between the hills of Antipolo and the forested area of Angono, Rizal.

Residential Resort Development

FLI entered the high-end residential resort market in 2007 with the launching of the Laeuna de Taal project located along Tagaytay Ridge, Batangas and the Kembali Coast project and Veranda Resort Condominium in Samal Island, Davao. The residential resorts capture the growing demand for second homes and leisure and retirement destinations of the high-end market segment. Laeuna de Taal, provides scenic views of the Taal lake, and offers three (3) residential enclaves: Arista, Bahia, and Orilla. Located on the water from of Laeuna de Taal is the Lake Club, a lakeside amenity designed for wellness, recreation and events. Kembali Coast is an Asian-Balinese inspired beachfront residential development with a 1.8 kilometer beach, providing seaside resort-style living in the Mindanao area. Kembali has a total land area of 50 hectares while the Laeuna de Taal project has a total land area of 60 hectares.

Other Infrastructure

District Cooling System

FLI has also partnered with Engie Services Philippines pursuant to a 60:40 joint venture to develop in Northgate Cyberzone, Filinvest City what is expected to be the first and largest district cooling system in Northern Luzon with an expected capacity of up to 12,000 tons of refrigeration. The district cooling system is expected to provide sustainable energy solutions by conserving energy through lower use of electricity, water and chemicals, and reducing greenhouse gas emissions and ozone-destroying refrigerants.

The joint venture entity, Philippine DCS Development Corporation ("**PDCSDC**"), was registered with the Philippine SEC on July 31, 2015 and started its commercial operations in September 2017. PDCSDC's primary purpose is to engage in the business of the construction and operation of a district cooling system, the supply of chilled water, and the development of, and search for, new district cooling system and heating, ventilation and air-conditioning projects

Operations of the Company

Certain activities of the Company include land acquisition practice, project development, site development and construction, marketing, customer financing and customer service and warranties.

Land Acquisition

The Company acquires land for their projects either directly or through joint venture arrangements with land owners. The Company shares a policy that suitable land must be titled, located near areas with sufficient demand and topographically amenable to housing development based on accessibility and the availability of utility infrastructure. The Company also takes into consideration general economic conditions, anticipated demand, the overall competitive landscape, the neighboring environment and amenities and the feasibility of obtaining required governmental licenses, permits, authorizations and adding necessary improvements and infrastructure. Once the Company has decided to acquire specific parcels of land in a particular locale or to enter into a joint venture agreement with a landowner, an extensive due diligence exercise is undertaken.

Joint Ventures

In addition to growing their land bank through direct acquisitions, the Company has in some cases entered into joint venture agreements with land owners, such as its joint venture arrangement with the Cebu City Government for the development of a portion of land in the South Road Properties in Cebu. In Cebu, FLI has developed City di Mare, a master-planned aggregate 50.6-hectare development. The Il Corso Mall is situated on a 10.6-hectare company owned land portion of City di Mare, while FLI constructed MRBs known as San Remo Oasis and Amalfi Oasis on the remaining 40-hectare portion under a joint venture and profit-sharing arrangement with the Cebu City Government. In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the BCDA tasked with the development, marketing, management and leasing of the first phase of Clark Green City that covers 288 hectares of land adjoining Clark Freeport Zone and CIA in Northern Luzon. Further, in 2016, together with FLI, FDC and the Clark Development Corporation, FLI formed FMI which entered into a 50-year lease (renewable for another 25 years) with the Clark Development Corporation for the development of Mimosa Leisure Estate which the Company has rebranded as Filinvest Mimosa+ Leisure City. The company also enters into Build-Transfer Operate (BTO agreements) when there are opportunities for it. Currently, Cyberzone Cebu and Filinvest IT Park are two (2) distinct developments on two (2) separate BTO arrangements with the Cebu Province, having land areas of 1.2 hectares and 2.9 hectares respectively, are in close proximity to the city center located along Salinas Avenue and Banilad, Cebu City. Together they comprise of seven (7) office towers, a mall and a hotel development. As of June 2020, there are two (2) operational buildings now and two (2) more under construction.

The Company generally will not enter into joint venture development arrangements for less than a majority interest. For a discussion of certain risks associated with these joint venture arrangements see "Risk Factors — Risks Relating to the Company's Businesses — The Company operates in competitive industries, which could limit the Company's ability to maintain or increase its market share and maintain profitability" and "Risk Factors — Risks Relating to the Company's Businesses — The interests of the Company's joint venture partners may differ from those of the Company and such partners may take actions that adversely affect the Company."

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development and the construction of subdivision facilities. The joint venture partner is required to clear the land of tenants and squatters before the Company commence development work on the land. The Company and each of their joint venture partners then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests. Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price (typically 12.0% to 15%) for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

Project Development

Project development involves obtaining the required Government regulatory approvals and planning the potential project. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two (2) months), obtain the necessary Government approvals and permits and conduct pre-marketing activities. For residential projects, once the project has received a development permit from the relevant LGU and a permit to sell from the DHSUD, pre-sales of the residential lot or unit can begin (often on an initial phase of the project), and initial development work on the project site may commence. Before the site development process can begin, the Company must obtain clearances from various Government departments, principally the DENR, the Philippine Department of Agriculture ("**DA**") and the DAR, as well as the local government. For more information, see "Regulatory and Environmental Matters" for a discussion of government regulations FLI must obtain in the course of developing its projects. See also "Risk Factors — Risks Relating to the Company's Businesses — The Company's businesses are highly regulated and Government policies and regulations could adversely affect the Company's operations and profitability."

The Company generally utilizes its in-house design capabilities to plan potential developments but in some cases third parties are hired to design and plan projects. In particular, the Company hires third parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects. The Company finances the development of projects through a combination of pre-sales (primarily for residential projects) and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. From time to time, the Company also obtain medium- and long-term loans from financial institutions to help finance larger development projects. The Company expects this financing model to continue going forward.

Site Development and Construction

Site development and construction work for the Company's projects are contracted out to various qualified independent contractors taking into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. The Company maintains relationships with over 100 independent contractors and deal with each of them on an arm's-length basis. The Company does not enter into long-term arrangements with contractors and contracts typically cover the provision of contractor's services in relation to a particular project or particular housing units. The Company is not and do not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company has a team of project engineers who perform the following functions:

- directly managing site development and construction activities;
- coordinating the activities of contractors and suppliers;
- overseeing quality and cost controls; and

- ensuring compliance with zoning and building codes and other regulatory requirements.

Typically, the Company enters into fixed-price contracts with their contractors, with the cost of materials included as part of the price. Site development work or housing unit construction will typically take eight (8) to twelve (12) months to complete. Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts with the Company. In certain cases, the Company supplies some of the major materials such as cement and steel or guarantee payment to their specified suppliers for purchases by contractors of construction materials. In such cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors. Progress payments are made to contractors during the term of the contract upon the accomplishment of pre-determined project performance milestones. The Company usually retains 10.0% of each progress payment in the form of a guarantee bond or cash for up to one year from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers.

In 2017, the Company also created its own construction corporation, Dream Builders Pro, Inc. ("**Dream Builders**"). In 2020, Dream Builders is constructing Studio City Towers 4 and 5, Verde Spatial, Alta Spatial and Panglao Oasis.

Marketing for Trading Sales

The Company develops customer awareness through marketing and promotion efforts as well as referrals from satisfied customers. As of June 30, 2020, the Company had a real estate marketing team and a network of sales offices located in the Philippines, Italy and Japan, as well as accredited agents in other parts of Europe, Hong Kong, Singapore and the Middle East. The Company conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers and targeted brochures. Advertising and promotional campaigns are conceptualized and conducted by the Company's marketing personnel and by third-party advertising companies. These campaigns are complemented with additional advertising efforts, including booths at shopping centers, such as Festival Supermall, Fora Mall, Main Square and other high traffic areas, to promote open houses and other events.

The Company also believes that the OFW population, as well as expatriate Filipinos, constitute a significant portion of the demand for FLI's affordable and middle-income housing and the Company's land development projects generally, either directly or indirectly by remitting funds to family members in the Philippines to purchase property. To this end, the Company has appointed and accredited independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, the United Kingdom and the Middle East. These brokers act as the Company's marketing and promotion agents in these territories to promote the Company and its products. The Company also sponsors road shows to promote their projects, targeting the OFW and Filipino expatriate markets. FLI also markets its properties on the Internet. In April 2017, FLI entered into a partnership, as the master franchisee in the Philippines, with KW Realty Inc., the world's largest real estate franchise by agent count with 190,000 real estate agents, 950+ market centers with presence in 48 countries. KW, through its technology, provides the models, systems and tools that agents need to grow their business and make KW the real estate company of choice.

Marketing and Management for Leasing Segment

To attract call center and BPO firms, FLI has historically relied primarily on professional, multinational commercial real estate leasing agents (including, but not limited to, CB Richard Ellis, Jones Lang LaSalle and Colliers) to find tenants for its office buildings. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease. FLI also maintains, through its subsidiaries, an in-house sales team to market its office and commercial spaces.

With the exception of PBCom Tower, which is managed by a third party facilities management company, day-to-day operations for FLI's office leasing properties are currently handled by ProExcel, a subsidiary of FLI and FAI. The management services provided by ProExcel include: construction-related services, general management services, accounting services, operations, legal review and documentation, office rental services, recruitment and training services, and property management and tenant relations.

Day-to-day operations at Filinvest Lifemalls are currently managed by Festival Supermall, Inc. ("**FSI**"), a wholly owned subsidiary of FLI. As of June 30, 2020, FSI had approximately 240 personnel responsible for the day-to-day operations of Filinvest Lifemalls, many of whom have prior experience in shopping center operations. Engineering, maintenance, security and janitorial services for the mall are outsourced to third-party service providers on an annual basis. These third-party contracts can be terminated by FSI at any time in certain circumstances, such as if the contractor fails to perform at an acceptable level.

Leasing Policies

FLI manages its Filinvest Lifemalls with a view to maximizing and enhancing its value by ensuring that it has a mix of tenants that will allow it to cater to the widest possible range of market segments and to meet consumer demand in the communities which the mall serves. Festival Mall had an average occupancy rate of 70% in 2017, 80% in 2018 and 81% in 2019. Fora Mall had an average occupancy rate of more than 35% in the fourth quarter of 2017, 53% for the full year 2018 and 52% for the full year 2019. Main Square had an average occupancy rate of 37% in 2017, 42% in 2018 and 36% in 2019.

Tenants enter into short- to medium-term leases, typically for periods of two (2) to five (5) years, with tenants required to make a security deposit equal to three (3) to six (6) months' rent and to pay rent on a monthly basis. Tenants pay rents that are either fixed or are comprised of a base rent plus a variable portion ranging from 1.5% to 15.0% of the tenants' sales revenues. Typically, tenants operating restaurants and other dining establishment are charged higher variable rates than tenants who operate apparel stores and other retail establishments. The base portions of rents are primarily determined by the specific location in the mall and size of space being leased, and are typically subject to an annual escalation rate. Fixed-rate leases are generally with tenants that provide services (such as banks and foreign exchange centers) or which sell high-priced goods (such as jewelry stores and computer stores) and which do not typically generate high turnover. Tenants are charged separately for common area-related costs, such as costs for security, janitorial and other maintenance services and for utilities.

Sales

Sales for FLI's housing and land development projects and FAI's residential projects are made through an extensive network of sales channels composed of an in-house sales force, independent local brokers located throughout the Philippines, property portals as well as international service providers. The Company in-house sales agents and independent brokers are compensated through commissions on sales at market rates. In-house sellers also receive a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. The Company believes that its extensive sales network gives the Company the breadth and depth of sales channels needed to expand its property business.

In addition to in-house sellers and independent brokers, the Company also employs representatives who staff their sales offices and provide customers with information about the Company's products, including financing and technical development characteristics. The Company also assigns each project a sales and operations coordinator who provides customers with assistance throughout the whole sales process, starting with the sales reservation, obtaining financing and the final steps of establishing title on their new home. The Company also has personnel who are able to advise customers on financing options, documentation and the loan application process. The Company design down payment plans for low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, the Company has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

The Company typically sells residential units on a pre-sale basis, where sales are made before development is completed but after a permit to sell has been issued by the DHSUD. Sales of residential units are made before construction on the house commences. Buyers are required to pay a sales reservation fee and, in most cases, complete the required down payment before construction work on the house begins. Purchasers are required to make a reservation payment ranging from ₱3,000 to ₱100,000 and are also required to make a down payment. The amount of the down payment depends on the type of project, with buyers for socialized and affordable housing projects normally required to provide a down payment of 10.0% to 20.0% of the total contract price and buyers for middle-income and high-end housing projects required to provide a down payment of 20.0% to 30.0% of the total contract price. The down payment is typically payable over a period ranging from one month up to 12 months, depending on the terms of the purchase agreement, however the Company generally permits purchasers to pay the down payment over a period of twenty-four (24) months for MRBs and up to 36 months for HRBs, considering the construction period. Because of the higher down payment requirements for middle-income and high-end housing units, as well as the longer construction periods for these types of houses, the Company sometimes begins constructing these housing units before the down payment has been fully paid, although typically at least 5.0% of the total contract price should have already been paid by the buyer.

For sales of residential units, the balance of the purchase price is due upon the turnover to the buyer of the property being purchased. For residential horizontal housing unit sales, the balance of the purchase price is due upon handover of the H&L, which typically takes from six to 12 months upon reservation. This construction period usually coincides with the down-payment period. For accounts under bank financing, the full balance of the purchase price is received by the Company from the banks upon completion of the unit and submission of the required documents. The reservation fee and any down payments already made can be forfeited at the option of the developer if a buyer does not pay the full down payment within the required period. Cancellation and refund of accounts are governed by the Maceda Law, when applicable, to which the Company abides. See "Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses — The Company's portfolio of residential property development projects exposes the Company to sector specific risks."

Customer Financing

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of the Company's residential projects. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100.0% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. The Company overall also provide a significant amount of in-house financing to qualified buyers. Government-subsidized loans still continue to be the largest source of purchaser financing and refinancing for FLI's socialized housing. See "Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses — Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company and their customers' ability to obtain financing."

In-house Financing

The Company offers its buyers, who choose not to avail of Government-sponsored or bank financing, the option to obtain in-house financing. In-house financing may appeal to certain buyers who do not qualify for, or chose not to incur, Government or bank financing, primarily because of the associated stringent documentary requirements. For example, OFWs often have difficulty obtaining bank financing because they are not required by the Government to file Philippine income tax returns, which are typically required by banks before approving a loan application. The Company has established screening processes and procedures including background and credit checks on prospective buyers using national credit databases and, where feasible, physical verification of claims regarding residences and properties owned. FLI typically requires a 20.0% down payment and finances the remaining 80.0% of the total purchase price, which is secured primarily by a first mortgage over the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five (5) to ten (10) years. The interest rates charged by the Company for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company typically will retain title to the property for a period of twenty-four (24) months after the date of the sale. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer. Once the buyer has complied with his/her payment obligations for twenty-four (24) months, title is issued in the buyer's name and the Company takes a first mortgage over the property. If the buyer defaults on his/her payment obligations after title has been issued, subject to compliance with applicable laws, the Company can foreclose on the mortgage. See "Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses — The Company face certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated" and "Regulatory and Environmental Matters."

Pag-IBIG Fund

A substantial number of buyers of FLI's socialized housing units, as well as some affordable housing units, finance their purchases through the Home Development Mutual Fund, or Pag-IBIG Fund. Established in 1978, the Pag-IBIG Fund extends provident and retail housing loans to its members and development loans and credit facilities to private housing developers. By law, all Government and private-sector employees are required to be members of the Pag-IBIG Fund, and employee and employer contributions to the fund are mandatory. To provide a liquidity mechanism to private developers, the Pag-IBIG Fund has instituted a take-out mechanism for conditional sales, installment contract receivables and mortgages and repurchases receivables from housing loans of its members.

Mortgage Loans

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by the relevant bank and who are able to comply with such bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("**HGC**"). To assist prospective buyers to obtain mortgage financing from commercial banks, the Company also has arrangements with several commercial banks, such as EW, United Coconut Planters Bank, Rizal Commercial Banking Corporation Savings Bank, Banco de Oro, Philippine Savings Bank, China Savings Bank, Philippine National Bank, BPI and Metropolitan Bank & Trust Co., to assist qualified customers to obtain financing for housing unit purchases. The HGC is a Government-owned and controlled corporation and operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes provided by banks and financial institutions. In the event a buyer defaults in connection with an HGC-registered loan or credit facility, the HGC guarantees the payment to the extent of the outstanding balance and portion of interest. The interest and yield on loans and credits guaranteed by the HGC is exempt from taxation.

Deferred Cash Purchases

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

Sales Cancellations

Default, cancellation and foreclosure rates are subject to a variety of factors beyond the Company's control. See "Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses — The Company faces certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated" and "Regulatory and Environmental Matters — Real estate sales on installments."

Customer Service and Warranties

The Company's customer service employees oversee pre-delivery quality control inspections and respond to post-delivery customer needs. The Company responds to customer requests during the construction phase and coordinate the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's sales contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance from the Company of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one year from the date the housing unit was turned over to them for occupancy.

Buyers of housing units obtained through financial assistance from the Pag-IBIG Fund are also given one month from full payment of the contract price for the housing unit to bring repair claims for any defects. For middle-income and high-end projects, buyers can seek repairs for all types of defects within one year from turnover of the housing unit, subject to evaluation of the defect by the Company's engineers.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects. See "— Site Development and Construction" and "Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses — Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims."

Competition

The residential development market in the Philippines is intensely competitive. Success in this market depend on acquiring well-located land at attractive prices, often in anticipation of the direction and rate of urban growth. On the basis of publicly available information and its own market knowledge, the Company believes that it is among the leading housing and land project developers in the Philippines, particularly in the affordable to middle-income housing sectors. The Company also believes that it is able to offer competitive commissions and incentives for brokers, and that it is able to compete on the basis of the pricing of its products, which encompasses products for different market sectors, as well as its brand name and its track record of successful completed quality projects.

The Company believes that there are significant barriers that a new entrant must overcome to viably compete in the commercial real estate and high-rise residential building markets, such as having industry-specific technological know-how and the financial capacity to incur the considerable capital expenditure involved. As such, the Company believes that it will be able to compete in this market segment for the foreseeable future. The Company also believes that as the available space in traditional business centers such as Makati City declines, competition for office space will be determined principally on the basis of price and quality. Furthermore, the Company believes that the trend will be for BPO firms to diversify locations for risk management and labor pool access reasons. The Company expects to be able to continue to compete in this market because it believes the locations of its leasable office spaces allow BPO firms to tap the labor pool in nearby residential developments and the provinces to the south of Metro Manila and on the basis of competitive rental prices of office space in its buildings, particularly in the Northgate Cyberzone.

The Company faces significant competition in obtaining land the Philippine property market. In particular, the Company competes with other developers in locating and acquiring, or entering into joint venture arrangements to develop, parcels of land of suitable size, in appropriate locations and at attractive prices. This is particularly emphasized for land located in Metro Manila, its surrounding areas, and urbanized areas throughout the Philippines. The Company believes that it has sufficient land reserves for its planned developments for the next several years. If the Philippine economy continues on its growth trajectory and if demand for residential properties remain buoyant, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisition or joint venture arrangements) will intensify and will lead to higher land acquisition costs.

The Company competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on specific segments of the market or geographic coverage. These companies include Ayala Land, Inc., Vista Land, Robinsons Land, Inc., DMCI Homes and SM Development Corporation.

With respect to the Company's assets dedicated to office space leasing and shopping mall operations, the Company faces competition from other shopping malls located in the same area as Festival Supermall, Fora Mall, and Main Square, principally malls operated by Ayala Land, Inc., Robinsons Land Corporation and SM Prime Holdings Inc., which are among the leading shopping mall operators in the Philippines. In office space leasing, particularly call centers and other BPO operators, the Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Properties Philippines and Megaworld Corporation.

For further discussion of certain risks associated with competition, see "Risk Factors — Risks Relating to the Company's Businesses — The Company operates in competitive industries, which could limit the Company's ability to maintain or increase its market share and maintain profitability."

Real Estate Sales Segment

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

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

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

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

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

Leasing Segment

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

Insurance

The Company's real estate properties maintain operational all risk insurance, commercial liability insurance and business interruption insurance in line with the industry standards.

EMPLOYEES

As of December 31, 2019, FLI had a total of 1,163 full-time employees. This includes 46 executives, 197 managers, 217 supervisors and 703 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 2020.

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

As of June 30, 2020, the Company's employees categorized by function are as follows:

	As of June 30, 2020
Real Estate	
Operations	93
Administrative and Support	732
Technical	251
Marketing	47
Total	1,123

The Company provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. The Company has also provided a mechanism through which managers and staff are given feedback on their job performance, which the Company believes will help to ensure continuous development of its employees' knowledge base. The Company also offers employee benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees. It is The Company's goal to position itself as an employer of choice in the Philippines.

MATERIAL PERMITS AND LICENSES

Our Compliance department is responsible for ensuring continued compliance with applicable laws and regulations that may adversely affect our operations. As of the date of this Prospectus, we have secured, applied for, or are in the process of renewing all material permits and licenses required to conduct our business.

We hold various permits for our business operations, which include but are not limited to the following:

License/Permit	Regulatory Body	Issue Date	Validity Period	Expiry Date
Business Permit	LGU Mandaluyong	January 17, 2020	2020	December 31, 2020
Barangay Clearance	LGU Mandaluyong	January 6, 2020	2020	December 31, 2020
Annual Registration	Bureau of Internal Revenue	January 31, 2020	2020	December 31, 2020

INTELLECTUAL PROPERTY

Real Estate Operations

The "Filinvest" trademark was registered with the IPO on September 15, 2011. "Filinvest" is the brand FLI uses for the names of certain real estate products and for trademarks relating to the "FLI" brand. FLI also has several service marks registered with the IPO such as "One Oasis", "The Linear Makati", "Citi di Mare", "Havila", "Cyberzone

Properties, Inc.", among others. FLI also continues to apply for registration of its trademarks, and has several pending applications with the IPO.

FLI

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration of Registration
1	THE LINEAR MAKATI & DESIGN	04-2009-008519	August 26, 2009	August 12, 2010	August 12, 2020 *New Expiration date upon renewal is August 12, 2030*
2	ONE OASIS ORTIGAS & DESIGN	04-2009-004756	May 14, 2009	December 10, 2009	December 10, 2019 *New Expiration date upon renewal is Dec, 10, 2029*
3	WE BUILD THE FILIPINO DREAM	04-2009-004753	May 14, 2009	December 10, 2009	December 10, 2019 *New Expiration date upon renewal is Dec, 10, 2029*
4	ONE OASIS	04-2009-004755	February 9, 2011	December 10, 2009	December 10, 2019 *New Expiration date upon renewal is Dec, 10, 2029*
5	FILINVEST (NEW LOGO)	04-2011-001424	February 9, 2011	September 15, 2011	September 15, 2021
6	STUDIO A	04-2012-010088	August 17, 2012	December 20, 2012	December 20, 2022
7	THE SIGNATURE	04-2013-011241	September 18, 2013	April 17, 2014	April 17, 2024
8	FORTUNE HILL	04-2013-011535	September 25, 2013	May 22, 2014	May 22, 2024
9	FORA ROTUNDA TAGAYTAY	04-2014-000333	January 26, 1900	August 14, 2014	August 14, 2024
10	THE GLADES	04-2014-00005203	April 30, 2014	July 9, 2015	July 9, [2025]
11	100 WEST	04-2014-005204	April 30, 2014	July 23, 2015	July 23, [2025]
12	TIMBERLAND HEIGHTS	04-2014-007561	June 17, 2014	May 14, 2015	May 14, [2025]

	(Horizontal Orientation)				
13	TIMBERLAND HEIGHTS (Stacked Orientation)	04-2014-007562	June 17, 2014	May 14, 2015	May 14, [2025]
14	ONE BINONDO	04-2014-007563	June 17, 2014	February 12, 2015	February 12, [2025]
15	THE LEAF	04-2014-008116	June 26, 2014	November 20, 2014	November 20, 2024
16	VINIA	04-2014-008117	June 26, 2014	November 20, 2014	November 20, 2024
17	SERULYAN MACTAN	04-2014-008507	July 8, 2014	February 26, 2015	February 26, [2025]
18	CITY DI MARE (Logo and Tagline)	04-2014-008508	July 8, 2014	February 26, 2015	February 26, [2025]
19	BALI OASIS	04-2014-008509	July 8, 2014	February 26, 2015	February 26, [2025]
20	CAPRI OASIS	04-2014-008510	July 8, 2014	March 5, 2015	March 5, [2025]
21	BALI OASIS 2	04-2014-008511	July 8, 2014	February 26, 2015	February 26, [2025]
22	ONE SPATIAL	04-2014-008513	July 8, 2014	February 26, 2015	February 26, [2025]
23	CITY DI MARE	04-2014-008899	July 17, 2014	December 25, 2014	December 25, 2024
24	I-GO	04-2014-009299	July 25, 2014	February 20, 2015	February 20, [2025]
25	KEMBALI (Reversed Logo)	04-2014-012698	October 14, 2014	June 25,2015	June 25,[2025]
26	KEMBALI	04-2014-012699	October 14, 2014	February 26, 2015	February 26, [2025]
27	THE VERANDA	04-2015-00001930	February 23, 2015	August 27, 2015	August 27, [2025]
28	THE ENCLAVE ALABANG	04-2015-003649	April 6, 2015	February 11, 2016	February 11, 2026
29	UMI GARDEN SUITES	04-2015-003650	April 6, 2015	February 11, 2016	February 11, 2026
30	ACTIVA	04-2015-004207	April 20, 2015	August 13, 2015	August 13, [2025]
31	STUDIO 7	04-2015-007534	July 7, 2015	November 12, 2015	November 12, [2025]

32	FILINVEST (REVERSED)	04-2015-010976	September 22, 2015	March 24, 2016	March 24, 2026
33	FUTURA	04-2015-010994	September 22, 2015	March 24, 2016	March 24, 2026
34	FILINVEST PREMIERE	04-2015-010995	September 22, 2015	March 24, 2016	March 24, 2026
35	PANGLAO OASIS	04-2015-00013755	December 2, 2015	July 14, 2016	July 14, 2026
36	THE RANCH	04-2015-013989	December 9, 2015	May 12, 2016	May 12, 2026
37	THE PROMINENCE	04-2016-000931	January 28, 2016	May 26, 2016	May 26, 2026
38	VISTA HILLS	04-2016-00001971	February 24, 2016	July 7, 2016	July 7, 2026
39	WOODVILLE	04-2016-00001980	February 24, 2016	July 7, 2016	July 7, 2026
40	SPRINGFIELD VIEW	04-2016-00001975	February 24, 2016	July 7, 2016	July 7, 2026
41	PUNTA ALTEZZA	04-2016-00001973	February 24, 2016	July 7, 2016	July 7, 2026
42	ALDEA REAL	04-2016-00001974	February 24, 2016	July 7, 2016	July 7, 2026
43	ASHTON FIELDS	04-2016-00001984	February 24, 2016	November 3, 2016	November 3, 2026
44	FILINVEST TECHNOLOGY PARK	04-2016-00001982	February 24, 2016	July 7, 2016	July 7, 2026
45	ASENSO VILLAGE	04-2016-00001969	February 24, 2016	December 29, 2016	December 29, 2026
46	THE GLENS	04-2016-00001981	February 24, 2016	July 7, 2016	July 7, 2026
47	LA BRISA TOWNHOMES	04-2016-00001977	February 24, 2016	July 7, 2016	July 7, 2026
48	MONTEBELLO	04-2016-00001979	February 24, 2016	July 7, 2016	July 7, 2026

49	PALMRIDGE	04-2016-00002908	March 17, 2016	January 19, 2017	January 19, 2027
50	VALLE DULCE	04-2016-00002909	March 17, 2016	November 24, 2016	November 24, 2026
51	MAUI OASIS	04-2016-00006707	June 14, 2016	October 20, 2016	October 20, 2026
52	BLUE ISLE	04-2016-00002910	March 17, 2016	January 19, 2017	January 19, 2027
53	SANDIA HOMES	04-2016-00002907	March 17, 2016	November 24, 2016	November 24, 2026
54	VALLE ALEGRE	04-2016-00002906	March 17, 2016	November 24, 2016	November 24, 2026
55	NUSA DUA	04-2016-00003093	March 22, 2016	August 4, 2016	August 4, 2026
56	8 SPATIAL	04-2017-00002733	February 28, 2017	June 22, 2017	June 22, 2027
57	ALTA SPATIAL	04-2016-00005326	May 16, 2016	September 30, 2016	September 30, 2026
58	SANTOSO VILLAS	04-2016-00003097	March 22, 2016	August 4, 2016	August 4, 2026
59	PUEBLO SOLANA	04-2016-00003257	March 29, 2016	August 11, 2016	August 11, 2026
60	BLUEGRASS COUNTY	04-2016-00003256	March 29, 2016	August 11, 2016	August 11, 2026
61	SUMMERBREEZE	04-2016-00003253	March 29, 2016	August 11, 2016	August 11, 2026
62	BLUE PALM ESTATE	04-2016-00003255	March 29, 2016	August 11, 2016	August 11, 2026
63	AMARE HOMES	04-2016-00003254	March 29, 2016	August 4, 2016	August 11, 2026
64	PINEVIEW	04-2016-00003096	March 22, 2016	August 4, 2016	August 4, 2026
65	SAVANNAH FIELDS	04-2016-005325	May 16, 2016	September 1, 2016	September 1, 2026
66	PARK SPRING	04-2017-00007246	May 12, 2017	November 2, 2017	November 2, 2027
67	MERIDIAN PLACE	04-2016-00004080	April 19, 2016	September 8, 2016	September 8, 2026

68	PRINCETON HEIGHTS	04-2016-00004079	April 19, 2016	December 8, 2016	December 8, 2026
69	MARINA SPATIAL	04-2017-00004278	March 22, 2017	August 10, 2017	August 10, 2027
70	SANREMO OASIS	04-2017-00004277	March 22, 2017	August 17, 2017	August 17, 2027
71	CYBERZONE PROPERTIES, INC.	04-2016-00008917	July 27, 2016	February 16, 2017	February 16, 2027
72	THE TROPICS	04-2016-006705	June 14, 2016	September 30, 2016	September 30, 2026
73	KEMBALI	04-2016-007203	June 23, 2016	September 30, 2016	September 30, 2026
74	GRAND CENIA RESIDENCES	04-2017-00004276	March 22, 2017	August 17, 2017	August 17, 2027
75	HAVILA	04-2016-010352	August 26, 2016	December 8, 2016	December 8, 2026
76	MARINA TOWN	04-2017-00004279	March 22, 2017	July 30, 2017	July 30, 2027
77	TIERRA VISTA	04-2016-012594	October 14, 2016	December 29, 2016	December 29, 2026
78	HAMPTON ORCHARDS	04-2016-012593	October 14, 2016	December 29, 2016	December 29, 2026
79	AUSTINE HOMES	04-2016-012592	October 14, 2016	September 14, 2017	September 14, 2027
80	THE ENCLAVE AT FILINVEST HEIGHTS	04-2016-015037	December 12, 2016	April 27, 2017	April 27, 2027
81	SPRING HEIGHTS	04-2016-015036	December 12, 2016	April 27, 2017	April 27, 2027
82	FILINVEST INTERNATIONAL	04-2016-015257	December 15, 2016	May 4, 2017	May 4, 2027
83	PALM ESTATES	04-2017-00007417	May 16, 2017	September 14, 2017	September 14, 2027
84	CIUDAD DE CALAMBA	04-2017-00003425	March 9, 2017	July 6, 2017	July 6, 2027

85	The Filinvest IT Zone (TN)	04-2017-001667	February 8, 2017	May 11, 2017	May 11, 2027
86	PHUKET OASIS (TN)	04-2017-00006146	April 21, 2017	August 24, 2017	August 24, 2027
87	ONE FILINVEST	04-2017-00004282	March 22, 2017	July 14, 2017	July 14, 2027
88	EAST SPATIAL (TN)	04-2017-00006144	April 21, 2017	August 24, 2017	August 24, 2027
89	STUDIO ZEN (New Application)	04-2017-00006284	April 25, 2017	August 24, 2017	August 24, 2027
90	VERDE SPATIAL	04-2017-00003423	March 9, 2017	July 6, 2017	July 6, 2027
91	THE LEVELS	04-2017-00004870	March 31, 2017	July 30, 2017	July 30, 2027
92	ASIANA OASIS	04-2017-00007247	May 12, 2017	February 15, 2018	February 15, 2028
93	CENTRO SPATIAL	04-2018-004647	March 13, 2018	September 2, 2018	September 2, 2028
94	AMALFI CITY DI MARE	04-2017-00010593	July 6, 2017	February 14, 2019	February 14, 2029
95	LAEUNA DE TAAL	04-2017-00010594	July 6, 2017	February 14, 2019	February 14, 2029
96	SORRENTO OASIS	04-2017-00006145	April 21, 2017	August 24, 2017	August 24, 2027
97	BRENTVILLE INTERNATIONAL COMMUNITY	04-2017-00012270	August 2, 2017	December 17, 2017	December 17, 2027
98	THE WOOD ESTATES	04-2017-00013102	August 16, 2017	January 18, 2018	January 18, 2028
99	NEW LEAF	04-2017-00012692	August 8, 2017	January 4, 2018	January 4, 2028
100	VENTURA REAL	04-2017-00014074	August 31, 2017	March 29, 2018	March 29, 2028
101	FILINVEST ASPIRE (TN)	04-2017-00013108	August 16, 2017	December 7, 2017	December 7, 2027
102	ASPIRE BY FILINVEST (TN)	04-2017-00013106	August 16, 2017	December 7, 2017	December 7, 2027
103	FILINVEST PRESTIGE (TN)	04-2017-00013109	August 16, 2017	December 7, 2017	December 7, 2027

104	PRESTIGE BY FILINVEST (TN)	04-2017-00013107	August 16, 2017	December 7, 2017	December 7, 2027
105	FILINVEST FUTURA (TN)	04-2017-00013110	August 16, 2017	December 7, 2017	December 7, 2027
106	FUTURA BY FILINVEST (TN)	04-2017-00013103	August 16, 2017	December 7, 2017	December 7, 2027
107	NATURE GROVE	04-2017-00019957	December 12, 2017	April 19, 2018	April 19, 2028
108	BELIZE ASPIRE	04-2017-00019956	December 12, 2017	April 19, 2018	April 19, 2028
109	SOUTHWIND	04-2018-00003090	February 19, 2018	July 12, 2018	July 12, 2028
110	FUTURA EAST	04-2018-00002770	February 13, 2018	September 2, 2018	September 2, 2028
111	FUTURA TIERRA	04-2018-00002772	February 13, 2018	September 2, 2018	September 2, 2028
112	MANNA EAST BY FILINVEST	04-2018-00006834	April 23, 2018	October 4, 2018	October 4, 2028
113	FUTURA VINTA	04-2018-00018616	October 16, 2018	June 2, 2019	June 2, 2029
114	BELIZE OASIS	04-2018-00018617	October 16, 2018	June 2, 2019	June 2, 2029
115	FUTURA CENTRO	04-2019-00000729	January 15, 2019	May 16, 2019	May 16, 2029
116	Filinvest Gaia New Clark City	04-2019-00008389	May 22, 2019	October 13, 2019	October 13, 2029

Filinvest Mimosa, Inc.

	Mark	**Application No. / Registration No.**	**Date Filed**	**Date Registered**	**Expiration of Registration**
1	**FILINVEST MIMOSA+ LEISURE CITY (word mark)**	04-2017-00007244	May 12, 2017	October 10, 2019	October 10, 2029
2	**MIMOSA+**	04-2017-00007243	May 12, 2017	September 14, 2017	September 14, 2027

3	**FILINVEST MIMOSA+ LEISURE CITY (trademark)**	04-2019-00014901	August 23, 2019	December 29, 2019	December 29, 2029

Filinvest Cyberzone Mimosa, Inc.

	Mark	Application No. / Registration No.	Date Filed	Date Registered	Expiration of Registration
1	**GOLF RIDGE (tradename)**	04-2019-017968	October 15, 2019	March 5, 2020	March 5, 2030
2	**GOLF RIDGE PRIVATE ESTATE**	04-2019-020214	November 21, 2019	April 11, 2020	April 11, 2030

LEGAL PROCEEDINGS

FLI and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases in the real estate development segment include adverse claims against FLI's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, FLI also disputes taxes that have been assessed against it by the BIR. In the opinion of FLI's management, none of the lawsuits or legal actions to which it or any of its subsidiaries is currently subject will materially affect the daily operations of its business nor will they have a material adverse effect on FLI's consolidated financial position and results of operations. Noteworthy are the following cases involving the Company, among others:

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

This is a civil action for the declaration of nullity of deeds of conditional and absolute sale of certain real properties located in Tambler, General Santos City covered by free patents and executed between FLI and the plaintiff's patriarch, Hadji Gulam Ngilay. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of the properties. On appeal, the Court of Appeals 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 affirmed the decision of the Court of Appeals but declared with finality that FLI's purchase of sales patents issued in 1991 was void and ordered the Ngilays to return ₱14,000,000.00 to FLI. The Regional Trial Court issued a Writ of Execution dated February 16, 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, 147-2014005034, 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 TCT Nos. 147-2014005034, 147-2014000465, and 147-2014000468, are surrendered to the Register of Deeds of General Santos City but TCT No. P-6886 was declared sale by the Sheriff invalid because the owner's title was not one of the titles declared by the Supreme Court as invalid. The Sheriff was to look for another property of Ngilay for execution.

b) Republic of the Philippines vs. Rolando Pascual, et.al. SC- G.R. NO. 222949 Supreme Court

The National Government through the Office of the Solicitor General filed suit against Rolando Pascual, Rogelio Pascual, and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable being forest land. The case was dismissed by the RTC of General Santos City (Branch 36) on November 16, 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 April 4, 2016, FLI filed its Petition for Review with the Supreme Court, but the SC 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 September 18, 2018, the hearing was reset to March 19, 2019.

c) Antonio E. Cenon and Filinvest Land, Inc. vs. San Mateo Landfill, Mayor Rafael Diaz, Brgy. Pintong Bukawe, Director Julian Amador and the Secretary, Department of Environment and Natural Resources Civil Case No. 2273-09 Branch 75, Regional Trial Court, San Mateo, Rizal CA-G.R. CV No. 107682 Court of Appeals, Manila

On February 9, 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 reliefs 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 August 22, 2016, the Court granted both Demurrers to Evidence and dismissed the case for insufficiency of evidence. Plaintiffs filed a Notice of Appeal which was granted by the Regional Trial Court in an Order dated September 23, 2016. The Court of Appeals issued a Notice to File Brief dated November 3, 2016 which required Plaintiffs to file their Appellants' Brief. On February 15, 2017, plaintiffs filed their Appellants' Brief. San Mateo Sanitary Landfill filed its Brief dated April 7, 2017. Plaintiffs filed their Reply Brief on June 5, 2017. San Mateo Sanitary Landfill filed an Omnibus Motion for Leave to File Rejoinder and to Admit Rejoinder dated June 27, 2017. Pursuant to the October 20, 2017 Resolution of the Court of Appeals, plaintiffs filed their Comment on the Omnibus Motion on December 18, 2017. Meanwhile, the parties underwent mediation but the case was not settled. In an Order dated August 1, 2018, the Court of Appeals noted the Mediator's Report that the parties were not able to reach settlement, noted the Omnibus Motion, and submitted the appeal for decision.

d) 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 with the following respective areas: 79,999 square meters, 40,000 square meters, and 104,340 square meters, or a total area of 224,339 square meters. These areas allegedly overlap with FLI's lots which now form part of FLI's project, The Glens located in San Pedro Laguna. According to MPMII, plotting for The Glens conducted by a Licensed Geodetic Engineer through Google Maps revealed that portions of the project encroached on said MPMII properties for a total of 208,256 square meters. The Complaint prays for the cancellation of FLI's certificates of title that overlap with 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. MPMII subsequently amended its complaint to address issues raised by FLI in its first Motion to Dismiss. The main subject of the amendment was the change in the plaintiff from MPMII to "Trustees and Shareholders of MPMII."

In response to the amended complaint, FLI filed its second Motion to Dismiss, where FLI argued, among others, that: (a) the court has no jurisdiction over the amended complaint's prayer for injunctive relief; (b) the amended complaint should be dismissed because the original complaint lacks cause of action (because 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.

During the proceedings, the court allowed MPMII to present evidence on its prayer for injunction even before the resolution of FLI's motions to dismiss which raised serious grounds. The Presiding Judge proceeded with the hearing of the latter's evidence without the presence and participation of FLI's counsel. Thus, FLI filed a Motion to Recuse which the Presiding Judge granted. In the meantime, the proceedings are suspended by the assignment of the case to another judge.

The case was then assigned to an Acting Presiding Judge and a hearing was set on January 23, 2019 for the cross-examination of MPMII's witnesses. FLI filed an Omnibus Motion to nullify the proceedings where MPMII presented the above-said evidence/witnesses, to resolve pending motions and to suspend further proceedings. An Order was issued which cancelled the hearing on January 23, 2019 and submitted the Motion to Dismiss for resolution.

Regulatory and Environmental Matters

REAL ESTATE

Regulation of Real Estate Development in the Philippines

PD 957, Batas Pambansa Bilang 220 ("**BP 220**"), RA 4726 and RA 7279 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957, BP 220, RA 4726 and RA 7279 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes.

On 14 February 2019, Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed into law by the President. Consequently, the Implementing Rules and Regulations of the Act was approved on 19 July 2019. The Housing and Urban Development Coordinating Council ("**HUDCC**") and the Housing and Land Use Regulatory Board ("**HLURB**") were consolidated to create the Department of Human Settlements and Urban Development ("**DHSUD**"). Simultaneously, the HLURB was reconstituted into the Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. Now, DHSUD is the administrative agency of the Government which, together with local government units ("**LGUs**"), enforces these decrees and has jurisdiction to regulate the real estate trade and business.

All subdivision and condominium plans for residential, commercial, industrial and other development projects are required to be filed with and approved by the DHSUD and the relevant LGU of the area where the project is situated. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government body or agency.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the locational clearance, DENR permits and DAR conversion or exemption orders, as discussed below.

Further, all subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the DHSUD and the written conformity or consent of the duly organized homeowners' association, or in the absence of the latter, by the majority of the lot buyers in the subdivision. Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers and salesmen are also required to register with the DHSUD.

Project permits and licenses to sell may be suspended, cancelled or revoked by the DHSUD, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyer. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HSAC's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. The certificate of registration will expire on the first day of December of each year.

There are essentially two (2) different types of residential subdivision developments, which are distinguished by different development standards issued by the DHSUD. The first type of subdivision, aimed at low-cost housing, must comply with BP 220, a Philippine statute regulating the development and sale of real property as part of a condominium project or subdivision, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with PD 957, which sets out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction.

Under current regulations, a developer of a residential subdivision, with an area of one hectare or more and covered by P.D. 957, is required to reserve at least 30.0% of the gross land area of such subdivision, which shall be non-saleable, for open space for common uses, which include roads, parks, playgrounds and recreational facilities.

Further, RA 7279 requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15.0% of the total subdivision area or total subdivision project cost, or total subdivision project cost and at least 5% of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the DHSUD and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 15% of the total area of the main subdivision project or allocate and invest an amount equal to 15% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structures therein, in development of a new settlement through purchase of socialized housing bonds, participation in a community mortgage programme, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance.

Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the Government. These policies and programs may be modified or discontinued in the future. The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under current law, income derived by domestic corporations from the development and sale of socialized housing which currently, among other things, must have a basic selling price of no more than ₱400,000.00, is exempt from project related income taxes. Sale of residential lots with a gross selling price of ₱1,919,500 or less, or residential houses lots and other residential dwellings with a gross selling price of ₱3,199,200 or less, where the instrument of sale, transfer, disposition was executed and notarized on or after January 1, 2012 are exempt from VAT. However, for instruments of sales executed and notarized on or after November 1, 2005 but prior to January 1, 2012, the threshold amounts are ₱l.5 million and ₱2.5 million, respectively, and excess thereof is subject to 10.0% output VAT, and starting February 1, 2006, to 12% output VAT. Sale, transfer or disposal of two (2) or more adjacent residential lots or dwellings by the same seller to the same buyer within a 12-month period, even if covered by separate titles or tax declarations, will be considered as one residential area for purposes of computing the threshold levels for VAT purposes. Under the 2011 and 2012 Investment Priorities Plan issued by the BOI and approved by the President on July 5, 2011 and June 13, 2012, respectively, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

EO 45 prescribes specific period for a government agency and the LGUs to act on application for certifications, clearances and permits for housing projects. It also provides an option for the applicant-developer where the government agency or LGU refuses or fails to dispose an application for said housing permit, in which case an affidavit may be submitted with supporting technical studies and documents, in lieu of the certification, clearance or permit.

Real Estate Sales on Installments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under RA 3844). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of instalments, the buyer is entitled to the following rights in case of a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.

- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50.0% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5.0% every year (but with a total not to exceed 90.0% of the total payments). However, the actual cancellation of the contract shall take place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Shopping Malls

Shopping mall centers are regulated by the LGU of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of RA 9514, otherwise known as the "Fire Code" and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial wastewater to apply for a wastewater discharge permit from the DENR and to pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the Philippine Department of Tourism ("**DOT**"). A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the DOT. Commercial establishments located within the geographical jurisdiction of the Laguna Lake Development Authority, such as but not limited to Muntinlupa City, are likewise required to secure clearances prior to commencement of operations.

Zoning and Land Use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Special Economic Zone

The PEZA is a government corporation that operates, administers and manages Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

Tenants of properties located in Ecozones may register with PEZA to avail themselves of certain benefits under Republic Act No. 7916 and its Implementing Rules and Regulations, such as income tax holidays or a preferential rate of 5% with respect to gross income taxation, thereby making tenancy in such properties potentially more attractive.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR.

Certain of the Company's investment properties are registered with PEZA, and this provides significant benefits to the Company's tenants. PEZA registration provides significant tax incentives to those of the Company's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or a 5.0% gross income taxation), thereby making tenancy in the Company's PEZA-registered buildings potentially more attractive to them. As of June 30, 2020, PBCom Tower is a PEZA-registered IT building while the Filinvest Technology Park-Calamba, Northgate Cyberzone and New Clark City are PEZA-accredited Ecozones. Meanwhile, FCMI and FMI who develop the Mimosa Plus estate are registered with the CDC as Clark Freeport Enterprises in the Clark Freeport Zone.

Contractor's License Law

In 1965, Republic Act No. 4566 ("**R.A. No. 4566**" or the Contractor's License Law) was enacted to regulate the business of construction in the Philippines through the Philippine Licensing Board for Contractors. R.A. No. 4566 was thereafter amended by Presidential Decree No. 1746 on November 28, 1980, transferring the powers of the Philippine Licensing Board for Contractors to PCAB, which is currently the government agency responsible for regulating and licensing contractors in the Philippines.

A contractor is defined as any person who undertakes or offers to undertake or purports to have the capacity to undertake or submits a bid to, or does himself or by or through others, construct, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway, road, railroad, excavation or other structure, project, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures of works in connection therewith.

All contractors are required to secure either a regular or special license from PCAB.

a) A regular license is issued to a domestic construction firm (a Filipino sole proprietorship or a partnership/corporation with at least 60% Filipino equity) and is renewed annually, on or before June 30 of each year. PCAB has issued Resolution No. 333, Series of 2013 allowing foreign construction firms with more than 40% foreign equity to qualify for a regular AAAA license provided that such firms comply with the following requirements:

   - ₱1.0 billion minimum capitalization;
   - Compliance with SEC Registration and Equity Requirements;
   - Engagement is limited to private domestic construction projects with contract cost of at least ₱1.0 billion;
   - Procurement of civil liability insurance;
   - Compliance with Philippine laws; and
   - Provided there is compliance with the PCAB qualification standards for a Filipino Authorized Managing Officer, such firms may hire a Foreign Authorized Managing Officer.

   A foreign contractor who is not able to meet the ₱1.0 billion capitalization may be granted a special license to engage in the construction of a specific project or undertaking with a project cost of at least ₱1.0 billion if there is limited local capability in technology as determined by the Philippine Domestic Construction Board.

   Furthermore, on March 27, 2017, PCAB issued Resolution No. 079, Series of 2017 which categorizes a regular AAAA license into two (2) types:

   - AAAA Platinum – This may be granted to locally-owned contractors with at least ₱1.0 billion minimum capitalization; and
   - AAAA Gold – This may be granted to foreign-owned domestic corporations with at least ₱1.0 billion minimum capitalization.

   AAAA Gold contractors may undertake private projects under the following contract costs: (1) minimum contract cost of ₱5.0 billion for vertical projects; and (2) minimum contract cost of ₱3.0 billion for horizontal projects.

   AAAA Platinum contractors may undertake government and private projects of any contract cost.

b) A special license is issued to a joint venture, a consortium, or a project owner who authorizes the licensee to engage only in the construction of a single, specific project or undertaking, and is cancelled by PCAB upon completion of the single specific undertaking or project authorized by the license.

A contractor may be classified as engaged in general engineering contracting, general building contracting or specialty contracting. The contractor’s license shall indicate the limit and scope of the contractor’s operations. The licensed contractor may operate under more than one classification, provided that it meets the qualifications prescribed by PCAB for the additional classification.

For the purpose of a more accurate evaluation of a contractor’s capability, regular licensees are further classified as those engaged in (a) general engineering construction, (b) general building construction and (c) specialty construction and the classification of a contractor shall be determined by the training and experience of the contractor or of his sustaining technical employee. A contractor may apply for, and be issued, more than one classification, provided that one classification shall be designated by the applicant as its principal classification. The rest shall be considered as other classification(s). A licensed contractor shall operate within the classification(s) that it is authorized under its license to engage in. A regular license contractor shall, however, be allowed to undertake extra classification work, if the work is incidental and/or supplementary to a project under its contract and to be undertaken in conjunction with the implementation of such project.

In addition to classification, every contractor shall be graded and assigned a category as an adjunct to its licensing. Evaluation of category for a contractor shall be based on the following criteria quantified by equivalent credit points in scales as determined by PCAB:

- its financial capacity measured in terms of net worth;
- its equipment capacity in terms of book value;
- its experience in terms of aggregate number of years in which it has actively engaged in construction contracting and operations, and the average annual value of work completed during the past three (3) years; and
- experience of its technical personnel

General Engineering and General Building contractors shall be categorized based on a scale of seven (7) grades, namely: AAAA (Platinum)/AAAA (Gold), AAA, AA, A, B, C, and D.

To qualify for a license, the applicant is required to show at least two (2) years of experience in the construction industry and needs to have knowledge of national building, safety, health and lien laws and all other principles applicable to the contracting business that PCAB deems necessary.

PCAB is authorized to institute proper action in court and secure a writ of injunction without bond, restraining any person or firm not licensed, or whose license is under suspension or has expired or been revoked, from engaging or attempting to engage in the business of construction contracting. All duly constituted law enforcement officers of the national, provincial, city and municipal government or any political subdivision thereof must enforce provisions of relevant laws and report to PCAB any violation of the same.

Referral to Arbitration

Executive Order No. 1008 vests the Construction Industry Arbitration Commission ("**CIAC**") with original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. The jurisdiction of the CIAC may include, but is not limited, to violation of specifications for materials and workmanship, violation of the terms of agreement interpretation and/or application of contractual time and delays, maintenance and defects, payment, default of employer or contractor and changes in contract cost.

CIAC may acquire jurisdiction in two (2) ways, either by providing an arbitration clause in the contract between the parties, or by agreement of the parties to submit the dispute to CIAC. Thus, the fact that the parties incorporated an arbitration clause in their contract is sufficient to vest the CIAC with jurisdiction over any construction controversy, notwithstanding any reference made to another arbitral body. CIAC's jurisdiction over construction disputes is conferred by law, and thus, cannot be waived by mere agreement of the parties.

Liability of Engineers, Architects and Contractors

Under the Philippine Civil Code, the engineer or architect who drew up the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, the same should collapse by reason of a defect in those plans and specifications, or due to defects in the ground. The contractor is likewise responsible for the damages if the edifice falls, within the same period, on account of construction defects or the use of materials of inferior quality, or due to any violation of the terms of the construction contract. If the engineer or architect supervises the construction, he shall be solidarily liable with the contractor. The acceptance of the building after completion does not imply waiver of any of the causes of action by reason of any of the aforementioned defects. The action arising therefrom must be brought within 10 years following the collapse of the building.

Nationality Restrictions

As provided in the Eleventh Regular Foreign Investment Negative List promulgated on October 29, 2018 (in relation to Commonwealth Act No. 541, Letter of Instruction No. 630), contracts for the construction and repair of locally funded public works shall be undertaken by Filipino individuals, or corporations, partnerships or associations, the capital of which is 60% owned by citizens of the Philippines, except (a) infrastructure or development projects covered in R.A. No. 7718 (which amended R.A. No. 6957 or the Build-Operate-Transfer (BOT) Law); and (b) projects that are foreign funded or assisted and required to undergo international competitive bidding (Section 2(a) of R.A. No. 7718).

The Implementing Rules and Regulations of the Government Procurement Reform Act also provides that only Philippine corporations, the shareholding interests of which are at least 75% owned by citizens of the Philippines, shall be allowed to bid for infrastructure projects, subject to the relevant exceptions.

Property Registration and Nationality Restrictions

The Philippines has adopted the Torrens System of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals within 15 days from receiving notice of judgment. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six months from the delivery of title. To evidence ownership of condominium units, a Condominium Certificate of Title is issued by the Register of Deeds.

While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40.0%.

The ownership of private lands in the Philippines is reserved for Philippine citizens and Philippine corporations at least 60% of whose capital stock is owned by Philippine citizens. The prohibition is rooted in Sections 2, 3 and 7 of

Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

While aliens or foreign nationals are prohibited from owning private lands and lands of public domain, they are allowed to lease private lands (but not lands of public domain). A foreigner may acquire private land in the Philippines through hereditary succession if he or she is a legal or natural heir.

Any natural born Filipino citizen who has lost his or her Philippine citizenship and who has the legal capacity to enter into a contract under Philippine Laws may be a transferee of a private land up to a maximum area of 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land to be used by him for business or other purposes. In case the transferee already owns urban or rural land for business or other purposes, he or she is entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him or her must not exceed the maximum area fixed by law.

A transferee may acquire not more than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippines, but the total land area thereof must not exceed 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land for use by him or her for business or other purposes. A transferee who has already acquired urban land will be disqualified from acquiring rural land and vice versa.

Any corporation that is owned 100% by a foreign firm may establish a condominium corporation under Republic Act No. 4726, or the Condominium Act, provided that land on which the building is erected is held only under lease arrangement. The Condominium Act defines a condominium as an interest in real property consisting of separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include, in addition, a separate interest in other portions of such real property. Title to the common areas, including the land, or the appurtenant interests in such areas, may be held by a corporation specially formed for the purpose (condominium corporation) in which the holders of separate interest shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

Any transfer or conveyance of a unit or an apartment, office or store or other space therein, shall include the transfer or conveyance of the undivided interests in the common areas or, in a proper case, the membership or shareholdings in the condominium corporation. Where the common areas in the condominium project are owned by the owners of separate units as co-owners thereof, no condominium unit may be transferred to foreigners or corporations with foreign ownership of more than 40% of the capital stock. he transfer to aliens of units in a condominium project may be made only up to the point where the concomitant transfer of membership or stockholding in the condominium corporation would not cause the alien interest in such corporation to exceed 40% of its entire capital stock.

A foreign national or corporation may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years, and renewable for another 25 years. Ownership of houses or buildings is allowed, provided that the foreigner does not own the land on which the house is built.

Property Taxation

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. The assessed value of property and improvements vary depending on the location, use and nature of the property. Land is ordinarily assessed at 20.0% to 50.0% of its fair market value; buildings may be assessed at up to 80.0% of their fair market value; and machinery may be assessed at 40.0% to 80.0% of its fair market value. Real property taxes may not exceed 2.0% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1.0% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the LGU where the property is located.

ENVIRONMENTAL LAWS

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("**EIS**") to the EMB while a project in an environmentally critical area are generally required to submit an Initial Environmental Examination ("**IEE**") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandatory.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("**EGF**") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

Legal Framework of Hazardous Waste Management

Presidential Decree No. 1152, also known as "the Philippine Environmental Code," ("**PD 1152**") took effect in 1977, and provides a basis for an integrated waste management regulation starting from waste source to methods of disposal. PD 1152 has further mandated specific guidelines to manage municipal wastes (solid and liquid), sanitary landfill and incineration, and disposal sites in the Philippines.

In 1990, the Philippine Congress enacted the Toxic Substances, Hazardous and Nuclear Wastes Control Act, commonly known as RA 6969, a law designed to respond to increasing problems associated with toxic chemicals and hazardous and nuclear wastes. RA 6969 mandates control and management of import, manufacture, process, distribution, use, transport, treatment, and disposal of toxic substances and hazardous and nuclear wastes in the

Philippines. RA 6969 seeks to protect public health and the environment from unreasonable risks posed by these substances in the Philippines.

Apart from the basic policy rules and regulations of RA 6969, hazardous waste management must also comply with the requirements of other specific environmental laws, such as Presidential Decree No. 984 (National Pollution Control Decree of 1976), Presidential Decree No. 1586 (Environmental Impact Statement System Law), RA 8749 (Philippine Clean Air Act of 1999) and RA 9003 (Ecological Solid Waste Management Act of 2000) and their implementing rules and regulations.

Hazardous waste generators are required to register with and pay a registration fee to the EMB Regional Office having jurisdiction over the location of the waste generator.

Waste generators are required to perform the following activities: (1) notify the DENR of the type and quantity of wastes generated in accordance with the form and in a manner approved by the DENR and pay the prescribed fee; (2) provide the DENR, on a quarterly basis, with information to include the type and quantity of the hazardous waste generated, produced or transported outside in a form approved by the DENR; (3) continue to own and be responsible for the hazardous waste generated or produced in the premises until the hazardous waste has been certified by the waste treater as adequately treated, recycled, reprocessed or disposed of; (4) prepare and submit to the DENR comprehensive emergency contingency plans to mitigate spills and accidents involving hazardous wastes. These plans must conform with the guidelines issued by the DENR; (5) train/inform personnel and staff on: (a) the implementation of the plan, and (b) the hazards posed by the improper handling, storage, transport, and use of hazardous wastes and their containers.

Philippine Clean Water Act of 2004

RA 9275 applies to water quality management in all water bodies in the Philippines particularly to the abatement and control of pollution from land based sources. It provides for water quality standards and regulations and civil and criminal penalties for violations thereof. The DENR, in coordination with the National Water Resources Board ("**NWRB**") must designate certain areas as water quality management areas ("**Management Areas**") which have similar hydrological, hydrogeological, meteorological or geographic conditions which affect the physicochemical, biological and bacteriological reactions and diffusions of pollutants in the water bodies, or otherwise share common interest or face similar development programs, prospects, or problems.

The DENR implements a wastewater charge system in all Management Areas through the collection of wastewater charges/fees. The system is established on the basis of payment to the government for discharging wastewater into the water bodies. Wastewater charges is established taking into consideration the following: (a) to provide strong economic inducement for polluters to modify the production or management processes or to invest in pollution control technology in order to reduce the amount of water pollutants generated; (b) to cover the cost of administering water quality management or improvement programs; (c) reflect damages caused by water pollution on the surrounding environment, including the cost of rehabilitation; (d) type of pollutant; (e) classification of the receiving water body, and (f) other special attributes of the water body.

The DENR requires owners or operators of facilities that discharge regulated effluents pursuant to the law to secure a permit to discharge. The discharge permit is the legal authorization granted by the DENR to discharge wastewater, provided, that the discharge permit must specify, among others, the quantity and quality of effluent that said facilities are allowed to discharge into a particular water body, compliance schedule and monitoring requirement.

As part of the permitting procedure, the DENR must encourage the adoption of waste minimization and waste treatment technologies when such technologies are deemed cost effective. The DENR must also develop procedures to relate the current water quality guideline or the projected water quality guideline of the receiving water body with total pollution loadings from various sources, so that effluent quotas can be properly allocated in the discharge permits. Effluent trading may be allowed per management area.

Fiscal and non-fiscal incentives are provided for compliance with RA 9275 such as: (1) inclusion in the Investment Priorities Plan; and (2) tax and duty exemption of donations, legacies and gifts for the support of the waste management program.

Philippine Clean Air Act of 1999

RA 8749 was enacted to provide for a comprehensive management program for air pollution and enforce a system of accountability for short and long-term adverse environmental impact of a project, program or activity. This includes the setting up of a funding or guarantee mechanism for clean-up and environmental rehabilitation and compensation for personal damages. The DENR, in case of industrial dischargers, and the Department of Transportation and Communications, in case of motor vehicle dischargers, designs, imposes and collects, based on environmental techniques, regular emission fees from said dischargers as part of the emission permitting system or vehicle registration renewal system, as the case may be. The system encourages the industries, and motor vehicles to abate, reduce, or prevent pollution. The basis of the fees include, but is not limited to, the volume and toxicity of any emitted pollutant. Industries, which must install pollution control devices or retrofit their existing facilities with mechanisms that reduce pollution are entitled to tax incentives such as but not limited to tax credits and/or accelerated depreciation deductions. The DENR has the authority to issue permits as it may determine necessary for the prevention and abatement of air pollution. Said permits cover emission limitations for the regulated air pollutants to help attain and maintain the ambient air quality standards. These permits serve as management tools for the LGUs in the development of their action plan. The DENR or its duly accredited entity must, after proper consultation and notice, require any person who owns or operates any emission source or who is subject to any requirement of RA 8749 to: (a) establish and maintain relevant records; (b) make relevant reports; (c) install, use and maintain monitoring equipment or methods; (d) sample emission, in accordance with the methods, locations, intervals, and manner prescribed by the DENR; (e) keep records on control equipment parameters, production variables or other indirect data when direct monitoring of emissions is impractical; and (f) provide such other information as the DENR may reasonably require. The DENR, through its authorized representatives, has the right to (a) enter or access any premises including documents and relevant materials; (b) inspect any pollution or waste source, control device, monitoring equipment or method required; and (c) test any emission. Any record, report or information obtained under RA 8749 must be made available to the public, except upon a satisfactory showing to the DENR by the entity concerned that the record, report, or information, or parts thereof, if made public, would divulge secret methods or processes entitled to protection as intellectual property. Such record, report or information must likewise be incorporated in the DENR's industrial rating system. RA 8749 provides for civil and criminal penalties for violations thereof.

ANTI-TRUST LAWS

The Philippine Competition Act

RA No. 10667, or the Philippine Competition Act ("**PCA**") was signed into law on July 21, 2015 and took effect on August 8, 2015. This is the first anti-trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "PCC"), an independent quasi-judicial agency with five (5) commissioners. Among its powers are to: conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, however, the PCC must still apply for a warrant with the relevant court.

The PCA prohibits and imposes sanctions on: (a) anti-competitive agreements between or among competitions, (b) mergers and acquisitions which have the object or effect of substantially preventing, restricting or lessening competition, and (c) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to certain exceptions.

On June 3, 2016, the PCC issued the implementing rules and regulations of the PCA ("**IRR**"). Under the IRR, as a general rule, parties to a merger or acquisition are required to notify the PCC when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱1 billion; and (b) the value of the transaction exceeds ₱1 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱1 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱1 billion.

On March 10, 2018, the PCC issued Memorandum Circular No. 1-001 ("**MC No. 18-001**") to amend Section 3, Rule 4 of the IRR to increase the initial thresholds. Under MC No. 18-001, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱5 billion; and (b) the value of the transaction exceeds ₱2 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2 billion. As provided in MC No. 18-001, the thresholds shall be automatically adjusted commencing on March 1, 2019 and on March 1st of every succeeding year, using as index the Philippine Statistics Authority's official estimate of the nominal gross domestic product growth of the previous calendar year rounded up to the nearest hundred million. The revised thresholds, however, shall not apply to mergers or acquisitions pending review by the PCC; notifiable transactions consummated before the effectivity of the memorandum circular; and transactions already subject of a decision by the PCC.

PCC Advisory 2019-001 further adjusted the thresholds such that effective March 1, 2019, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱5.6 billion; and (b) the value of the transaction exceeds ₱2.2 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱2.2 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱2.2 billion.

On 11 February 2020, the notification thresholds were further adjusted by PCC Commission Resolution No. 02-2-2020 such that effective 1 March 2020, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed P6 billion; and (b) the value of the transaction exceeds P2.4 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds P2.4 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed P2.4 billion.

Violations of the PCA and the IRR have severe consequences. Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction. Criminal penalties for entities that enter into anti-competitive agreements, as defined, include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) imprisonment for two (2) to seven (7) years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities.

On September 15, 2017, the PCC published the 2017 Rules of Procedure ("**Rules**") which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. The

Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On November 23, 2017, the PCC published the 2017 Rules on Merger Procedures which provides the procedure for the review or investigation of mergers and acquisition pursuant to the IRR. The 2017 Rules on Merger Procedures provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within thirty (30) days from the signing of definitive agreements relating to the notifiable merger.

DATA PRIVACY LAWS

Data Privacy Act

RA No. 10173, otherwise known as the Data Privacy Act of 2012 ("**Data Privacy Act**"), was signed into law on August 15, 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System ("**ICT**"), which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes. It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the Data Privacy Act and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The Data Privacy Act seeks to protect the confidentiality of "personal information", which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors". It also provides for penal and monetary sanctions for violations of its provisions.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists ten (10) members, of which three (3) are independent directors.

The table below sets forth the members of the Company's Board and its executive officers as of the date of this Prospectus.

Jonathan T. Gotianun *Chairman of the Board*	Mr. Gotianun, 67, Filipino, was first elected as a Director of FLI on 17 June 1994. He also serves as the Chairman of the Board of Directors of FDC and EW, both publicly-listed companies. He is also the President of Davao Sugar Central Co., Inc. and Cotabato Sugar Central Co., Inc., and the Chairperson of the Board of Directors of FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. He served as Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.
Lourdes Josephine Gotianun-Yap *President and Chief Executive Officer*	Mrs. Yap, 65, Filipino, was first elected as a Director of FLI on 24 November 1989. Mrs. Yap, who was elected as the President and CEO of FLI on 31 October 2012, is also a Director and the President and CEO of FDC, a publicly-listed company, and a Director in FDCUI, Filinvest Alabang, Inc. ("FAI"), Cyberzone Properties, Inc. ("CPI") and EW, a publicly-listed company. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.
Mercedes T. Gotianun *Chairperson Emerita*	Mrs. Gotianun, 91, Filipino, served as a Director of FLI from 1989 to 2019 and its Chief Executive Officer from 1997 to 2007. She also served as a Director of FDC from 1980 to 2019. She is also a Director EW, a publicly-listed company, and a Director in Filinvest Alabang, Inc. ("FAI"), Pacific Sugar Holdings Corporation ("PSHC"), FDC Utilities, Inc. ("FDCUI") and its subsidiary power companies. She obtained her college degree from the University of the Philippines.
Michael Edward T. Gotianun *Director*	Mr. Gotianun, 63, 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, 84, Filipino, was a Director of FLI from 1994 to 2001, and was reelected to FLI's Board in 2006. He was first elected as a Director of FLI on 17 June 1994. He served as the President of FAI from 1999 to 2005. He is currently the Chairperson of the Board of The Palms Country Club, Inc. ("TPCCI") He is not a Director of any other publicly-listed company. He obtained his Bachelor of Laws degree from the University of the Philippines.
Francis Nathaniel C. Gotianun *Director*	Mr. Gotianun, 36, 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 Company. He serves as a director of Filinvest Mimosa, Inc. and as the President and CEO of TPCCI. He is not a Director of any other publicly-listed company. He obtained his Bachelor's

Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.

Nelson M. Bona
Director

Mr. Bona, 70, Filipino, was first elected as a director of FLI on 11 June 2020. He is also director of FDC and EW. He is also the Executive Vice President and CFO of Filinvest Development Corporation. He was formerly the CFO of FLI, Executive Vice President of EW and Managing Director of Millenia Broadband Communications and Filinvest Capital Inc.

Val Antonio B. Suarez
Lead Independent Director

Mr. Suarez, 61, Filipino, was first elected as an independent director of FLI on 08 May 2015. He is also an independent director of FDC and Lepanto Consolidated Mining Company, both publicly-listed companies. He is also an independent director of CPI. He is the Managing Partner of the Suarez & Reyes Law Offices and was the former President and Chief Executive Officer of The Philippine Stock Exchange. Mr. Suarez is a member of the Integrated Bar of the Philippines (Makati Chapter) and New York Bar. He obtained his Bachelor of Laws degree from the Ateneo de Manila University School of Law and a Master of Laws degree from Georgetown University Law Center.

Ernesto S. De Castro
Independent Director

Mr. De Castro, 74, Filipino, was first elected as an independent director of FLI on 22 April 2019. He is the President of ESCA, Incorporated since July 1993 and a former member consultant of the Dispute Adjudication Agreement of the Millenium Challenge Account. He is not a Director of any other publicly-listed company. He graduated from the University of the Philippines Diliman in 1967 with a bachelor's degree in Civil Engineering and obtained his Masters of Engineering in the same university in 1968. He obtained Doctor of Philosophy in Civil Engineering (Major in Structures) in Lehigh University in 1975.

Gemilo J. San Pedro
Independent Director

Mr. San Pedro, 65, Filipino, was first elected as an independent director of FLI on 17 July 2019. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on June 30, 2015, he served various leadership roles at SyCip Gorres Velayo & Co. (SGV & Co.). He was a partner in SGV & Co. from 1991 to 2015 and Professional Practice Director and Quality and Risk Management Leader from 2004 to 2015. He is not a Director of any other publicly-listed company. He finished his Bachelor of Science in Commerce-Major in Accounting degree at Rizal Memorial Colleges, Davao City, in 1976. He obtained his Master of Business Administration, concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA, in 1983.

Ana Venus A. Mejia
First Senior Vice President, Treasurer, Chief Finance Officer and Compliance Officer

Ms. Mejia, 54, Filipino, has been with the Filinvest Company for 24 years and has served the Company in various capacities. She concurrently serves as CFO/Treasurer of FAI, FSI, FAC, CPI. She is a Certified Public Accountant and a magna cum laude graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.

Sharon P. Pagaling-Refuerzo
Corporate Secretary and Corporate Information Officer

Atty. Pagaling-Refuerzo, 41, Filipino is concurrently Senior Assistant Vice President of the Corporate Advisory Services of the Legal Department of FLI. She is also the Corporate Secretary of FDC, CPI, TPCCI and Timberland Sports and Nature Club, Inc., as well as Corporate Secretary of various companies of the Company. Admitted to the Philippine Bar in 2006, she holds an A.B. Philosophy degree, cum laude, from the University of the Philippines and a law degree from San Beda College.

Tristaneil Las Marias *Executive Vice President and Chief Strategy Officer*	Mr. Las Marias, 45, Filipino, is the Executive Vice President and Chief Strategy Officer of FLI. He started in 1997 as Head of Regional Projects and went on to hold a higher position as Senior Vice President and Cluster Head for Visayas and Mindanao projects as well as Southwest and Central Luzon. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University.
Vince Lawrence Abejo *First Senior Vice President and Chief Sales and Marketing Officer*	Mr. Abejo, 47, Filipino, is the Chief Sales and Marketing Officer of FLI. He has twenty-two (22) years combined experience in sales and marketing, strategy and corporate affairs and general management. He has held various key marketing positions in the real estate industry as well as across different industries – FMCG, telecoms, tobacco and healthcare and geographies (Philippines, Switzerland, Malaysia and Vietnam). He graduated from the University of the Philippines (Diliman), with a degree in BS Administration in 1994 and completed an Advanced Management Program from Harvard Business School in 2012.
Joselito Fontejon Santos *Senior Vice President and Head of High Rise Buildings (HRB), Niche Market, Mixed Use and Retail Business*	Mr. Santos, 56, Filipino, is the Head of High Rise Buildings (HRB), Niche Market, Mixed Use and Retail Business. Prior to joining Filinvest, he worked with several property developers such as Ortigas & Co., Ayala Land, Rockwell, Moldex, and a subsidiary of a Malaysian conglomerate. He graduated from De La Salle University with a degree in Bachelor of Science in Mechanical Engineering in 1984 and a Masters degree in Business Management from the Asian Institute of Management in 1990.
Francis V. Ceballos *Senior Vice President and Business Group Head*	Mr. Ceballos, 54, Filipino, joined FLI last 2010 and is currently the Senior Vice President and Business Group Head focusing on Northeast Luzon areas. 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, 55, Filipino, is the Senior Vice President and Chief Technical Planning Officer of FLI. He started as the company's Engineering Head last 2000 and currently leads Engineering, Architecture, Planning and Design, Survey, and Special Projects. He obtained his Master's Degree in Structural Engineering at the University of the Philippines Diliman.

Mrs. Mercedes T. Gotianun is the mother of Messrs. Jonathan T. Gotianun and Michael Edward T. Gotianun, and Mrs. Lourdes Josephine Gotianun-Yap. Francis Nathaniel C Gotianun is the son of Jonathan T. Gotianun.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Except for the following cases, none of the members of FLI's Board nor its executive officers are involved in any major criminal, bankruptcy or insolvency investigations or proceedings for the past five (5) years and up to June 30, 2020, nor have they been found by judgment or decree to have violated securities or commodities laws and enjoined from engaging in any business, securities, commodities or banking activities: (a) criminal cases filed in 2007 before the DOJ in I.S. Nos. 2007- 001 and 2007-011 and which were dismissed by the DOJ on 26 March 2009 and 07 April 2009, respectively; (b) criminal complaints in the Prosecutor's Office (filed against certain FLI officers) arising from alleged unlawful collection and application of subdivision dues and other charges being collected by a homeowners' association which was dismissed on 23 January 2012, and (c) the complaint for estafa filed by Manila Paper Mills International, Inc. ("MPMII") with the Office of the City Prosecutor of Dasmariñas, Cavite against certain directors and an officer of FLI, which was dismissed, although MPMII filed a Petition for Review before the Secretary of Justice

CORPORATE GOVERNANCE

As of June 30, 2020, FLI substantially complied with the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) regulatory requirements. It is also in compliance with its Revised Manual for Corporate Governance. In particular, your Company wishes to highlight the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of members of the Executive Committee, the Audit and Risk Management Oversight Committee, the Compensation Committee, the Technical Committee, the Related- Party Transaction Committee and Corporate Governance Committee; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the adoption of the Related Party Transaction Policy; (e) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (f) FLI's adherence to national and local laws pertaining to its operations; and (g) the observance of applicable accounting standards by FLI.

In order to keep abreast of best practices in Corporate Governance, the members of the Board and top management have attended seminars on corporate governance initiated by duly accredited institutions. FLI constantly reviews its Corporate Governance practices and welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors.

COMMITTEES OF THE BOARD

Pursuant to the Company's Revised Manual on Corporate Governance, its Board created each of the following committees and appointed Board members thereto. Each member of the respective committees named below has been holding office as of the date of this Prospectus and will serve until his successor shall have been elected and qualified.

Executive Committee

The members of the Company's Executive Committee are Ms. Lourdes Josephine Gotianun Yap (Chairman), Mr. Michael Edward T. Gotianun, Mr. Francis Nathaniel Gotianun, Mr. Jonathan T. Gotianun and Mr. Andrew T. Gotianun.

Corporate Governance Committee

The Company's Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. It also acts as the nomination committee responsible for providing shareholders with an independent and objective evaluation of and assurance that the members of its Board are competent and will foster the Company's long-term success and secure its competitiveness.

The Committee is composed of the Chairperson of the Board and at least three (3) other members of the Board, all of whom shall be independent, including the chairperson of the committee. The members of the Corporate Governance Committee are Mr. Val Antonio B. Suarez, who serves as its chairperson, Mr. Jonathan T. Gotianun, Mr. Ernesto S. De Castro, and Mr. Gemilo J. San Pedro. Both Mr. Suarez and Mr. San Pedro are independent directors, while Mr. Gotianun and Mr. Gutierrez are non-executive directors.

Related Party Transaction and Corporate Governance Committee

The Related Party Transaction Committee is responsible for 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, as well as evaluation of 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.

The Committee is composed of at least three (3) non-executive Directors, two (2) of whom must be independent directors, including the chairperson . The Committee members are Mr. Val Antonio B. Suarez, who serves as its chairperson, Mr. Efren C. Gutierrez, and Mr. Gemilo J. San Pedro. Both Mr. Suarez and Mr. San Pedro are independent directors.

Audit and Risk Management Oversight Committee

The Company's Audit and Risk Management Oversight Committee ("**ARMOC**") is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and shareholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. The ARMOC provides a general evaluation of and assistance in the overall improvement of its risk management, control and governance processes.

The ARMOC must comprise at least three (3) non-executive Directors, preferably with accounting and financial background, and majority of whom shall be independent and should have related audit experience. The chairman of the committee must be an independent director. The ARMOC reports to the Board. As of the date of this Prospectus, Mr. Gemilo J. San Pedro as the chairperson of the ARMOC. Mr. Val Antonio B. Suarez, Mr. Jonathan T. Gotianun, Mr. Efren C. Gutierrez are the other members of the ARMOC. Mr. Suarez is also an independent Director.

Compensation Committee

The Company's Compensation Committee is responsible for objectively recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and its key executives. The Remuneration and Compensation Committee must be composed at least three (3) Director-members, including one independent director and reports directly to FLI's Board. As of the date of this Prospectus, Mr. Val Antonio B. Suarez serves as the chairperson of the Compensation Committee. Ms. Josephine Gotianun Yap, Mr. Jonathan T. Gotianun and Mr. Gemilo J. San Pedro are the other members of the Compensation Committee.

Technical Committee

As of the date of this Prospectus, Mr. Ernesto S. De Castro serves as the chairman of the Technical Committee and Mr. Michael Edward T. Gotianun and Mr. Winnifred H. Lim are the other members of the Technical Committee.

EXECUTIVE COMPENSATION

Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**TOTAL**
Lourdes Josephine Gotianun Yap *(President and Chief Executive Officer)* Tristaneil D. Las Marinas *(Executive Vice President, Chief Strategy Officer)* Ana Venus A. Mejia *(First Senior Vice President, Property Business Chief Finance Officer, Treasurer and Compliance Officer)* Francis V. Ceballos *(Senior Vice President)* Vince Lawrence L. Abejo					

(First Senior Vice President, Chief Sales and Marketing Officer)					
CEO and top four (4) highest compensated officers	2020-Estimated	₱24.48M	₱8.80M		₱32.28M
	2019	₱23.31M	₱8.38M		₱31.69M
	2018	₱25.44M	₱7.10M		₱32.54M
Total amounts combining named and unnamed officers of the company	2020-Estimated	₱42.88M	₱13.41M		₱56.29M
	2019	₱40.54M	₱12.77M		₱53.31M
	2018	₱47.21M	₱12.73M		₱59.94M

Except for a per diem of ₱50,000 being paid to each director for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

There are no outstanding warrants or options held by the Company's CEO, the above-named executive officers, and unnamed officers as a group.

There is no action to be taken at the annual meeting of the stockholders on June 11, 2020 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 would participate. Neither was there any proposed grant or extension to any such person of any option, warrant or right to purchase any securities of FLI.

Standard arrangements

Other than payment of a per diem of ₱50,000 to each non-executive director for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

Other arrangements

There are no other arrangements pursuant to which any director of FLI was compensated, or is to be compensated, directly or indirectly,for any service provided as a director.

EMPLOYMENT CONTRACTS BETWEEN THE COMPANY AND NAMED EXECUTIVE OFFICERS

There are no special employment contracts between the Company and the executive officers.

SIGNIFICANT EMPLOYEES

The Company considers the contribution of every employee important to the fulfillment of its goals.

Security Ownership of Management and Certain Record and Beneficial Owners

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of June 30, 2020:

Title of Class of Securities	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (of outstanding shares)
Preferred	**Filinvest Development Corporation1** The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	8,000,000,000	100%
Common	**Filinvest Development Corporation** The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	15,681,457,022	64.67%
Common	**PCD Nominee Corporation (Non-Filipino)** G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	Please refer to footnote*	Non-Filipino	4,108,622,316	16.94%
Common	**PCD Nominee Corporation (Filipino)** G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	(No single shareholder owns at least 5% of total shares)	Filipino	4,167,371,120	17.19%

*Based on the report provided by the Company's stock transfer agent, the Hong Kong and Shanghai Banking Corporation holds 6.42% of the Company's outstanding shares. Also, based on the SEC Form 18-A submitted by Dunross & Co. Holding Limited to the SEC dated 31 May 2018, which was subsequently provided by Dunross & Co. Holding Limited to the Company, it holds 5.41% of the outstanding shares of the Company.

Security Ownership of Management as of December 31, 2019

Title of Class of Securities	Name	Amount	Nature of Ownership D=Direct; I=Indirect	Citizenship	Percentage of Ownership
Common	Lourdes Josephine Gotianun-Yap	7,694,934	D	Filipino	0.0317%
		24,577,345	I		0.1014%
Common	Michael Edward T. Gotianun	11,235,928	D	Filipino	0.0463%
		-	I		0.0000%
Common	Jonathan T. Gotianun	61	D	Filipino	0.0000%
		120,376	I*		0.0005%

Common	Efren C. Gutierrez	13,083	D	Filipino	0.0001%
		-	I		0.0000%
Common	Francis Nathaniel C. Gotianun	32,518	D	Filipino	0.0001%
		0	I		0.0000%
Common	Nelson M. Bona	1	D	Filipino	0.0000%
		-	I		
Common	Val Antonio B. Suarez	1	D	Filipino	0.0000%
		-	I		
Common	Ernesto S. De Castro	1	D	Filipino	0.0000%
		0	I		
Common	Gemilo J. San Pedro	1	D	Filipino	0.0000%
		0	I		
Common	Mercedes T. Gotianun	1	D	Filipino	0.0000%
		0	I		0.0000%
N.A.	Tristaneil D. Las Marias	0	N.A.	Filipino	N.A.
Common	Ana Venus A. Mejia	-	D	Filipino	0.0008%
		200,000	I		
N.A.	Sharon P. Pagaling-Refuerzo	0	N.A.	Filipino	N.A.
N.A.	Doris S. Te	0	N.A.	Filipino	N.A.
N.A.	Harriett C. Ducepec	0	N.A.	Filipino	N.A.
N.A.	Edgardo C. Raymundo	0	N.A.	Filipino	N.A.
N.A.	Vince Lawrence Abejo	0	N.A.	Filipino	N.A.
N.A.	Francis V. Ceballos	0	N.A.	Filipino	N.A.
N.A.	Joselito Fontejon Santos	0	N.A.	Filipino	N.A.
Common	Winnifred H. Lim	0	D	Filipino	0.0000%
		1,026,563	I		0.0168%
Common	Luis L. Fernandez	4,064,940	D	Filipino	0.0168%
		-	I		0.0000%
N.A.	Alexis Avalone Ojeda	0	N.A.	Filipino	N.A.

* *Thru Chriszen Holdings, Inc., Berit Holdings Corp., and Akidagain Holdings, Inc.'s FLI shares*

Total ownership of all directors and officers of the Company as of June 30, 2020 is 0.20% of the total issued and outstanding common shares of stock.

No person holds more than 5% of the common stock under a voting trust or similar agreement. There has been no change in control of FLI since 2019. There were no matters submitted to a vote of the security holders during the fourth quarter of the calendar year.

Voting Trust Holders of 5% or More

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

Changes in Control

There are no arrangements that may result in change in control of the Parent Company.

Related Party Transactions

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

FLI has a number of related party transactions with affiliated companies. Related parties may be individuals or corporate entities. Significant transactions with related parties are as follows. Outstanding liabilties are unsecured and no impairment loss was recognized on any of the assets.

	As of June 30, 2020			
	Amount / Volume	**Due From (Due To)**	**Terms**	**Conditions**
	In thousands			
Bank under common control of the Ultimate Parent				
Cash and Cash Equivalents	3,485,864	3,485,864	0.50% to 4.50%	No impairment
Interest Income	13,404	0		
	3,499,268	**3,485,864**		
Accounts Payable and accrued expenses				
Current portion	0	0	Noninterest-bearing, payable on installments	Unsecured
Noncurrent portion	0	2,674,405		
	0	2,674,405		
Ultimate Parent	25	118	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Associate - FAI				
Dividends	0	0	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Other Income	(2,332)	229,643		
Associate - Pro-Excel				
Management and service fees	201	79,707	Due within 30 days	Unsecured
	201	79,707		
Associate - FMI				
Share in common expenses	19	83,506	Due within 30 days	Unsecured
	19	83,506		
Associate				
Share in common expenses	(7,252)	192,090	Noninterest-bearing, payable on demand	Unsecured, no impairment
Due from related parties	**(9,339)**	**585,064**		
Parent				
Share in Group expenses	302	(16,255)	Noninterest-bearing, payable on demand	Unsecured
Associate - FAI				
Rent			Noninterest-bearing, payable on demand	Unsecured
Management fee	8,556	0	Noninterest-bearing, payable on demand	Unsecured
Share in other expenses			Noninterest-bearing, payable on demand	Unsecured
Associate - CTI				
Service fees	39,702	(28,744)	Due within 30 days	Unsecured
	48,258	(28,744)		
Affiliates	(437)	(20,582)	Noninterest-bearing, collectible on demand	Unsecured

Due to related parties	**48,123**	**(65,581)**		

	As of December 31, 2019			
	Amount/ Volume	**Due from (Due to)**	**Terms**	**Conditions**
	(in ₱ thousands)			
Bank under common control of the ultimate parent				
Cash and cash equivalents	2,473,325	2,473,325	0.50% to 4.50%	No impairment
Interest Income	49,834	-		
	2,523,159	**2,473,325**		
Accounts payable and accrued expenses				
Current portion	(378, 968)	(378,968)	Noninterest-bearing, payable in installment	Unsecured
Noncurrent portion	-	(2,211,723)	Noninterest-bearing, payable in installment	Unsecured
	(378,968)	(2,590,691)		
Ultimate Parent	85	93	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Associate-FAI				
Dividends	404,000	404,000	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Other income	24	83,752		
Associate – Pro-excel				
Management and service fees	15,260	79,529	Due within 30 days	Unsecured
	419,284	567,281		
Affiliates				
Share in common expenses	(11,627)	120,293	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Due from related parties	**407,742**	**687,667**		
Parent				
Share in Group expenses	8,047	**(**18,068**)**	Noninterest-bearing, Payable on demand	Unsecured
Associate - FAI				
Rent	106,552	-	Noninterest-bearing, Payable on demand	Unsecured
Management Fee	60,465	-	Noninterest-bearing, Payable on demand	Unsecured
Share in other expenses	-	(2,404)	Noninterest-bearing, Payable on demand	Unsecured
Associate – CTI				
Service Fees	40,152	(42,373)	Due within 30 days	Unsecured
	207,169	(44,777)		
Affiliates	26,726	(37,934)	Noninterest-bearing, Payable on demand	Unsecured
Due to related parties	**241,942**	**(100,779)**		

	As of December 31, 2018			
	Amount/ Volume	**Due from (Due to)**	**Terms**	**Conditions**
	(in ₱ thousands)			
Bank under common control of the ultimate parent				
Cash and cash equivalents	3,328,545	3,328,545	0.50% to 4.50%	No impairment
Interest Income	48,860	-		
	3,377,405	**3,328,545**		
Accounts payable and accrued expenses				
Current portion	(378, 965)	(378,965)	Noninterest-bearing, payable in installment	Unsecured
Noncurrent portion	(2,746,823)	(2,746,823)	Noninterest-bearing, payable in installment	Unsecured
	(3,125,788)	(3,125,788)		
Ultimate Parent	(437)	8	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Associate-FAI				
Dividends	678,000	384,000	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Share in common expenses	2,929	32,482		
	680,929	416,482		
Affiliates				
Share in common expenses	15,326	16,797	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Due from related parties	**695,818**	**433,287**		
Parent				
Share in Group expenses	(90,209)	(9,968)	Noninterest-bearing, Payable on demand	Unsecured
Associate - FAI				
Rent	195,151	(23,237)	Noninterest-bearing, Payable on demand	Unsecured
Management Fee	3,340	-	Noninterest-bearing, Payable on demand	Unsecured
Share in other expenses	118,426	(96,220)	Noninterest-bearing, Payable on demand	Unsecured
	316,917	(119,457)		
Affiliates	3,601	(51,846)	Noninterest-bearing, Payable on demand	Unsecured
Due to related parties	**230,309**	**(181,271)**		

	As of December 31, 2017			
	Amount/ Volume	**Due from (Due to)**	**Terms**	**Conditions**
	(in ₱ thousands)			
Bank under common control of the ultimate parent				
Cash and cash equivalents	4,820,471	4,820,471	0.50% to 4.50%	No impairment
Interest Income	5,953	-		
	4,826,424	**4,820,471**		

Ultimate Parent	(1,288)	444	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Associate				
Dividends	200,000	160,000	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Share in common expenses	3,411	-		
	203,411	160,000		
Affiliates				
Share in common expenses	24,778	47,494	Noninterest-bearing, collectible on demand	Unsecured, no impairment
Other income	25,566	25,566		
	50,344	73,060		
Due from related parties	**252,467**	**233,504**		

Parent				
Share in Group expenses	13,162	(88,516)	Noninterest-bearing, Payable on demand	Unsecured
Management and marketing income	2,773	-	Noninterest-bearing, Payable on demand	Unsecured
	15,935	(88,516)		
Associate - FAI				
Rent	136,872	(15,932)	Noninterest-bearing, Payable on demand	Unsecured
Management Fee	4,786	-	Noninterest-bearing, Payable on demand	Unsecured
Share in other expenses	62,554	(46,622)	Noninterest-bearing, Payable on demand	Unsecured
	204,212	(62,554)		
Affiliates	20,075	(48,245)	Noninterest-bearing, Payable on demand	Unsecured
Due to related parties	**240,222**	**(199,315)**		

Philippine Taxation

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership, and disposition of the Bonds. The statements made regarding taxation in the Philippines are based on the laws in force at the date of this Prospectus and are subject to any changes in law occurring after such date. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates or tax incentives under special laws. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the tax consequences of their investment in the Bonds.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines;" otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term "non-resident holder" means a holder of the Bonds:

- *who is an individual who is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*
- *should an income tax treaty be applicable, whose ownership of the Bonds is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

On January 1, 2018, Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion ("**TRAIN**") took effect. The TRAIN amended various provisions of the Tax Code, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor's tax, and documentary stamp tax.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine sourced income subject to Philippine income tax.

Interest income on short-term Bonds, with maturities of less than five (5) years derived by Philippine citizens and alien resident individuals from the Bonds is subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 30% final withholding tax.

Interest income on long-term Bonds, with maturities of five (5) or more years, are generally exempt from final withholding tax. If such long-term bond is pre-terminated before the fifth (5th) year, it shall be subject to a final withholding tax at the rates prescribed to be deducted and withheld from the proceeds based on the length of time that the instrument was held by the taxpayer in accordance with the following schedule:

Holding Period	Rate
Four (4) years to less than five (5) years	5%
Three (3) years to less than four (4) years	12%

Less than three (3) years	20%

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

Early Redemption Option

Under the Terms and Conditions, if any payment of principal or interest due under the Bonds becomes subject to additional or increased taxes other than the taxes and rates of such taxes prevailing as of the Issue Date as a result of any change in, or amendment to, the laws, rules or regulations of the Republic of the Philippines or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, rules or regulations (including but not limited to any decision by a court of competent jurisdiction) which change or amendment becomes effective on or after the Issue Date, and such additional or increased rate of such tax cannot be avoided by the use of reasonable measures available to the Bank, the Bank, subject to the BSP Rules, shall have the option (but not the obligation) to pre-terminate and redeem all, but not in part, the Bonds on any Interest Payment Date before Maturity Date at the Early Redemption Amount.

We suggest that the investor seek its own tax advisors to determine its tax liabilities or exposures given that the Bank does not have gross-up obligations in case of changes in any applicable law, rule or regulation or in the terms and/or interpretation or administration thereof or a new applicable law should be enacted, issued or promulgated, which shall subject payments by the Bank to additional or increased taxes, other than the taxes and rates of such taxes prevailing as of the Issue Date.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

The tax authorities have prescribed certain procedures for availment of tax treaty relief on interest under Revenue Memorandum Order No. 8-2017. The preferential treaty rates for interest shall be applied and used outright by the withholding agent/income payer upon submission of the Certificate of Residence for Tax Treaty Relief (CORTT) Form by the non-resident before interest is credited. The CORTT Form is made up of two (2) parts: Part I states the information of the income recipient/beneficial owner and the certification from the competent tax authority or authorized tax office of country of residence. Part II includes the information of the withholding agent/income payor, details of income payment and the affixture of signatures by both the non-resident income recipient/beneficial owner and the income payor.

The withholding agent/income payor shall submit an original copy of the duly accomplished CORTT Form within thirty (30) days after the remittance of the withholding tax to the BIR. In the case of staggered payment of interest, the withholding agent shall submit an updated Part II of the CORTT Form within 30 days after payment of withholding taxes.

The BIR will no longer issue a ruling for the said CORTT Form submissions but the compliance check and post reporting validation on withholding tax obligations and confirmation of appropriateness of availment of treaty benefits shall be part of BIR’s regular audit investigations.

For claims of tax exemption, BIR Revenue Memorandum Circular No. 8-2014 mandates the Bank, as a withholding agent, to require from individuals and entities claiming tax exemption a copy of a valid, current, and subsisting tax exemption certificate or ruling before payment of the related income. The tax exemption certificate or ruling must explicitly recognize the tax exemption, as well as the corresponding exemption from withholding tax. Failure on the part of the taxpayer to present the said tax exemption certificate of ruling shall subject him to the payment of the appropriate withholding taxes due on the transaction.

If the Bank withheld taxes, or withheld the regular rate of tax imposed pursuant to the Philippine Tax Code on interest, the concerned bondholder may file a claim for a refund from the Philippine taxing authorities on the basis of a tax exemption or applicable tax treaty.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the Bonds sold.

Gross Receipts Tax

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five (5) years or less: 5%
Maturity period is more than five (5) years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

Maturity period is five (5) years or less: 5%
Maturity period is more than five (5) years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi-banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pretermination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of P1.50 for each P200, or fractional part thereof, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines, or where the object of the contract is located or used in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal or extension of the maturity of the Bonds, documentary stamp tax is payable anew.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of the Bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income subject to the regular rates of 35%, 25%, or 30%, as the case may be. If the Bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the Bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross taxable income.

Further, under the Tax Code, any gain realized from the sale, exchange or retirement of the Bonds with an original maturity date of more than five (5) years (as measured from the date of issuance of such Bonds) shall not be subject to income tax. However, any gains realized by a holder through redemption of the Bonds prior to the lapse of 5 years may be subject to income tax. This is in view of the BIR's ruling that one of the conditions for the exemption is that the maturity period must be more than 5 years.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

Estate and Donor's Tax

The transfer by a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at 6%. A Bondholder shall be subject to donor's tax of 6% computed on the basis of the total gifts in excess of ₱250,000.00 exempt gift.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes.

Taxation outside the Philippines

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

Philippine Foreign Exchange and Foreign Ownership Controls

REGISTRATION OF FOREIGN INVESTMENTS AND EXCHANGE CONTROLS

Under current BSP regulations, an investment in Philippine securities (such as the Bonds) must be registered with the BSP if the foreign exchange needed to service the repayment of principal and payment of interest derived from such Bonds is to be sourced from the Philippine banking system. The registration with the BSP is evidenced by a Bangko Sentral Registration Document. Under BSP Circular No. 1030 dated February 5, 2019, debt securities, purchase of condominium units, capital expenses incurred by foreign firms pursuant to government approved-service contracts and similar contracts, and Philippine depositary receipts must likewise be registered with the BSP if foreign exchange will be sourced from the Philippine banking system.

If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers, money changers and remittance agents to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration documents in connection with their application to purchase foreign exchange exceeding US$5,000.00 for purposes of capital repatriation and remittance of dividends. BSP Circular No. 942 (Series of 2017) lists minimum documentary requirements that must be submitted by foreign exchange buyers for purposes of capital repatriation and remittance of dividends, regardless of amount.

The foregoing is subject to the power of the BSP, through the Monetary Board and with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee when an exchange crisis is imminent, or in times of national emergency.Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Bonds shall be the responsibility of the foreign investor.

FOREIGN OWNERSHIP CONTROLS

Under the General Banking Law, as clarified by BSP Circular No. 256, the aggregate voting stock in a domestic bank held by foreign individuals and non-bank corporations must not exceed 40% of the outstanding voting stock of such bank. Although the aggregate ceiling on the equity ownership in a domestic bank does not apply to Filipinos and domestic non-bank corporations, their individual ownership is limited to only up to 40% of the voting stock. The percentage of foreign-owned voting stocks in a bank shall be determined by the citizenship of the individual stockholders in that bank. The citizenship of the corporation which is a stockholder in a bank shall follow the citizenship of the controlling stockholders of the corporation, irrespective of the place of incorporation.

On July 15, 2014, Republic Act No. 10641 or An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose Republic Act No. 7721 ("**RA 10641**") became law. Under RA 10641, established, reputable and financially sound foreign banks may be authorized by the Monetary Board to operate in the Philippine banking system through any one of the following modes of entry: (a) by acquiring, purchasing or owning up to one hundred percent (100%) of the voting stock of an existing bank; (b) by investing in up to one hundred percent (100%) of the voting stock of a new banking subsidiary incorporated under the laws of the Philippines; or (c) by establishing branches with full banking authority. In relation thereto, on November 6, 2014, the Monetary Board issued Resolution No. 1794 providing for the implementing rules and regulations of RA 10641 and on November 21, 2014, the BSP issued BSP Circular No. 858, amending the relevant provisions of the BSP Manual of Regulations for Banks, accordingly. The entry into law of RA 10641 did not entirely eliminate the foreign ownership controls under the General Banking Law. While qualified foreign banks may own up to 100% of voting shares in a universal bank, other foreign individuals or non-bank corporations are still subject to the 40% foreign ownership limitation under the General Banking Law.

The Philippine Constitution and related statutes also set forth restrictions on foreign ownership of companies that own land in the Philippines.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 4 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least 60% of whose capital is owned by such citizens.

Republic Act No. 7042, as amended, or the Foreign Investments Act of 1991, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of said law defines a "Philippine National" as:

- A citizen of the Philippines;
- A domestic partnership or association wholly owned by citizens of the Philippines;
- A trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals;
- A corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and
- A corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of the Philippines of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos.

However, the Foreign Investments Act of 1991 states that where a corporation (and its non-Filipino shareholders) own stock in a Philippine SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

On May 20, 2013, the Philippine SEC issued Memorandum Circular No. 8, Series of 2013 which provided guidelines (the "Guidelines") on compliance with the Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalized or partly nationalized activities (the "Nationalized Corporations"). The Guidelines provide that for purposes of determining compliance with the foreign equity restrictions in Nationalized Corporations, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Considering the foregoing, for so long as the Company and its subsidiaries own land or are engaged in nationalized activities, foreign ownership in the Company is limited to a maximum of 40% of the Company's outstanding capital stock. Accordingly, the Company shall disallow the issuance or the transfer of Shares to persons other than Philippine Nationals and shall not record transfers in the Company's books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not.

Interests of Named Experts

Legal Matters

All legal opinion/matters in connection with the issuance of the Bonds, which are subject to this Offer, shall be passed upon by Picazo, Buyco, Fider, Tan & Santos, for the Joint Lead Underwriters and Bookrunners. Picazo, Buyco, Fider, Tan & Santos has no direct or indirect interest in FLI. Picazo, Buyco, Fider, Tan & Santos may, from time to time be engaged by FLI to advise in its transactions and perform legal services to the same basis that Picazo, Buyco, Fider, Tan & Santos provides such services to other clients.

FLI's Legal Services Division

FLI's legal services division provided the legal opinion/matters with the issuance of the Bonds, which are subject to this Offer for the Company. The members of FLI's legal services division are employed by the Company and as such received salary and benefits from the Company.

Independent Auditors

SGV & Co., independent auditors, audited the Company's consolidated financial statements without qualification as of December 31, 2019, 2018 and 2017 and for each of the three (3) years in the period ended December 31, 2019 included in this Prospectus. There has neither been a termination nor change in the said appointment.

FLI, in compliance with SRC Rule 68(3)(b)(ivc) relative to the five-year rotation requirement of its external auditors, has designated Mr. Michael Sabado as its engagement partner starting calendar year 2019. Thus Mr. Sabado is qualified to act as such until year 2023. Prior to 2019, Ms. Dhonabee B. Seneres acted as the partner in charge for the audit years 2013 to 2017. For 2020, SGV has done another realignment of client- account distribution to its partners, and has assigned a new engagement partner, Ms. Wanessa Salvador, to handle engagements for FLI, FAI and subsidiaries. Mr. Sabado will continue to be the engagement partner for FDC holding company and other subsidiaries.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

The following table sets out the aggregate fees billed for each of the last two (2) years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

	2018	**2019**
	(₱ millions)	
Audit and Audit-Related Fees	2.32	2.66
Tax Fees	0.34	1.39
Total	2.66	4.05

There are no other fees billed in each of the last 2 years for products and services provided by SGV & Co., other than the services provided above.

SGV & Co. does not have any direct or indirect interest in the Company. The above-mentioned fees were approved by the Audit Committee.

Audit and Audited-Related Fees refer to the professional services rendered by our independent auditors for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditor's services. Tax Fees refer to professional services rendered by SGV & Co. for compliance review.

Financial Information

The following pages set forth FLI's (1) audited consolidated financial statements as of December 31, 2019 and 2018, and for each of the three (3) years ended December 31, 2019; (2) audited consolidated financial statements as of December 31, 2018 and 2017 and for each of the three (3) years ended December 31, 2018; (3) audited consolidated financial statements as of December 31, 2017 and 2016 and for each of the three (3) years ended December 31, 2017; and (4) unaudited consolidated financial statements as of June 30, 2020 and 2019.

ISSUER

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JOINT LEAD UNDERWRITERS AND BOOKRUNNERS

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7899 Makati Avenue, Makati City, Philippines

BPI Capital Corporation
11/F Ayala North Exchange Building
6796 Ayala Avenue corner Salcedo Street
Makati City, Philippines

China Bank Capital Corporation
28th Floor, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City, Philippines

East West Banking Corporation
East West Corporate Center, The Beaufort,
5th Avenue corner 23rd Street,
Fort Bonifacio Global City, Taguig City, Philippines

SB Capital Investment Corporation
18th Floor, Security Bank Centre,
6776 Ayala Ave, 0719
Makati City, Philippines

CO-LEAD UNDERWRITER

First Metro Investment Corporation
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Makati City, Philippines

TRUSTEE

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LEGAL ADVISORS

To the Company

FLI's Legal Services Division

To the Joint Lead Underwriters and Bookrunners

Picazo Buyco Tan Fider and Santos
Penthouse, Liberty Center-Picazo Law
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INDEPENDENT AUDITOR

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